Communication Address :
Solara Active Pharma Sciences Limited
"Batra Centre"
No. 28, Sardar Patel Road, Post Box 2630
Guindy, Chennai - 600 032, India
Tel : +91 44 43446700, 22207500
Fax : +91 44 22350278

October 4, 2018

The BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

Scrip Code: 541540

The National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (E), Mumbai – 400 051

Scrip Code: SOLARA

Dear Sir / Madam,

Sub: Annual Report for the year 2017-18

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR), we enclose herewith the copy of Annual Report 2017-18 approved by the members of the company at their First Annual General Meeting held on Friday, September 28, 2018.

We request you to take the above on record as compliance under relevant regulations of SEBI LODR and disseminate the same to the stakeholders.

Thanking you,

Yours faithfully,
For Solara Active Pharma Sciences Limited

S. Murali Krishna
Company Secretary

SOLARA ACTIVE PHARMA SCIENCES LIMITED

SOLARA
Active Pharma Sciences

THE

RESPECT

INTEGRITY

TRANSPARENCY

EFFICIENCY

WAY

ANNUAL REPORT 2017-18

In this report

Find more online
To learn more about Solara Active Pharma Sciences Limited, register to receive our news, visit us at **www.solara.co.in**

About Solara Active Pharma Sciences Limited (Solara)

Solara is a young, dynamic, entrepreneurial and customer-oriented Active Pharmaceutical Ingredient (API) manufacturer. We strengthen a rich legacy of over three decades and trace our origins to the API expertise of Strides Pharma Science (Strides)—formerly Strides Shasun Limited—and SeQuent Scientific Limited (SeQuent).

We are well-equipped to bridge the industry gap by delivering value-based products while sharpening our focus on evolving customer requirements. We are involved in the manufacturing of APIs and contract research and manufacturing services (CRAMS), with differentiated capabilities to create value for a varied customer base. We have extensive global operations across North America, Latin America and Europe, along with Japan, South Korea, India and the nations in the Middle East and North Africa. The equity shares of Solara are listed on the BSE and NSE stock exchanges.

FY 2017-18 highlights

REVENUE (₹ in million)

11,215

↑ **18.5%**

EBITDA (₹ in million)

1,438

↑ **16.2%**

PAT (₹ in million)

522

↑ **74.0%**

↑ Growth over FY 2016-17

The above financial numbers are based on unaudited proforma financial statements. The unaudited proforma financial numbers have been arrived at by consolidating the audited financial information of the Company for the period February 23, 2017 to March 31, 2018 with the financial information of the commodity API business of Strides and the human API business of Sequent, extracted from the reviewed books of account of Strides and Sequent for the quarter ended June 30, 2017 and September 30, 2017.

We bring on board the depth of experience and the full range of expertise of Strides and SeQuent. This distilled insight is encapsulated in our core values: Respect, Integrity, Transparency and Efficiency. Driven by these, we are poised to emerge as a leader in the pure-play, business-to-business (B2B) API business.

We respect our partners by upholding product integrity and operational transparency. We achieve this through practising utmost efficiency and innovation across the organisation.

RESPECT

We treat each other and our partners with respect. We value and respect each other's time. We will always respect our competition.

INTEGRITY

In the ever-changing business environment, the one thing that will always be constant is our integrity. We will be amongst the most compliant API companies in the world.

TRANSPARENCY

Through timely communications, we endeavour to keep our stakeholders, suppliers and customers aware and well-informed on how we conduct our business.

EFFICIENCY

We will achieve the highest level of efficiency through a focused approach to customer centricity and continuous improvement. We will always strive to ensure that our employees are empowered to deliver the best customer service in the industry.

We are building a robust framework for sustainable growth, and we are confident of leveraging the opportunities and synergies emerging from the combined entities.

We are creating new pathways of progress in the RITE way.

SOLARA AT A GLANCE

We are a global, R&D focused, pure-play API company, engaged in the manufacture and development of APIs and contract research and manufacturing services (CRAMS).

We are uniquely positioned to create value in the B2B space of API manufacture and development.

Our evolution

SOLARA
Active Pharma Sciences

Strides

- Demerger of select API business of Strides to integrate with human API business of SeQuent
- Expansion across regulated markets with key approvals and compliance record
- Investments across facilities to focus on quality and Environment, Health & Safety (EHS)
- Leadership in key APIs with scale of manufacturing from low volume to mid to high volume

Sequent

- Demerger of human API business from SeQuent to operate as pure-play animal healthcare company
- Organic growth with 80%+ regulated market business, along with profit sharing partnerships
- Strategic recourse to focus on mature APIs, offering supply chain security for regulated markets
- Expansion in semi-regulated markets as an unregulated API manufacturer

Our vision

We strive to be amongst the top 10 pure-play global API company, building significant value for our partners, stakeholders and shareholders, and committing to protect human life and the environment.

Our mission

To be a customer-centric organisation delivering APIs of high quality.

LEADING

MANUFACTURER OF IBUPROFEN, RANITIDINE, PRAZIQUANTEL, GABAPENTIN, SEVELAMER CARBONATE AND NIZATIDINE, TO NAME A FEW

75+

COUNTRIES OF OPERATIONS

140+

SCIENTISTS

2

STATE-OF-THE-ART RESEARCH CENTRES

5

GLOBALLY APPROVED MANUFACTURING FACILITIES

Our manufacturing assets

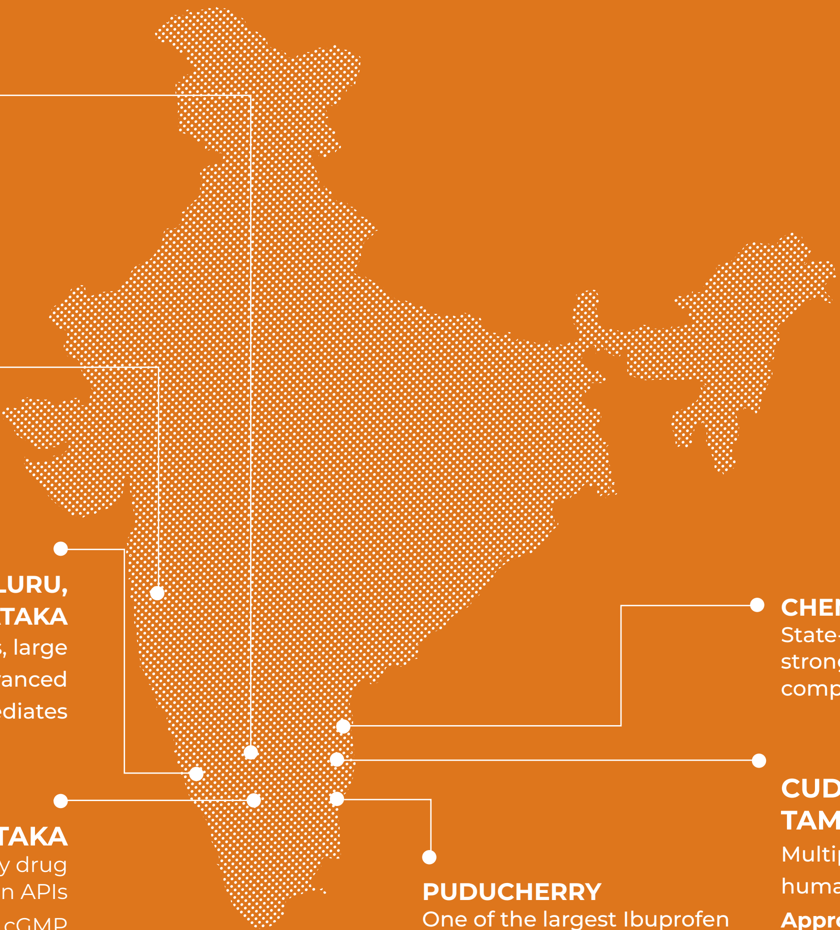
Globally compliant API facilities with regulatory approvals and adherence to highest quality standards.

CORE FOCUS

Deploying systems that are highly automated and stringent

Technology and production processes that represent a clear advantage vis-a-vis industry standards

Manufacturing facilities and compliance



BENGALURU, KARNATAKA
State-of-the-art centres for strong R&D base to develop complex products

MAHAD, MAHARASHTRA
Large volume API and advanced drug intermediates

MANGALURU, KARNATAKA
Niche human APIs, large volume APIs and advanced drug intermediates

MYSURU, KARNATAKA
Large volume APIs and key drug intermediates for human APIs
Approval: cGMP

CHENNAI, TAMIL NADU
State-of-the-art centres for strong R&D base to develop complex products

CUDDALORE, TAMIL NADU
Multiple, large volume human API facility
Approvals: USFDA, PMDA, EU and cGMP

PUDUCHERRY
One of the largest Ibuprofen manufacturing facilities worldwide
Approvals: USFDA, PMDA, EU and cGMP

Our businesses

APIs

Our API business comprises manufacture and development of generic and commercial APIs, including anthelmintic, anti-malarials, anti-infective, anti-psychotic, anti-infective and hyperkalemic categories.

We have capabilities in complex product areas such as APIs required for injectables.

CRAMS

We provide differentiated services for APIs, including contract development and manufacturing, analytical services, impurity synthesis and profiling to our customers.

We have capabilities for contract development on a full-time equivalent basis for lead analogues, building blocks, reference studies and custom synthesis for pilot campaigns and clinical supply.

1,600+ KL

CAPACITY WITH CAPABILITIES IN HIGH VACUUM DISTILLATION, HYDROGENATION, HALOGENATION, GRIGNARD REACTION AND POLYMER CHEMISTRY, AMONG OTHERS

COMPETITIVE ADVANTAGES

Operating in an industry that radically changes in a very short period, our constant focus is to build on the core capabilities that help us stay ahead of the curve.

Rich legacy

We bring on board three decades of experience, garnered from the thriving business operations of Strides and SeQuent in the select API and human API segments, respectively.

Orientation

We have a customer-centric process of selecting APIs for manufacturing, consciously favouring value over volume. Our approach to nurturing intellectual properties drives us to identify high-value products as early as possible.

Leadership

Our strong technical leadership enables us to develop high-quality pharmaceutical products with strategic value for customers, together with robust intellectual property assessment capabilities and global regulatory expertise.

Product portfolio

Our diversified, high-value offerings for the global market, broadly include anthelmintic, anti-malarials, beta blockers, muscle relaxants, novel oral anti-coagulants and anti-infectives.

Growth drivers

Our strategy for growth is focused on technology, compliance and best-in-class infrastructure, and the key drivers to that end are:

COST RATIONALISATION

We emphasise on choosing an innovation-led product mix that improves efficiencies across our maintenance and operational processes

ACCELERATED RESEARCH AND DEVELOPMENT (R&D)

We consistently invest to enhance and reinforce our existing R&D capabilities

CAPABILITY EXPANSION

We focus on augmenting our innovation and compliance capabilities

Infrastructure

Our five globally compliant API and diversified facilities with capacity of 1,600+ KL enable backward integration, ensuring timely supply to our customers.

Compliance

We are committed to the highest standards of compliance, consistency and quality. Our manufacturing facilities comply with global manufacturing standards, with valid accreditations from United States Food and Drug Administration (USFDA), European Medicines Agency (EMA) and Pharmaceuticals and Medical Devices Agency (PMDA).

Research competencies

We have complex chemistry capabilities to produce polymer-based substances and handle catalytic hydrogenation, hydride reductions and organometallic reactions that support our CRAMS offerings.

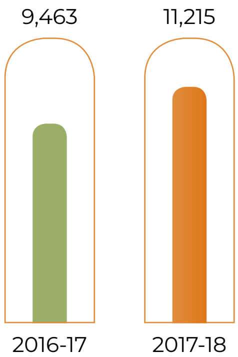
We are equipped to develop and manufacture APIs for various dosage forms. Our goal is to file 10 DMFs every year. Currently, we have 20+ products in our pipeline.

FINANCIAL PERFORMANCE

REVENUE
(₹ in million)

11,215

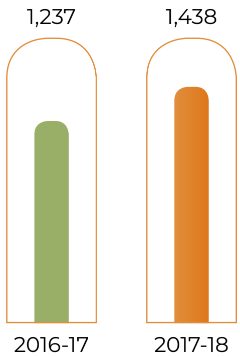
18.5%



EBITDA
(₹ in million)

1,438

16.2%



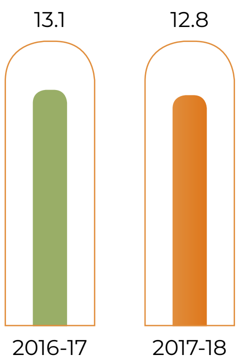
TOTAL ASSETS
(₹ in million)

18,262

In 2017-18

EBITDA MARGINS
(%)

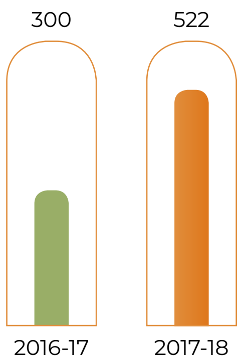
12.8



PROFIT AFTER TAX
(₹ in million)

522

74.0%



R&D INVESTMENTS
(₹ in million)

101

In 2017-18

The above financial numbers are based on unaudited proforma financial statements. The unaudited proforma financial numbers have been arrived at by consolidating the audited financial information of the Company for the period February 23, 2017 to March 31, 2018 with the financial information of the commodity API business of Strides and the human API business of Sequent, extracted from the reviewed books of account of Strides and Sequent for the quarter ended June 30, 2017 and September 30, 2017.

RESPONDING PRUDENTLY TO INDUSTRY TRENDS

Operational landscape

USFDA's regulation of APIs

FDA has increased its supervision of API operations, imposing 483s, warning letters and import alerts.

SOLARA'S RESPONSE

COMMITMENT TO HIGHEST LEVELS OF COMPLIANCE

We are dedicated to achieving the highest level of compliance.

Our comprehensive quality management system (QMS) helps maintain consistency, quality, efficacy and safety of our products.

Supply chain discontinuity

Regulatory requirements are tightening and will likely continue to do so with a push for more transparency in the supply chain. This may result in requiring certification for good manufacturing practices for key intermediates and raw materials*.

SOLARA'S RESPONSE

CONTROL OVER SUPPLY CHAIN FOR APIS

Our backward integrated set-up ensures supply assurance of key intermediates.

We have a diversified manufacturing base with mirrored capabilities for production.

Our scalable infrastructure helps counter supply chain oversights.

IP conflicts and competing interests

Forward integration interest of majority API players has led to concerns around potential competition with international customers along with issues about IP security and conflict.

SOLARA'S RESPONSE

NON-COMPETING POSITIONING

Our pure-play API business positions us as a unique non-competing entity with complete supply chain assurance.

Pollution and environmental concerns

Governments' growing focus on pollution controls and zero-liquid discharge, plus environmental regulations, especially in China, are putting pressure on corporations to address these challenges.

Some plants are being shut down or moved, causing capacity issues and supply chain interruptions from raw materials to intermediates and APIs.*

SOLARA'S RESPONSE

ENVIRONMENT CONSERVATION IS NON-NEGOTIABLE

Our environment commitment is unwavering with focus on processes that minimise the use and generation of hazardous substances.

We follow zero-liquid discharge philosophy.

* Source: Clarivate Analytics

FIRST LETTER TO SHAREHOLDERS

REVENUE (₹ in million)

11,215

18.5%

I am privileged to share my thoughts in our first annual shareholder communication. We have a long and exciting journey in front of us, and I am confident that we will be leveraging our core capabilities to deliver on our commitments.

Jitesh Devendra
Chief Executive Officer

Dear Shareholders,

The global pharmaceutical sector is a constantly evolving terrain. The shifting industry dynamics necessitate large-scale, highly reliable and compliant Active Pharmaceutical Ingredients (API) capacities for seamless manufacture. Therefore, we are building one of India's largest pure-play API business.

Solara Active Pharma Sciences (Solara) brings together the carve-outs of the select API business of Strides and the human API business of SeQuent. We inherit the extensive pharmaceutical experience of these two entities; and our collective strength strongly favours us in the industry drifting towards standalone API companies for supply security, continued compliance and business integrity.

ACHIEVEMENTS ROUND THE YEAR

I am happy to share that Solara received the final listing approval from both the BSE and the NSE on 25th June 2018; and Solara's equity shares began trading on 27th June 2018. The listing of Solara is the first milestone in our journey towards creating a leading and highly valuable pure-play API company.

The foundation of our business rests on specific core business values, and these values are entrenched deep in our operations Our rich legacy of customer relationships is reinforced by our culture of respecting all stakeholders and operating our business with transparency, integrity and efficiency. In a dynamic business environment, we believe our RITE approach will continue to remain timeless.

We operate our business with the highest level of efficiency, keeping customers at the heart of every decision. A over 2,000-member strong workforce supports the leadership at Solara (as on 1st April 2018). Our experienced management team, along with motivated and well-trained employees enables us to successfully establish within the Company, a corporate culture that is customer oriented and helps enhance our long-term competitiveness.

We have also stepped up our efforts and investments in the R&D programme, and as a result, our near visibility on filings, new product launches and growth opportunities remain healthy.

We have added two R&D centres with 10 annual filings to address our aggressive growth appetite and cost competitiveness in existing products. These centres will also pivot another leg in the revenue stream with opportunities around CRAMS.

The good news in this space is the recognition of our Bengaluru R&D Centre under Platinum Green Building Standards. The CRAMS business, for now, has limited contribution to the overall revenue pie; but as we go on, and with the efforts we are putting in, this will be one of the essential catalysts for Solara's growth trajectory.

From a financial standpoint, Solara delivered FY18 proforma revenue of ₹11,215 million, a healthy growth of 18.5% over FY17. Proforma EBITDA in FY18 stood at ₹1,438 million, representing 16.2% growth over FY17. The Company recorded a consolidated net debt of ₹5,859 million, as on 31st March 2018.

As we strive to be among the Top 10 global pure-play API companies in the coming years, we intend to capitalise on our considerable experience to manufacture products for various therapeutic areas. We will continue to operate with a sharper focus and a differentiated strategy around our products, infrastructure, growth markets and customers. We aim to elevate our service proposition through customer-centricity and cost synergies that bring considerable value to all stakeholders of the Company.

A PLEDGE FOR THE COMMUNITY

Our community initiatives are deeply embedded in our overall sustainability strategy. We emphasise on development that is inclusive and long-term. Besides running dispensaries in Puducherry, Cuddalore and supplying drinking water in villages near our facilities in Cuddalore and Puducherry, we collaborate with various non-profit organisations.

We support the uplift of learning infrastructure, by undertaking programmes that motivate particular groups of students in existing schools. We also sponsor students to pursue technical education, develop and fund add-on modules to existing courses; and provide vocational training to women and the youth for enhancing their employability.

I firmly believe that the strong foundation and depth of experience in our business, together with our value-based approach to operations and products, puts us in a unique position to transform our young company into a leader in the pure-play B2B API segment.

Warm regards

Jitesh Devendra
Chief Executive Officer

A SOUND STRATEGY TO LEVERAGE OPPORTUNITIES

India is the largest API market after the US. With only 7% of the total API manufacturing driven by established players/big pharma, the segment is open primarily to emerging players.

Our differentiated business strategy enables us to exploit untapped market opportunities.

Sharpen focus on the B2B-oriented API business

Solara operates with a focused approach through the combined capabilities of Strides' select API Business and SeQuent's human API Business, leveraging the consequent revenue and cost synergies. We instil a strong sense of ownership, across our teams, to drive organisational efficiencies.

Develop novel, high-value API solutions for key markets

We select and develop APIs that add value to our customers, by identifying key markets and segments where we can introduce our products. For instance, we are focused on identification, development and manufacture of molecules for core markets with limited competition. Our API selection is based on an early development of products that are still under patent.

We also seek out APIs where patents have expired and we have an opportunity to offer solutions at a better price. We intend to strengthen our relationships with existing customers; and concurrently choose new partners who have the potential to become the first generic players in a particular market.

GLOBAL API MARKET VALUE IN 2020
(US$ billion)

186

INDIA IS THE

2ND

LARGEST API MARKET AFTER THE US WITH ONE OF THE LARGEST POOL OF API FACILITIES NOW

Expand the size and scope of operations

At present, our operations span 75+ countries globally. Over the preceding few years, we have entered markets such as Turkey and Iran, along with Asian and North African countries. We continue to grow our business operations in new geographies, such as Russia and China. These countries are in the process of adopting an improved set of government-mandated regulations that augment the level of compliance.

Diversify risk ambit with multiple manufacturing facilities

Solara's manufacturing facilities comply with global manufacturing standards, with valid certifications from USFDA, EU and PMDA. These facilities offer mirrored capabilities for production, countering supply chain oversights and minimising regulatory risks inherent in the pharma business.

CAPABLE AND COMMITTED TO PURSUE
THE RITE WAY FORWARD

The supply of value-based products with reliability and consistency is critical to the growth and sustainability of our business. Our scalable infrastructure and diversified manufacturing facilities protect our supply chain. We are committed to consistently deliver high-quality, reliable products to customers and regulators.

Quality excellence

Since we export our products to various overseas markets, mainly developed economies of the US, Europe and Japan, we have gained the capability to adhere to regulatory policies of respective government agencies. Our regulation policy framework governs the development, testing, manufacturing, labelling, marketing and distribution practices of our products.

Our wide array of quality assurance procedures facilitates the manufacture and development of pharmaceutical products with integrity. Some of these include:

> Organisation-wide implementation of a comprehensive set of internal standards and specifications that are designed to meet global regulatory needs as well as customer expectations

> Periodic inspection of our facilities following the current Good Manufacturing Practices (cGMP)

> Regular update of audit procedures in adherence to changing international requirements, the likes of those mandated by USFDA

> Procurement of materials from our approved list of vendor partners, who, in turn, also comply with our internal standards and specifications

> Harmonisation of processes with robust technology transfer, catering to the Q7 guidelines for API manufacturing published by the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use (ICH)

> Integration of supply chain with the SAP platform, a comprehensive quality management system (QMS), to deliver on quality, efficacy and safety commitments across all our products.

Scale advantage

Our manufacturing facilities include a highly flexible pilot plant; one of the world's largest Ibuprofen manufacturing facilities, located in Puducherry; and a multi-purpose API manufacturing facility in Cuddalore. Our facility in Mangaluru has capabilities to manufacture niche human APIs, large-volume APIs and advanced drug intermediates.

Our facilities comply with global manufacturing standards, with accreditations from the United States Food and Drug Administration (USFDA), European Union (EU) and The Pharmaceuticals and Medical Devices Agency (PMDA) of Japan. Besides, an integrated Quality Management Services (QMS) in supply chain ensures consistent quality, efficacy and safety across our products. Our facilities are regularly inspected for the Current Good Manufacturing Practice regulations (cGMP) compliance by WHO and USFDA. We are committed to the highest levels of compliance; and the last round of USFDA audits at our facilities in Cuddalore and Puducherry were cleared with zero 483s observations.

5 STATE-OF-THE-ART MANUFACTURING FACILITIES

GLOBAL RELEVANCE AND RECALL TO PURSUE

THE RITE WAY FORWARD

We cater to customers across North America, parts of Latin America, Europe, along with deep roots in Japan, South Korea, India, the Middle East and North Africa. We have local offices in Japan, the US and South Korea. We have reinforced our presence in key geographies (Japan, the US and Europe) over the course of three decades of operations of the erstwhile Shasun Pharmaceuticals Limited, Strides and SeQuent.

Our diversified business operations enable us to service our customers through the supply of APIs manufactured by us; and the provision of research and contract manufacturing services. Our business operations are directed towards expanding our presence in key geographies globally, by targeting potential customers with products that offer great value.

Key markets

The US and EU represent key markets for us, while Japan is a growing market. We have over 130+ DMFs filed across these geographies. We are one of the leading players offering Ibuprofen, Gabapentin and Ranitidine in the US market. Besides, we have a large customer base in the US, where we serve both generic and innovator companies and supply commercial APIs as well as have contracts for contract research and manufacturing.

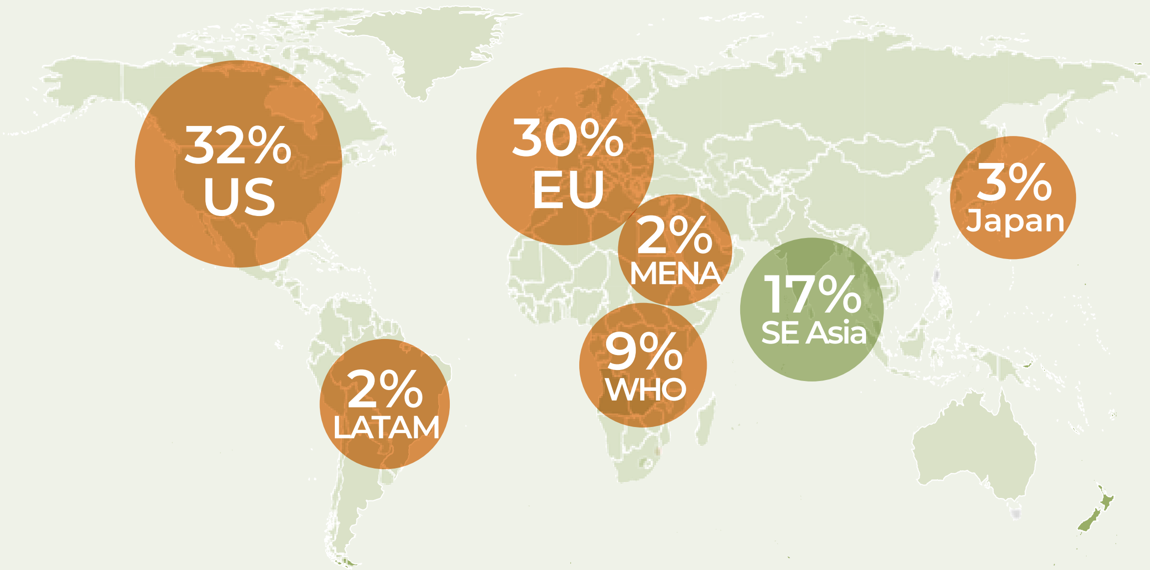
In Europe, our partnerships with key generic players provide us with a firm foundation to launch new products. We also cater to a large customer base in Japan, globally the third largest pharmaceutical market.

Japan is one of our growing markets, believed to be the world's third largest pharmaceutical market. We are catering to a large customer base in Japan. Besides, over the preceding few years, we have made inroads into new markets such as Turkey, among others, through association with certain well-established players.

We believe that these regions hold tremendous value for business operations, given the population and fast-growing incomes in these regions.

Presence across key markets

Addressing varied customer needs globally



75+ COUNTRY PRESENCE

ENRICHING OUR OFFERINGS TO PURSUE
THE RITE WAY FORWARD

We have a rigorous process of selecting APIs for manufacturing, with end customers in mind. We consciously favour value over volume, to limit the impact of pricing pressure in the long term and create capabilities after the demand for the product is assured. Besides, our R&D capability, which includes advanced analytical equipment to meet latest standards of API development, has enabled us to develop an entirely new cycle with better technologies at competitive costs.

Our approach towards the creation of intellectual properties is also directed towards the early identification of value-accretive properties in a timely manner. Our strong technical leadership has enabled us to develop high-quality pharmaceutical products with strategic value for customers, together with strong intellectual property assessment capabilities and global regulatory expertise.

We primarily focus on therapeutic products with complex chemistry, while providing support to our existing portfolio.

We are one of the world's largest manufacturers of Ibuprofen, Praziquantel and Gabapentin; and have a niche portfolio of products in therapeutic categories such as chronic kidney disease, nonsteroidal anti-inflammatory drugs (NSAIDs) and central nervous system (CNS) related products. Besides, our API offerings are varied with capabilities in complex product areas such as manufacturing APIs required for injectables. We also have complex chemistry capabilities to produce polymer-based products, handling of catalytic hydrogenation, hydride reductions and organometallic reactions, which support our CRAMS offerings. We have the R&D expertise to file 10 DMFs every financial year.

Product strength

50+

API PORTFOLIO, PRIMARILY IN THE ANTHELMINTIC, ANTI-MALARIA AND ANTI-INFECTIVE CATEGORIES

20+

APIS ARE UNDER DEVELOPMENT ACROSS ANTHELMINTIC, ANTI-MALARIA, BETA BLOCKERS, MUSCLE RELAXANTS, NOVEL ORAL ANTI-COAGULANTS AND ANTI-INFECTIVE SEGMENTS

130+

DMFs THAT WERE FILED WITH THE REGULATORY AUTHORITIES OF THE US, EU, JAPAN AND SOUTH KOREA

BOARD OF DIRECTORS

Deepak Vaidya

Chairman & Non-Executive Director

Mr. Deepak Vaidya is a fellow member of the Institute of Chartered Accountants in England and Wales. He has previously worked as the Country Head of Schroder Capital Partners (Asia) Pte. Ltd. for over 12 years.

He is experienced in the corporate financial services industry in India and abroad. He is holding directorship in reputed companies.

Nirmal Bhogilal

Independent Director

Mr. Nirmal Bhogilal is the Chairman of the Batliboi Group. The Group's operations are in Machine Tools, Textile Machinery, Air Engineering & Pollution Control Equipment, Rotating Machines, Wind Energy and Logistics.

He was Past President and currently a Committee Member of the Indian Machine Tool Manufacturers Association (IMTMA). He has been Chairman of various committees in the Confederation of Indian Industry (CII) at the National & Western Region levels and is currently a member of the CII National Council. He is a Committee Member and Past President of Indo German Chamber of Commerce.

He is also a Committee Member of the Forum of Free Enterprise and a Council Member of the National Centre for the Performing Arts (NCPA).

He is an Independent Director of Chowgule Industries Pvt. Ltd. and Eimco Elecon (I) Ltd.

Ramakrishnan R.

Independent Director and Audit Committee Chairman

Mr. R Ramakrishnan is a Fellow Member of The Institute of Chartered Accounts of India and also a Law Graduate from Bangalore University. He is a practising Chartered Accountant and a Management Consultant at Bangalore having an experience of 36 years in Direct Tax matters, Audit and Assurances. He was nominated by KSIIDC for few listed companies and currently holds directorships in reputed companies.

He is also a Managing Trustee for RRK Foundation – a foundation financially supporting more than 100 students of Higher Secondary schools belonging to economically weaker sections and Trustee for few philanthropic organisations.
He is an Independent Director and Audit Committee Chairman of the Company.

Dr. Kausalya Santhanam
Independent Director

Dr. Kausalya Santhanam, Founder of SciVista IP & Communication (www.scivistaip.com) is a patent attorney registered with the Indian Patent Office as well as the US Patent and Trademark Office. She has a Ph.D in Cell Biology and Immunology from Post Graduate Institute of Medical Education and Research (PGIMER) Chandigarh. Her Post-Doctoral training was in Cancer Biology at Centre for Cellular and Molecular Biology (CCMB), Hyderabad, where she published her studies in peer reviewed journals.

Later she went as a National Research Council (NRC) Fellow to Walter Reed Army Institute of Research, Washington DC where her studies involved molecular mechanisms of inflammation. Following that, at Albert Einstein College of Medicine, New York, she worked towards understanding the mechanisms of an apoptotic molecule. All the research work have been published in reputed journals. Later, she worked for five years in the Intellectual Property Department of CuraGen Corporation, a Biopharmaceutical company at Connecticut, USA. She is an Independent Director of the Company.

Jitesh Devendra
Managing Director & CEO

Mr. Jitesh, with over 20 years of experience, led the North America API business as well as managed the Formulations P&L business of erstwhile Shasun Pharmaceuticals Limited. Shasun later merged with Strides. His efforts have led the Division into new markets; forging business relationship and introduction of new products for out-licensing and partnership.

Post-Merger, he has been responsible for P&L business for North America and Europe Finished Dosage Form (Regulated Markets-Region 1) and the overall API business P&L. He holds an MBA with specialisation in International Business and Buyer Behavior; Bachelor's Degree in Commerce from University of Madras, Loyola College, Chennai, India and holds a Diploma in Sales & Marketing from National Institute of Sales, Chennai.

Hariharan S
Executive Director & CFO

Mr. S. Hariharan is a Cost Accountant with rich and varied experience of more than 30 years in the field of Corporate Finance, Accounts and Strategic Planning. He played a vital role in the merger process of Shasun Pharmaceuticals Limited with Strides.

He has rich experience in the fields of Finance, Accounts, Secretarial, Taxation, Legal and Information Technology functions. He also has extensive experience in the Mergers and Acquisition activities.

LEADERSHIP TEAM

Jitesh Devendra
Managing Director & CEO

Hariharan S
Executive Director & CFO

B. Sreenivasa Reddy
Chief Operating Officer

Ranjit Kumar Singh
Chief People Officer

Sundara Moorthy V
Senior Vice President - Quality Management & Regulatory Affairs

BUILDING A RESPONSIBLE BUSINESS

As responsible corporate citizens, holistic development of a non-negotiable agenda drives our business.

Health

> Our dispensary at Kalapet, equipped with the latest in infrastructure, serves 700 patients from local villages, on an average in a month, at no cost.

> We periodically conduct camps at our dispensary, where we screen and counsel patients, while also issue appropriate drugs for a variety of health concerns.

> We donated a 'Blood Component Separation equipment' to Indira Gandhi Medical College and Research Institute, Puducherry.

Drinking water

> We installed reverse osmosis (RO) plants across six villages in Kalapet, in our efforts to provide clean and safe drinking water for communities.

> We support government schools in Kalapet to refurbish RO plants, and conduct programmes on hygiene and sanitation to educate school-going children.

Education

> We organise workshops for students in grades 10 and 12, with education experts, to help them overcome the fear of exams. Every year, ~300 students benefit from this programme.

> We coach students and teachers through our skills-training courses in Kalapet; ~255 students and ~40 teachers have benefitted from this programme so far.

> We also counsel students to assist them in their academic, career, personal and social development.

Employability and livelihood

> Under our 'Employment Empowerment Programme', initiated in partnership with Swami Vivekananda Rural Community College (SVRCC), 100 scholarships and numerous job leads are offered to eligible candidates from local villages. Students are assessed and counselled based on their aptitude. Of the 100 students in the programme's first batch, 97 students received job offers; while the second batch is currently undergoing training.

CORPORATE INFORMATION

REGISTERED OFFICE

201, Devavrata,
Sector 17, Vashi,
Navi Mumbai - 400 703.
Tel.: +91 22 2789 2924
Fax No. +91 22 2789 2942
Email: investors@solara.co.in
Website: www.solara.co.in
CIN: U24230MH2017PLC291636

CORPORATE OFFICE

3rd & 4th Floor, Batra Centre, No.28,
Sardar Patel Road, Guindy, Chennai - 600 032
Tel.: +91 44 4344 6700 / 2220 7500
Fax No. +91 44 2235 0278

BENGALURU OFFICE

2nd Floor, 6/36, 1st Cross Rd,
Vasanth Nagar,
Bengaluru - 560 051
Tel.: +91 44 4344 6700 / 2220 7500
Fax No. +91 44 2235 0278

R&D CENTRE

Chennai R&D
27, Vandaloor Kelambakkam Road,
Keelakottaiyur Village, Melakottaiyur (PO),
Chennai - 600 127.

Jigani R&D
No 11, 1st & 2nd Floor
KIADB Industrial Area Phase-I
Jigani, Bengaluru - 560 105

INTERNATIONAL OFFICE

US
2 Tower Center Blvd
Suite 1102
East Brunswick, NJ 08816

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP
19th Floor, 46 - Prestige Trade Tower,
Palace Road, High Grounds,
Bengaluru, Karnataka - 560 001

INTERNAL AUDITORS

PricewaterhouseCoopers
8th Floor, Prestige Palladium Bayan,
129-140, Greams Road,
Chennai - 600 006

REGISTRAR AND SHARE TRANSFER AGENT

Karvy Computershare Private Limited,
Karvy Selenium, Tower B,
Plot No. 31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal,
Hyderabad - 500 032
Tel: +91 40 6716 1500,
Fax: 040 23420814
Email ID: raju.sv@karvy.com

BANKERS AND FINANCIAL INSTITUTIONS

RBL Bank Limited
IDFC Bank Limited
Yes Bank Limited
Axis Bank Limited
Aditya Birla Finance Limited

PLANTS

Puducherry
Mathur Road, Periakalapet,
Puducherry - 605 014

Cuddalore
A 1/B SIPCOT Industrial Complex,
Kudikadu, Cuddalore - 607 005

Mangalore
Plot No.120 A & B, 36, 120P & 121, Industrial Area,
Baikampady, New Mangalore - 575 011

Mysore
Plot Nos. 253 & 254, Thandya Industrial Area,
Thandavapura, Mysore - 571 302

Mahad
B-32, G2 & G3, MIDC Industrial Area
Birwadi, Mahad, Raigarh District - 402 309

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Global pharmaceutical

Global healthcare spending is projected to increase on account of ageing and growing populations, developing market expansion, advances in medical treatments and rising labour costs will drive spending growth. It is estimated that the Indian pharmaceutical sector accounts for about 2.4% of the global pharmaceutical industry in value terms and 10% in volume terms. The Indian pharmaceutical industry accounts for the 2nd largest number of Abbreviated New Drug Applications (ANDAs), is the world's leader in Drug Master Files (DMFs) applications with the US. By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and 6th largest market globally in absolute size. The Active Pharmaceutical Ingredient segment represents a significant growth opportunity with most of the growth happening in the outsourced space.

ACTIVE PHARMACEUTICAL INGREDIENTS

Active Pharmaceutical Ingredients (APIs) are chemical compounds or a combination of chemical compounds that, along with excipients, are used in the manufacture of drugs. These drugs find application in different therapeutic areas, including oncology, diabetes, cardiovascular diseases, endocrinology, ophthalmology, CNS, orthopaedic disorders, nephrology, pulmonology and gastrointestinal disorders, nonsteroidal anti-inflammatory drugs (NSAIDs) and infectious diseases, among others. As per the industry estimates, The APIs account for 13.7% of the global pharmaceutical market. The sector is concentrated to a medium extent. Still in its early stages of development, it is expected attain maturity in the next five to ten years and is likely to become a US$ 186 billion market by 2020.

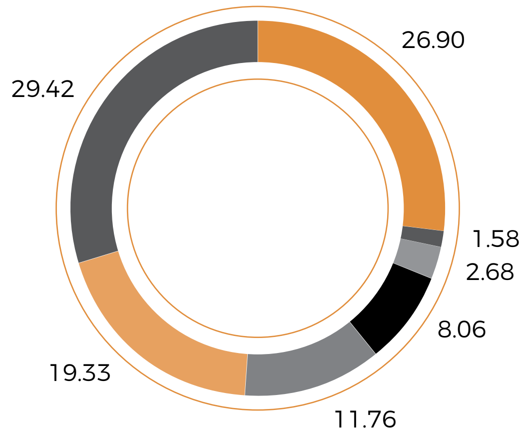
From a category standpoint, the API market is majorly covered by captive vendors while there is an increasing shift towards merchant API vendors given the demand for out-sourced manufacture by pharmaceutical players.

(US$ billion)

186

GLOBAL API MARKET EXPECTED ATTAIN MATURITY IN THE NEXT FIVE TO TEN YEARS AND IS LIKELY TO BECOME A US$ 186 BILLION MARKET BY 2020

GLOBAL APIS MARKET BY THERAPEUTIC AREAS (%)



Others NSAIDs Musculoskeletal Cancer
CNS Diabetes Cardiovascluar

Source: IQVIA Market Prognosis, September 2017; IQVIA Institute October 2017

The largest therapeutic segments for APIs are Diabetes, Oncology, Cardiovascular and Central Nervous System (CNS). Other areas include endocrinology, ophthalmology, orthopaedic disorders, nephrology, pulmonology, gastrointestinal disorders, nonsteroidal anti-inflammatory drugs (NSAIDs) and others, such as infectious diseases.

API is the largest segment within the Indian pharma space with India emerging as the third largest global generic API merchant market by 2016, with a 7.2% market share. The Contract Research and Manufacturing Services (CRAMS) segment which is highly fragmented with over 1,000 players is estimated to reach US$ 18 billion in 2018 and expected to witness a healthy growth at a CAGR of 18-20% between 2013-2018. In a bid to reduce India's dependence on China for active pharmaceutical ingredients (APIs), the Central Government's chemicals and fertilisers ministry plan to draw up a roadmap aimed at boosting domestic production. As per Government sources, currently, over 60% of APIs are sourced from other nations and for some specific APIs, the dependence is over 80-90%.

As regulated markets world over become more stringent in their scrutiny norms, it becomes increasingly important for manufacturers to adhere to cGMP standards. Regulatory requirements are tightening and will likely continue to do so with a push for more transparency in the supply chain resulting in certification for GMP for key intermediates and raw material. IP security and conflict are other issues that are the primary cause for concern among API players along with potential competition with international customers.

ABOUT SOLARA ACTIVE PHARMA SCIENCES

Formed under the demerger scheme of the select API business of Strides Shasun Limited (Strides) and the human API business of Sequent Scientific Limited (Sequent), Solara Active Pharma Sciences (Solara) is a research-focused, pure-play global API company engaged in manufacturing and development of APIs. The Company also offers contract services for APIs, including CRAMS.

With several globally-compliant manufacturing facilities and established customer relationships, it supplies a basket of diversified, high-value products in 75+ countries. The Company has differentiated capabilities to create value for its varied customer base. Its operations are spread across parts of North America, Latin America and Europe, along with Japan, South Korea, India, the Middle East and North Africa.

Solara capitalises on the significant experience in therapeutic areas such as pain; anthelmintic, anthelmintic, anti-malarias, anti-infective, anti-psychotic, anti-infective and hyperkalemic categories. It provides CRAMS services for APIs, contract development, custom synthesis and contract manufacturing. It also has the capabilities to provide analytical and regulatory support by leveraging its global regulatory expertise.

MANUFACTURING AND RESEARCH FACILITIES

Our API facilities located in Puducherry, Cuddalore and Mangalore are compliant with global manufacturing standards with valid certifications from the United States Food and Drug Administration (USFDA) and European Medical Agency (EMA). Apart from USFDA and EMA, Pondicherry and Cuddalore facilities are compliant with Japan's Pharmaceuticals and Medical Devices Agency (PMDA). The Cuddalore and Puducherry facilities cleared the latest round of USFDA audits in April 2017 with no Form 483 observations. Moreover, we also have a cGMP compliant facility at Mysore which manufactures large volume APIs and key drug intermediates and Mahad which is inspected by European Authorities.

The Company's dedicated research facilities are located in Bengaluru and Chennai. The facility at Chennai focuses on products characterised by complex formulations across diverse therapeutic categories as well as products developed specifically for key markets. In total, the Company possesses 1,600+ KL production capacity, with capabilities in high vacuum distillation, hydrogenation, halogenation, Grignard reaction and polymer chemistry, among others.

There are 20+ APIs under development and 130+ Drug Master Filings (DMFs) filed with regulators across the US, EU, Japan and South Korea, as of April 1, 2018.

PRODUCT STRATEGY

The Company identifies API products, through a rigorous process, based on the value that they are anticipated to generate for customers. The ability to identify such products early on, facilitates the acquisition of intellectual property in a timely and successful manner. Solara successfully leverages its past experience in managing the portfolio of intellectual property across a varied base of products. The Company is focused on research and development, consciously favouring value over volume.

130+

DRUG MASTER FILINGS (DMFS) THAT WERE FILED AS OF APRIL 1, 2018

20+

APIS UNDER DEVELOPMENT

Product selection is based on a three-prolonged approach for sustained growth.

- Strengthening core business
  - Initiating long-term contracts for key products such as Ibuprofen, Ranitidine, Gabapentin and Praziquantel
  - Improving yields and quality with dedicated cost improvement program teams for better cost
  - Diversifying product and production base to mitigate risks
  - Geography expansion of its current product portfolio
- Growing an attractive portfolio
  - Creating long-term value driven offerings
  - Focusing on first-to-file opportunities in drugs
  - Acquiring value through intellectual property
  - Developing products with a competitive edge in terms of price and market share
- Market specific opportunities
  - Developing products to cater for its key and focus markets
- Expanding contract manufacturing services
  - Building a dedicated team to deliver on opportunities in CRAMS

OUTLOOK

Going forward, the Company will adopt a differentiated strategy led by technology, compliance and world-class infrastructure, to capitalise on the opportunities present in the global and domestic API market.

Solara will consistently invest to enhance and reinforce existing R&D capabilities. At the same time, it will augment capabilities at Chennai and state-of-the-art facility at Jigani, Bengaluru; designing products with complex chemistry that reduce the use and generation of hazardous substances; embedding a culture of quality and compliance integrity across all tiers of the organisation.

FINANCIAL PERFORMANCE

Profit and loss metrics

₹ in Million

Particulars	FY18	FY17	Change
Revenue	11,215	9,463	18.5%
Operating EBITDA	1,537	1,186	29.6%
Operating EBITDA margin	13.7%	12.5%	
R&D cost	-101	-	0.0%
Exchange gain/(loss)	2	51	-95.8%
EBITDA	1,438	1,237	16.2%
EBITDA margins	12.8%	13.1%	

The above financial numbers are based on unaudited proforma financial statements. The unaudited proforma financial numbers have been arrived at by consolidating the audited financial information of the Company for the period February 23, 2017 to March 31, 2018 with the financial information of the commodity API business of Strides and the human API business of Sequent, extracted from the reviewed books of account of Strides and Sequent for the quarter ended June 30, 2017 and September 30, 2017.

Balance sheet

₹ in Million

Shareholders' funds	7,640
Less: Goodwill	-3,634
Networth	**4,006**
Term loan	3,027
Working capital	3,302
Less: Cash	-470
Net borrowings	**5,859**
Tangible assets	6,981
Intangible assets	1,008
Total assets	**7,988**

Key highlights

- The Company reported a stellar revenue growth of 18.5% in building Solara as one of the leading pure-play API companies with sole focus on APIs.
- The Company expanded its operating EBITDA from ₹1,186 million to ₹1,537 million registering a robust 30% growth in absolute terms
- The investments in R&D accounted to ₹101 million. These investments are pivotal for company's play in the next orbit of growth with new products and pipeline
- The Company's net debt to EBITDA stood at 4.08 while its asset turns improved to 1.40x

HUMAN ASSETS

The Company has 2,000+ employees, as on April 1, 2018, who were previously associated with Strides, Sequent and Shasun Pharmaceutical Limited. A stable, senior management team helps Solara in successfully implementing the development and operating strategies. Owing to the workforce's depth in understanding and experience with industry trends, demands and market changes, the Company can adapt and diversify operating capabilities and take advantage of market opportunities.

RISK MANAGEMENT

Risks	Risk definition	Risk mitigation
Operational Risk	Any manufacturing or quality control problems may damage our reputation which could adversely affect our business, results of operations and financial condition.	• Consistent track record of approvals from all leading global regulatory authorities • Regular inspection of production facilities for compliance from both quality as well as environmental • Routine upgradation of audit procedures to comply with any changes in international regulatory requirements • Round-the-clock review mechanism to enhance optimum utilisation of operational facilities
Research and development risk	If we are incapable of developing or commercialising new APIs	• Our dedicated R&D efforts are directed towards developing new products, designed to expand our product portfolio. • Product selection is based on three buckets to ensure we are not dependent on one approach
Suppliers Risk	Our profitability and margins can be affected in case there is significant change in raw material prices, operational cost amongst others	• Long-term contracts with approved vendors (domestic and global) after stringent vendor audit ensure supply of raw materials • Local manufacturing of key intermediates to risk mitigate and/or reduce dependency on China • Cost Improvement programs for key API's to maintain margins due to increase in Raw Material prices
Competition Risk	The pharmaceutical industry in intensely competitive and our inability to compete effectively may adversely affect our business, results of operations and financial condition.	• We continue to elevate our business in line with global standards • In-house teams for cost improvement programs • Geography expansion of our API's • Portfolio restructuring to ensure better utilisation of capacity

Internal Controls

The Internal Auditors and Management continuously evaluates internal Controls. Solara has also invested in advanced infrastructure that ensures all-round controls over business processes and practices. This internal control system provides reasonable assurance about the integrity and reliability of financial statements. Moreover, the Company has a strong in-system audit programme which regularly encompasses various operations consistently. Our Audit Committee reviews internal audit observations regularly.

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the First Annual Report of Solara Active Pharma Sciences Limited (the Company) together with the audited financial statements for the period from February 23, 2017 to March 31, 2018.

1. FINANCIAL SUMMARY

₹ in Million

Financial Results for the period from February 23, 2017 to March 31, 2018	Standalone	Consolidated
	31.03.2018	31.03.2018
Gross Revenue	5,626.89	5,628.61
Profit before interest, Depreciation and Tax	636.75	620.77
Profit before tax	19.50	1.97
Profit after tax	19.50	3.37
Appropriated as follows		
Dividend on Equity Shares	Nil	Nil
Tax on Dividend	Nil	Nil
Transfer to General Reserve	Nil	Nil
EPS (diluted) on the basis of ₹ 10/- per share	1.74	0.30

Your Directors in their meeting held on March 20, 2017 approved a Scheme of Arrangement ('Scheme') between the Company, Strides Shasun Limited (Strides) and Sequent Scientific Limited (SeQuent). In terms of the Scheme Commodity API business of Strides Shasun Limited (Strides) and Human API business of Sequent Scientific Limited (SeQuent) were demerged to the Company. The Scheme was approved by the Shareholders on December 27, 2017 and the Hon'ble National Company Law Tribunal, Mumbai Bench approved the scheme vide their order dated March 9, 2018.

The financials of the Company were drawn up giving effect to the Scheme with an appointed date as October 1, 2017.

A detailed analysis of the operations of the company has been provided in the management discussion and analysis report, which forms a part of this annual report.

2. BUSINESS OVERVIEW

Our Company is a global, R&D focused, pure-play API company engaged in manufacturing and development of APIs and offering services, including CRAMS and contract Manufacturing for APIs. Formed pursuant to the demerger of the commodity API business of Strides and the human API business of Sequent, our company is young but backed with a significant pharma experience of over 30 years. With five globally compliant manufacturing facilities, a presence in over 40 countries, as on April 1, 2018, a basket of diversified, high-value products and established customer relationships, we are poised to create value in the B2B space of API manufacturing and development.

Our Company brings together the Demerged Undertakings of Strides and Sequent, with the aim of providing an inorganic thrust to the organic growth demonstrated by the companies in the last two decades. We intend to capitalise on the significant experience of Strides in therapeutic areas such as pain management, anti-malaria, tuberculosis and hyperphosphatemia and its niche portfolio of products in therapeutic categories such as chronic kidney disease, NSAIDS and CNS related products.

Our Company is involved in API manufacturing and contract manufacturing services for APIs, and has differentiated capabilities to create value for its varied customer base. We have extensive operations including in North America, parts of Latin America, Europe, along with deep roots in Japan, South Korea, India, the Middle East and North Africa.

Our API business comprises of manufacture and development of generic and commercial APIs including in the anthelmintic, antimalarial, anti-infective, antipsychotic, anti-infective and hyperkalemia categories. The other business of our Company comprises of CRAMS services for APIs, contract development, custom synthesis and contract manufacturing. Our Company also has the capabilities to provide analytical and regulatory support by capitalizing on its global regulatory expertise.

3. CHANGE IN NAME OF THE COMPANY

During the year under review, your Company name changed from SSL Pharma Sciences Limited to Solara Active Pharma Sciences Limited.

4. SHARE CAPITAL

The Company was incorporated with a paid up capital of ₹ 1,00,000/- (Rupees one lakh only) consisting of 10,000 equity shares of ₹ 10/- each.

The share entitlement ratio as per the scheme is as under:

- For demerger of Commodity API business: 1 equity share of ₹ 10 each of the Company for every 6 equity shares of ₹ 10 each held in Strides.
- For demerger of Human API business: 1 equity share of ₹ 10 each of the Company for every 25 equity shares of ₹ 2 each held in Sequent.
- Record Date was fixed for determination of shareholders is April 9, 2018.

Pursuant to the Scheme:

a) The Board of Directors in their meeting held on April 11, 2018, allotted 2,46,74,267 equity shares of ₹ 10/- each to the shareholders of Strides and SeQuent as per the share entitlement ratio defined in the Scheme.

b) The Authorised Share Capital of the Company increased from ₹ 1,00,000/- to ₹ 30,00,00,000/-

c) The existing paid up share capital of ₹ 1,00,000/- stands cancelled as per the NCLT order.

Consequent to the above, the Issued, Subscribed and Paid-up Share Capital of the Company has become ₹ 24,67,42,670/- divided into 2,46,74,267 equity shares of ₹ 10/- each.

5. DIVIDEND

The Board of Directors of the company has not recommended any dividend for the financial year ended March 31, 2018.

6. MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments occurred, affecting the financial position of the Company, between the end of the financial year and the date of this report.

7. SUBSIDIARIES

The details of Subsidiary Companies and their financial position as required under the first proviso to Section 129(3) is given in Form AOC-1 in Annexure-1 as part of this report.

8. CORPORATE GOVERNANCE

The Company on April 11, 2018 has re-constituted the Board in accordance with SEBI LODR and have also adopted requisite code prescribed under SEBI LODR.

The Company is in compliance with the requirements of corporate governance under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Even though the Corporate Governance report requirement does not apply to the Company as the Company was not listed during the reporting financial year, as a good governance practice, a separate report on Corporate Governance to the extent applicable to the Company is annexed to this report.

The Managing Director and CFO certification as required under the SEBI Listing Regulations is attached as Annexure – 7 to this report.

9. MANAGEMENT DISCUSSION AND ANALYSIS

The requirement of Management Discussion & Analysis report does not apply to the Company for the reporting financial year as it was not listed during the reporting year. However, as a good governance practice, “Management Discussion and Analysis” is given separately and forms part of this Report.

10. COMPOSITION AND NUMBER OF MEETINGS OF THE BOARD

The Board of Directors of the Company comprises of well qualified and experienced persons having expertise in their respective areas. It has appropriate combination of Executive, Non-Executive Directors and Independent Directors, as required under the Companies Act, 2013 read with Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and represents an optimal mix of professionalism, knowledge and experience.

During the financial year 2017-18, the Directors met six times i.e., on 24.04.2017; 02.08.2017; 16.10.2017; 01.02.2018; 26.03.2018 and 31.03.2018.

11. DIRECTORS/KEY MANAGERIAL PERSONNEL

Pursuant to Board reconstitution, as on date of this report, the Board comprised of 6 directors comprising of 2 Executive Directors, 1 Non-Executive Director and 3 Independent Directors. Chairman of the Board is Non-Executive. The details of each members of the Board as on the date of this report forms part of Corporate Governance Report.

Appointments / Inductions:

a) Mr. Deepak C Vaidya has been appointed as Non-Executive Director (Additional Director) of the Company effective from April 11, 2018, who shall hold office till the conclusion of the ensuing Annual General Meeting of the Company.

Your directors recommend his appointment as Non-Executive Director of the Company, liable to retire by rotation.

b) Mr. Nirmal P Bhogilal has been appointed as an Independent Director (Additional Director) of the Company effective from April 11, 2018, who shall hold office till the conclusion of the ensuing Annual General Meeting of the Company.

Your directors recommend his appointment as an Independent Director of the Company for a period of five consecutive years effective from April 11, 2018, not liable to retire by rotation.

c) Mr. R. Ramakrishnan has been appointed as an Independent Director (Additional Director) of the Company effective from April 11, 2018, who shall hold office till the conclusion of the ensuing Annual General Meeting of the Company.

Your directors recommend his appointment as an Independent Director of the Company for a period of five consecutive years effective from April 11, 2018, not liable to retire by rotation.

d) Dr. Kausalya Santhanam has been appointed as an Independent Director (Additional Director) of the Company effective from April 11, 2018, who shall hold office till the conclusion of the ensuing Annual General Meeting of the Company.

Your directors recommend her appointment as an Independent Director of the Company for a period of five consecutive years effective from April 11, 2018, not liable to retire by rotation.

e) Mr. Jitesh Devendra who is a Director since incorporation has been appointed as Managing Director of the Company effective from April 11, 2018, who shall hold office till the conclusion of the ensuing Annual General Meeting of the Company.

Your directors recommend his appointment as Managing Director of the Company for a period of three years with effect from April 11, 2018, liable to retire by rotation.

f) Mr. S. Hariharan who is a Director since incorporation has been appointed as Executive Director-Finance and Chief Financial Officer of the Company effective from April 11, 2018, who shall hold office till the conclusion of the ensuing Annual General Meeting of the Company.

Your directors recommend his appointment as Executive Director-Finance and Chief Financial Officer of the Company for a period of three years with effect from April 11, 2018, liable to retire by rotation.

Detailed profile of the Directors is attached as Annexure – 6 to this report.

The Company has received requisite notices together with necessary deposits from the member proposing the election of Mr. Deepak C Vaidya, Mr. Nirmal P Bhogilal, Mr. R. Ramakrishnan and Dr. Kausalya Santhanam as Directors of the Company pursuant to Section 160 of the Companies Act, 2013.

Resignations:

Dr. P. Sathyanarayan, Director, resigned with effect from April 11, 2018. The Board places on record its appreciation for the services rendered by him during his association with the Company.

Mr. Jagdish V Dore, who was appointed as an Independent Director, resigned with effect from August 3, 2018 due to pre-occupation. The Board places on record its appreciation for the services rendered by him during his association with the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The following are the Key Managerial Personnel (KMPs) of the Company:

- Mr. Jitesh Devendra, Managing Director
- Mr. S. Hariharan, Executive Director-Finance & Chief Financial Officer
- Mr. B. Sreenivasa Reddy, Chief Operating Officer, and
- Mr. S. Murali Krishna, Company Secretary

Policy on Directors Appointment and Remuneration

The Directors of the Company are appointed by shareholders at the General Meetings.

As regards the appointment and tenure of Independent Directors, the Company has adopted the provisions of the Companies Act, 2013 read with Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The remuneration policy of the Company has been so structured in order to match the market trends of the industry. The Board in consultation with the Nomination and Remuneration Committee decides the remuneration policy for directors.

12. PARTICULARS OF EMPLOYEES

The statement containing particulars of employees as required under Section 197 of the Act read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the members and others entitled thereto, excluding the information on employees' particulars, which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary in this regard.

13. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has undertaken "Corporate Social Responsibility (CSR)", initiatives in areas of Health, Education and Employability which are projects in accordance with Schedule VII of the Companies Act, 2013.

A detailed report on CSR activities undertaken during the financial year 2017-18 is enclosed as Annexure -2 to this Report.

14. WHISTLE BLOWER POLICY

The Company has a Whistle Blower Policy in place as part of its vigil mechanism. The policy provides appropriate avenues to the directors, employees and stakeholders of the Company to make protected disclosures in relation to the matters concerning the Company. Protected disclosures are appropriately dealt with by the Whistle Officer or the Chairman of the Audit Committee. The policy is also available on the Company's website at www.solara.co.in

15. INSURANCE

The assets / properties of the Company are adequately insured against loss due to fire, riots, earthquake, terrorism, etc. and against other perils that are considered necessary by the management.

16. RISK MANAGEMENT

The Company has a risk management framework for identification and managing risks. Please refer the 'Management Discussion and Analysis' report forming part of the Annual Report for additional details.

17. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented framework for internal financial controls as required under Section 134 (5) (e) of the Companies Act, 2013.

18. LOANS, GUARANTEES OR INVESTMENTS

Particulars of investments made, loans given and guarantees covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Note No. 40 to the Standalone Financial Statements in the Annual Report.

19. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions with related parties are in the ordinary course of business and at arm's length basis. Hence disclosure under Form AOC-2 is not part of this report. However, transactions with related parties are disclosed in Note No. 40 to the Standalone Financial Statements in the Annual Report.

The Company has formulated a policy for transacting with Related Parties, which is uploaded on the website of the Company.

Further, there are no materially significant related party transactions with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

20. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts that would impact the going concern status of the Company and its future operations.

21. EXTRACT OF ANNUAL RETURN

An extract of Annual Return in form MGT-9 as on March 31, 2018 is attached as Annexure - 3 forming part of this Report.

22. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 134 of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as Annexure - 4 to this Report.

23. AUDIT REPORT

There are no qualifications, observations or adverse remarks in the Audit Report issued by the Statutory Auditors of the Company for the financial year ended March 31, 2018.

24. STATUTORY AUDITORS

The Board of Directors of the Company had recommended the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firms Registration No. (117366W/ W-100018) as Statutory Auditors of the Company for a period of 5 years from the conclusion of the 1st AGM till the conclusion of the 6th AGM of the Company to be held in the Financial Year 2022-23.

25. COST AUDITOR

Pursuant to the provisions of Section 148(3) of the Companies Act, 2013, the Board of Directors had appointed Mr. K. Suryanarayanan, Cost Accountant (Membership No.24946) as Cost Auditor of the Company for the financial year 2018-19. Proposal for ratification of remuneration of the Cost Auditor is placed before the shareholders.

26. SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013, read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, your Company engaged the services of M/s. JM & Associates, Practicing Company Secretaries, Chennai, to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2018. The Secretarial Audit Report for the financial year ended March 31, 2018 in Form MR-3 is attached as Annexure - 5 to this report. The Secretarial Audit report does not contain any qualification, reservation or adverse report.

The Board confirms the compliance of the Secretarial Standards notified by the Institute of Company Secretaries of India, New Delhi.

27. LISTING ARRANGEMENTS

Pursuant to the Scheme, the Company's equity shares were listed in the BSE Limited and National Stock Exchange of India Limited and trading commenced in both the exchanges on June 27, 2018.

28. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMAN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The company has put in place an anti-sexual harassment mechanism in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee have been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received any complaint of sexual harassment during the year 2017-18.

29. PUBLIC DEPOSITS

The Company did not accept any deposits within the meaning of provisions of Chapter V – Acceptance of Deposits by Companies of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

30. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 the Directors of your Company confirm that:

a) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

b) they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;

c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d) they have prepared the annual accounts on a going concern basis

e) they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating properly; and

f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

31. ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks during the year under review. Your Directors also place on record their deep sense of appreciation for the continued support of customers, suppliers, employees and investors of the company.

For and on behalf of Board of Directors

	Jitesh Devendra	**S. Hariharan**
Place: Bengaluru	Managing	Executive
Date: 03.08.2018	Director	Director-Finance

ANNEXURE - 1 TO THE BOARD'S REPORT

FORM AOC-1

(Pursuant to First Proviso to Sub-Section (3) of Section 129 Read with

Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

PART "A" : Subsidiaries

₹ in Million

S. No	Subsidiary Name	Reporting period	Reporting Currency	(Share capital (including share application money pending allotment)	Reserves and surplus	Total liabilities	Total assets	Investments (except In case of Investments in Subsidiaries)	Turnover	Profit / Loss) before taxation	Tax Expenses (credit)	Profit / Loss after taxation	Proposed dividend equity	% Share holding
1	Chemsynth Laboratories Pvt Ltd	Apr-Mar	INR	68.63	(13.46)	22.87	77.92	Nil	Nil	(0.14)	Nil	(0.14)	Nil	49.00%
2	Sequent Penems Private Limited	Apr-Mar	INR	45.26	(17.38)	149.38	177.09	Nil	3.18	(2.08)	Nil	(2.08)	Nil	89.23%
3	Shasun USA Inc	Apr-Mar	USD	0.54	(218.57)	222.87	4.84	Nil	0.43	(13.99)	(1.40)	(12.59)	Nil	100.00%

Part "B": Associates and Joint Ventures

(₹ In Mn)

S. No	Name of Associate / Joint venture	Latest Audited Balance Sheet date	Shares held by the company on the year end			Significant Influence	Reason for not consolidation	Networth	Profit / (Loss) for the year	
			No.	Investment Held	Holding %				Considered in consolidation	Not Considered in consolidation
Associate and Joint Ventures	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

ANNEXURE - 2 TO THE BOARD'S REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSBILITY (CSR) ACTIVITIES

Brief outline of the Company CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company's CSR policy has been uploaded in the website of the Company under the web-link: www.solara.co.in

1. **Composition of the CSR Committee**

   Dr. Kausalya Santhanam, Independent Director

   Mr. R. Ramakrishnan, Independent Director

   Mr. Jitesh Devendra, Managing Director

2. Average net profit of the Company for the last three financial years computed in line with Section 198 – For FY 18 – ₹ 19.50 Mn.

3. The prescribed CSR expenditure which is two percent of the amount – ₹ 0.39 Mn.

4. Details of CSR spent during the financial year:

   a) Prescribed CSR expenditure – ₹ 0.39 Mn.

   b) Amount spent on CSR - ₹ 3.34 Mn

   c) Amount unspent, if any; **NIL**

5. **Manner in which amount spent during the financial year is detailed below:**

₹ in Million

S. No.	CSR project or activity identified	Sector in which the project is covered	Location (Unit)	Amount Spent on the Project or programs	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
1.	Primary Health Centre at Kalapet, Pondicherry	Health	Pondicherry	0.38	0.38	Direct by the Company
2.	Awareness program on Personal Hygiene, Waste Management & Health Camps	Health & Hygiene	Pondicherry and Cuddalore	1.10	1.10	Direct by the Company
3.	Providing sanitation and drinking water facilities at Pondicherry and Cuddalore	Health & Hygiene	Pondicherry and Cuddalore	0.68	0.68	Direct by the Company
4	Sponsership Support for Education	Education	Pondicherry and Cuddalore	1.18	1.18	Direct by the Company
	Total			**3.34**	**3.34**	

6. **Responsibility Statement:**

   The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of Board of Directors

Place: Bengaluru
Date: August 3, 2018

Jitesh Devendra
Managing Director

Dr. Kausalya Santhanam
Chairperson

ANNEXURE - 3 TO THE BOARD'S REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on 31-03-2018

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.]

I. REGISTRATION & OTHER DETAILS:

CIN	U24230MH2017PLC291636
Registration Date:	23-02-2017
Name of the Company	Solara Active Pharma Sciences Limited
Category/Sub-category of the Company	Company Limited by shares / Indian – Non Government Company
Address of the Registered office & contact details	201, Devavrata, Sector 17, Vashi, Navi Mumbai Mumbai - 400703 Email: investors@solara.co.in Website : www.solara.co.in Tel. No. 022-27893199 Fax No. 27892942
Whether listed company*	No
Name, Address & contact details of the Registrar & Transfer Agent, if any	Karvy Computershare Private Limited, Karvy Selenium, Tower B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032 Tel: +91 40 6716 1500, Fax: 040 23420814 Email id: raju.sv@karvy.com

*The Company's shares were listed on the Stock Exchanges with effect from June 27, 2018.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Active Pharmaceutical Ingredients (API)	21001	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Shasun USA Inc 197 Rt, 18 South, Suite 102, East Brunswick, NJ 08816, U.S.A.	NA	Subsidiary	100	2(87)
2	Chemsynth Laboratories Private Limited 1-4-94/502, Lokeshwari Residency, Street No.8,Habsiguda, Hyderabad - 500 007	U24297TG2009PTC064991	Subsidiary	49	2(87)
3	Sequent Penems Private Limited, Star II, Opp. IIM, Bilekahalli, Bannerghatta Road, Bengaluru - 560 076	U24233KA2010PTC053548	Subsidiary	89.23	2(87)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1. Indian									
a) Individual /HUF	-	6	6	0.1	-	6	6	0.1	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Bodies Corp	-	9,994	9,994	99.9	-	9,994	9,994	99.9	-
e) Banks /FI	-	-	-	-	-	-	-	-	-
f) Any Other......	-	-	-	-	-	-	-	-	-
Sub Total (A)(1):-	**-**	**10,000**	**10,000**	**100**	**-**	**10,000**	**10,000**	**100**	**-**
2. Foreign									
a) NRIs –Individuals	-	-	-	-	-	-	-	-	-
b) Other –Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub Total (A)(2):-									
Total Shareholding of Promoter: (A)=(A)(1)+(A)(2)	**-**	**10,000**	**10,000**	**100**	**-**	**10,000**	**10,000**	**100**	**-**
B. Public Shareholding	**There was no public shareholding as on 31-03-2018**								

ii) Shareholding of promoters

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Strides Shasun Limited	9,994	99.9	-	9,994	99.9	-	-
2	Dr. Sathyanarayan P	1	0.01	-	1	0.01	-	-
3.	Sormistha Ghosh	1	0.01	-	1	0.01	-	-
4	Vinod Kumar Bhaskaran	1	0.01	-	1	0.01	-	-
5	Manjula Ramamurthy	1	0.01	-	1	0.01	-	-
6	Hariharan Subramaniam	1	0.01	-	1	0.01	-	-
7	Jitesh Devendra	1	0.01	-	1	0.01	-	-

Note: Shareholders mentioned in S No. 2 to S No. 7 are holding shares on behalf of the Beneficial Interest of Strides Shasun Limited

iii) Change in Promoters' Shareholding

There is no change in the Promoters' shareholding during the year

iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

There is no holding of shares other than Directors and Promoters as on 31-03-2018

v) Shareholding of Directors and Key Managerial Personnel:

Sl No	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Dr. Sathyanarayan P				
	At the beginning of the year 23-Feb-2017*	1	0.01	1	0.01
	At the end of the Year 31-Mar-2018	1	0.01	1	0.01
2	Jitesh Devendra				
	At the beginning of the year 23-Feb-2017	1	0.01	1	0.01
	At the end of the Year 31-Mar-2018	1	0.01	1	0.01
3	Hariharan Subramaniam				
	At the beginning of the year 23-Feb-2017	1	0.01	1	0.01
	At the end of the Year 31-Mar-2018	1	0.01	1	0.01

*date of incorporation of the company

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

₹ in Million

Particulars	Secured loans excluding deposits	Unsecured Loans	Deposits	Indebtedness Total
Indebtedness pursuant to the scheme (Refer Note 35 of standalone financial statements)				
i) Principal Amount	5,401.77	-	-	5,401.77
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6.54	-	-	6.54
Total (i+ii+iii)	**5,408.31**	**-**	**-**	**5,408.31**
Change in Indebtedness during the period				
Additions	1,130.00	-	-	1,130.00
Amortisation of processing fees	(30.32)	-	-	(30.32)
Reduction	(172.73)	-	-	(172.73)
Net Change	**926.95**	**-**	**-**	**926.95**
Indebtedness at the end of the financial year				
i) Principal Amount	6,328.72	-	-	6,328.72
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	11.39	-	-	11.39
Total (i+ii+iii)	**6,340.11**	**-**	**-**	**6,340.11**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NIL

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
-	-	-	-	-

B. Remuneration to other directors: NIL

S. No	Name of Directors	Particulars of remuneration			
		Fee for attending board / committee meetings (in ₹)	Commission (in ₹)	Others (in ₹)	Total amount (in ₹)
-	-	-	-	-	-

C. Remuneration to Key Managerial Personnel, Other than MD / Manager / WTD: NIL

Sl. No	Particulars of Remuneration	Key Managerial Personnel		Total Amount
-	-	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalities / punishments / compounding of offences for the year ended March 31, 2018.

For and on behalf of Board of Directors

Place : Bengaluru
Date: 03.08.2018

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director-Finance

ANNEXURE - 4 TO THE BOARD'S REPORT

Statement as per Section 134 (3)(m) of the Companies Act, 2013

			Year ended 31.03.2018
A.	**POWER & FUEL CONSUMPTION**		
	Electricity		
a.	Purchased Units	in 000's	18,028
	Total amount paid	₹ in Mn	142.43
	Rate per Unit	Rupees	7.90
b.	Own generation by		
I.	Diesel Generators (Units)	in 000's	737
	Unit per Ltr. of Diesel Oil		3.65
	Rate per unit	Rupees	16.35
II.	Windmills (Units)	in 000's	6,155
	Amount adjusted	₹ in Mn	32.92
	Rate per Unit	Rupees	5.35
III.	Coal (Units)	in 000's	3,495
	Amount adjusted	₹ in Mn	19.15
	Rate per Unit	Rupees	5.48
III.	Third Party (IEX)	in 000's	5,450
	Amount Adjusted	₹ in Mn	22.42
	Rate per Unit	Rupees	4.11
Others			
Fuel Briquittees/Furnace Oil		Kgs in 000's	19,609
	Total amount paid	₹ in Mn	113.48

B. TECHNOLOGY ABSORPTION

Efforts are being made to absorb the technology.

C. EXPENDITURE ON RESEARCH & DEVELOPMENT

Information on expenditure on Research and Development is given in the notes to financial statements.

D. FOREIGN EXCHANGE EARNINGS & OUTGO

Information on foreign exchange earnings and outgo is given in the notes to financial statements.

ANNEXURE - 5 TO THE BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2018
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
SOLARA ACTIVE PHARMA SCIENCES LIMITED
CIN: U24230MH2017PLC291636
201, Devavrata, Sector 17, Vashi, Navi Mumbai
Mumbai City MH 400703

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. SOLARA ACTIVE PHARMA SCIENCES LIMITED** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period from the date of incorporation i.e. 23rd, February, 2017 till 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. SOLARA ACTIVE PHARMA SCIENCES LIMITED** for the audit period from date of incorporation i.e. 23rd, February, 2017 till 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment.

(iii) We further report that having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof, the company has complied with the following law applicable specifically to the company:

a. Pharmacy Act, 1948 and the Rules made thereunder;

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India

We further report that, there were no events/actions in pursuance of:

a. The regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

requiring compliance thereof by the Company during the Audit period.

There was a composite scheme of arrangement between Strides Shasun Limited, Sequent Scientific Limited and Solara Active Pharma Science Ltd and their respective shareholder and creditors; the order approving it was passed by the Hon'ble National Company Law Tribunal (NCTL), Mumbai Bench on the 9th March 2018. The scheme became effective from 31st of March, 2018.

Further, with effect from 27th of June, 2018, the equity shares of Solara Active Pharma Sciences Ltd were listed on the National Stock Exchange of India Ltd. (NSE) and the BSE Ltd.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards.

We further report that during the period under review, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors there were no changes in the composition of the Board of

Directors. On 11th of April, 2018 the Board had appointed Independent Directors as per the provisions of Companies Act, 2013.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **JM & Associates**
Company Secretaries

Soy Joseph
Partner
(ACS-13852, CP-5612)

Place: Chennai
Date: 03.08.2018

This report is to be read with our letter of even date which is annexed and forms an integral part of this report.

ANNEXURE TO SECRETARIAL AUDIT REPORT

To
The Members,
SOLARA ACTIVE PHARMA SCIENCES LIMITED
201, Devavrata, Sector 17, Vashi, Navi Mumbai
Mumbai City MH 400703

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **JM & Associates**
Company Secretaries

Soy Joseph
Partner
(ACS-13852, CP-5612)

Place: Chennai
Date: 03.08.2018

ANNEXURE - 6 TO THE BOARD'S REPORT

Profile of the Appointee Directors

S No	Name of the Director	Brief Profile	Other Directorships Held	Committee Membership
1	Deepak C Vaidya, Chairman (DIN: 00337276)	Mr. Deepak C Vaidya is a fellow member of the Institute of Chartered Accountants in England and Wales. He has previously worked as the Country Head of Schroder Capital Partners (Asia) Pte. Ltd. for over 12 years. He is experienced in the corporate financial services industry in India and abroad. He is holding directorship in reputed companies. As at August 3, 2018, Mr. Deepak C Vaidya holds 29,948 equity shares of the company and he is not related to any other Director of the Company.	Stelis Biopharma Private Limited	a) Audit Committee b) Nomination & Remuneration Committee c) Allotment Committee
			UTI Capital Private Limited	a) Audit Committee (Chairman) b) Nomination & Remuneration Committee
			Indraprastha Medical Corporation Limited	a) Audit Committee
			Apollo Gleneagles Hospital Limited	a) Audit Committee (Chairman) b) CSR Committee (Chairman) c) Nomination & Remuneration Committee (Chairman)
			PPN Power Generating Company Private Limited	a) CSR Committee
			Apollo Hospitals Enterprise Limited	a) Audit Committee (Chairman) b) Nomination & Remuneration Committee c) Investment Committee
			Marudhar Hotels Pvt Ltd	
			Strides Pharma Science Limited	a) Audit Committee b) CSR Committee c) Nomination & Remuneration Committee d) Stakeholders Relationship Committee (Chairman) e) Management Committee (Chairman)
			Suntec Business Solutions Private Limited	a) Audit Committee (Chairman)
			Bombay Oxygen Corporation Limited	
2	Nirmal P Bhogilal (DIN: 00173168)	Mr. Nirmal Bhogilal is the Chairman of the Batliboi Group. The Group's operations are in Machine Tools, Textile Machinery, Air Engineering & Pollution Control Equipment, Rotating Machines, Wind Energy and Logistics. He was Past President and currently a Committee Member of the Indian Machine Tool Manufacturers Association (IMTMA). He has been Chairman of various committees in the Confederation of Indian Industry (CII) at the National & Western Region levels and is currently a member of the CII National Council. He is a Committee Member and Past President of Indo German Chamber of Commerce. He is also a Committee Member of the Forum of Free Enterprise and a Council Member of the National Centre for the Performing Arts (NCPA). He is an Independent Director of Chowgule Industries Pvt. Ltd. and Eimco Elecon (I) Ltd. As at August 3, 2018, Mr.Nirmal P Bhogilal holds 758 equity shares of the company and he is not related to any other Director of the Company.	Batliboi Limited	a) Stakeholders Relationship Committee
			Eimco Elecon (India) Limited	a) Audit Committee b) Nomination and Remuneration Committee
			Bhogilal Trusteeship Private Limited	
			International Wine & Food Society	
			Chowgule Industries Private Limited	
			Batliboi Renewable Energy Solutions Pvt Ltd	
			Pramaya Shares & Securities Private Limited	
			Nirbhag Investments Private Limited	
			Delish Gourmet Private Limited	
			Bhagmal Investments Pvt Ltd	
			Hitco Investments Pvt Ltd	
			Indian Machine Tool Manufacturers Association	
			The Indo German Chamber of Commerce	

S No	Name of the Director	Brief Profile	Other Directorships Held	Committee Membership
3	R. Ramakrishnan (DIN: 00161542)	Mr. R Ramakrishnan is a Fellow Member of The Institute of Chartered Accounts of India and also a Law Graduate from Bengaluru University. He is a practicing Chartered Accountant and a Management Consultant at Bengaluru having an experience of 36 years in Direct tax matters, Audit and Assurances. He was nominated by KSIIDC for few listed Companies and currently holds directorships in few companies. He is also a Managing Trustee for RRK Foundation – a foundation financially supporting more than 100 students for Higher Secondary School to economically weaker sections and Trustee for few philanthropic organizations. As at August 3, 2018, Mr Ramakrishnan does not hold any equity shares in the Company and is not related to any other Director of the Company.	Murudeshwar Decor Private Limited Multivision Software Solutions Private Limited Smart Cities India Foundation	
4	Dr. Kausalya Santhanam, (DIN: 06999168)	Dr. Kausalya Santhanam, Founder of SciVista IP & Communication (www.scivistaip.com), is a Patent attorney registered with the Indian Patent Office as well as the US Patent and Trademark Office. She holds a Ph.D in Cell biology and Immunology from Post Graduate Institute of Medical Education and Research (PGIMER) Chandigarh. Her Post-Doctoral training was in Cancer Biology at Center for Cellular and Molecular Biology (CCMB), Hyderabad, where she has published her studies in peer reviewed journals. Later she went as a National Research Council (NRC) Fellow to Walter Reed Army Institute of Research, Washington DC where her studies involved molecular mechanisms of inflammation. Following that, at Albert Einstein College of Medicine, New York, she worked towards understanding the mechanisms of an apoptotic molecule. All the research work has been published in reputed journals. Later, she worked for five years in the Intellectual Property Department of CuraGen Corporation, a Biopharmaceutical company at Connecticut, USA. She is an Independent Director of the Company. As at August 3, 2018, Dr. Kausalya Santhanam does not hold any equity shares in the Company and is not related to any other Director of the Company.	Sequent Scientific Limited	a) Nomination and Remuneration Committee (Chairperson) b) Stakeholders Relationship Committee (Chairperson) c) Audit Committee d) CSR Committee

S No	Name of the Director	Brief Profile	Other Directorships Held	Committee Membership
5	Jitesh Devendra, Managing Director (DIN: 06469234)	Mr. Jitesh having more than 20 years' experience and has led the North America API business as well as managed the Formulations P&L business of erstwhile Shasun Pharmaceuticals Limited, which got merged with Strides Shasun Limited. His efforts have led the Division into new markets; forging business relationship and introduction of new Products for out-licensing and partnership. Post-Merger, Jitesh has been responsible for P&L business for North America and Europe Finished Dosage Form (Regulated Markets-Region 1) and overall responsible for API business P&L. Mr. Jitesh holds an MBA with specialization in International Business and Buyer Behavior; Bachelor's Degree in Commerce from University of Madras, Loyola College, Chennai, India and holds a Diploma in Sales & Marketing from National Institute of Sales, Chennai. As at August 3, 2018, Mr. Jitesh holds 60,687 equity shares of the company and is not related to any other Director of the Company.	Sajdev Sushraj Investments Private Limited	
6	Hariharan .S Executive Director-Finance & CFO (DIN: 05297969)	Mr. S. Hariharan is a Cost Accountant with rich and varied experience of more than 30 years in field of Corporate Finance, Accounts and Strategic planning. He played a vital role in the merger process of Shasun Pharmaceuticals Ltd. with Strides Shasun Limited. He is having rich experience in the fields of Finance, Accounts, Secretarial, Taxation, Legal and Information Technology functions. He is also having rich experience in the Mergers and Acquisition activities. As at August 3, 2018, Mr. S. Hariharan holds 1,641 equity shares of the company and is not related to any other Director of the Company.		

CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per the format prescribed by Securities and Exchange Board of India under Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company believes in creating wealth for all its shareholders. In pursuit of this objective, the Policies of the Company are designed to strengthen the ability of the Board of Directors to supervise the management and to enhance long-term shareholder value.

All decisions are taken in the interest of the shareholders. The Board and the management are aware and conscious of minority shareholder's interest and everything is done to enhance shareholders' value. Hence, considerable emphasis is placed on accountability in decision-making and ethics in implementing them.

Adequate and timely information is critical to accountability. The Company believes to act in the spirit of law and not just the letter of law. We aim at providing complete transparency in our operations.

The Board of Directors in their meeting held on March 20, 2017 approved the Scheme of Demerger. As part of the Scheme of Demerger, Commodity API business of Strides Shasun Limited (Strides) and Human API business of Sequent Scientific Limited (Sequent) is being transferred to the Company. The Company has received necessary approvals from Competition Commission of India and National Company Law Tribunal (NCLT). The appointed date for the scheme is October 1, 2017 and Effective date for the scheme is March 31, 2018.

Pursuant to the Scheme of Demerger, the Company made listing applications with the Stock Exchanges viz. BSE and NSE and the shares commenced trading on the Exchanges with effect from June 27, 2018.

2. BOARD OF DIRECTORS:

Composition of Board

The Board was reconstituted as under:

1. Mr. Deepak C Vaidya was appointed as Non-Executive Director and Chairman of the Company.
2. Mr. Nirmal P. Bhogilal was appointed as an Independent Director
3. Mr. R. Ramakrishnan was appointed as an Independent Director
4. Dr. Kausalya Santhanam was appointed as an Independent Director
5. Mr. Jitesh Devendra, who is a Director since incorporation was appointed as Managing Director
6. Mr. S. Hariharan who is a Director since incorporation was appointed as Executive Director-Finance & CFO
7. Dr. P Sathyanarayan who is a Director since incorporation resigned from the Board

Note: Mr. Jagdish V Dore resigned from the Board effective from August 3, 2018 due to pre-occupation.

As on the date of this Report, the Board comprises of 6 Directors - Two Executive Directors, Three Independent Directors and One Non-Executive Director. Chairman of the Board is a Non-Executive Director. All the directors on the Board are highly experienced in their respective fields.

The composition of Board of Directors of the Company is an appropriate combination of Executive and Non-Executive Directors. As on date the Board consists of six directors with more than fifty percent of the Board being Non-executive.

The Independent Directors of the Company fulfil the criteria of independence as specified in Section 149 (6) of the Companies Act, 2013 and Rules framed thereunder and Regulation 16 (1) (b) of the Listing Regulations. The Company has received declarations from the Independent Directors that they meet with the criteria of independence as prescribed under Section 149(6) of the Act. A formal letter of appointment as provided in the Act and the Listing Regulations has been issued to Independent Directors of the Company. Terms and Conditions of appointment of Independent Directors and the profile of Directors are disclosed on the website of the Company i.e. www.solara.co.in

Board Meetings held during the year

During the year ended March 31, 2018, 6 (Six) Board Meetings were held. These meetings were held on April 24, 2017, August 2, 2017, October 16, 2017, February 1, 2018, March 26, 2018 and March 31, 2018.

Composition of the Board and Directorships

Name	Category	No. of other Directorship held in public companies	No. of other Committees held in public companies		No. of Board meetings during 2017-18		No. of shares held
			Membership	Chairmanship	Held	Attended	
Mr. Deepak C Vaidya	Chairman & Non-Executive Director	6	5	3	NA	NA	29948
Mr. Nirmal P Bhogilal	Independent Director	2	2	-	NA	NA	758
Mr. R. Ramakrishnan	Independent Director	-	-	-	NA	NA	Nil
Dr. Kausalya Santhanam	Independent Director	1	2	1	NA	NA	Nil
Mr. Jitesh Devendra	Managing Director	-	-	-	6	5	60687
Mr. S. Hariharan	Executive Director-Finance	-	-	-	6	6	1641
Mr. Jagdish V Dore*	Independent Director	1	-	-	NA	NA	Nil
Dr. Sathyanarayan P**	Director	-	-	-	6	5	Nil

* Resigned with effect from August 3, 2018. Mr. Jagdish V. Dore was appointed on April 11, 2018 and during his tenure, he attended two Board meetings, two audit committee meetings and one nomination and remuneration committee meetings.

** Resigned with effect from April 11, 2018

Note:

No. of other directorships include directorships in Public Limited Companies and excludes Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act,2013.

The disclosure includes memberships and chairmanships in the Audit Committee and the Stakeholders Relationship Committee in public limited companies and excludes all other memberships and chairmanships in other committees.

None of the directors holds directorships in more than twenty companies including maximum limit of ten Public Companies, memberships in more than ten Committees in all Public Limited Companies excluding the committee memberships in Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 and chairmanships in more than five Committees across all listed companies in which he is a director.

None of the directors is related to any other Director in the Company.

None of the Independent Directors serves as Independent Director in more than seven listed entities

Familiarization programme for Independent Directors/ Non-Executive Directors

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarize with Company's procedures and practices. Periodic presentations are made at the Board Meetings on regulatory updates, roles and responsibilities as a Director of the Company, updates on industry in which the Company operates and business model of the Company. The details on familiarization programme is disclosed on the website of the Company www.solara.co.in

Committees of the Board

The Board has constituted the following Board-level Committees on April 11, 2018, and reconstituted the Committees on August 3, 2018, namely:

a) Audit Committee
b) Nomination and Remuneration Committee
c) Stakeholders' Relationship Committee
d) Corporate Social Responsibility Committee

3. AUDIT COMMITTEE

The Composition of the Committee as on August 3, 2018 is as follows.

Name of the Director	Designation	Category of Directorship
Mr. R. Ramakrishnan	Chairman	Independent Director
Mr. Nirmal P Bhogilal	Member	Independent Director
Dr. Kausalya Santhanam	Member	Independent Director
Mr. Deepak C Vaidya	Member	Non - Executive Director

Mr. Jagdish V Dore was part of the Audit Committee from April 11, 2018 to August 3, 2018.

Mr. S. Murali Krishna, Company Secretary is the Secretary of Audit Committee.

Terms of reference of the Audit Committee:
Terms of reference of the Audit Committee, inter alia, includes the following:

Financial Statements:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Examination of the Company's financial statement and the Auditor's Report on the same.
- Discuss and review, with the management and auditors, the annual / quarterly financial statements before submission to the Board, with particular reference to:
    - matters required to be included in the director's responsibility statement to be included in the Board's Report under Section 134(3)(c) of the Companies Act, 2013;
    - Disclosure of changes in accounting policies and practices and reasons for the same;
    - major accounting entries involving estimates based on the exercise of judgment by management;
    - significant adjustments made in the financial statements arising out of audit findings;
    - qualifications in the draft audit report, if any;
    - compliance with listing and other legal requirements relating to financial statements;
    - disclosure of any Related Party Transactions;
    - any modified opinion(s) in the draft audit report;
    - monitoring the end use of funds raised through public offers and related matters and make appropriate recommendations to the Board;
    - Review of the management discussion and analysis of financial condition and results of operation;

Statutory Audit

- Discussion with the Statutory Auditors, before the audit commences in any given financial year, the scope of audit as well as post-audit discussion / review to ascertain any area of concern;
- Review with the Statutory Auditor any challenges / critical observations noted and the management's responses.
- Recommend to the Board the appointment, reappointment, removal of the Statutory Auditors, fixation of audit fee and approval for payment for any non-audit services rendered by the Statutory Auditors.
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- Review management letters / letters of internal control weaknesses issued by Statutory Auditors.

Internal Audit

- Review on regular basis the adequacy of internal audit function, the structure of the internal audit department, approval of the internal audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Review the appointment, removal and terms of remuneration of the Internal Auditor.
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discuss with internal auditors any significant findings and follow up thereon.
- Review internal audit reports relating to the internal controls.

Internal Control

- Review with the management, statutory and internal auditors, the adequacy of internal control systems and related matters.
- Review management letters / letters of internal control weaknesses issued by Internal Auditors.

Compliance with regulatory requirements and policies;

- Review the effectiveness of the system for monitoring compliance with laws and regulations, and the results of management's investigation and follow-up of any instances of non-compliance.

- Review the findings of any examinations, inspections or audits by regulatory agencies and any adverse observations made by them.

- Examine the reasons for defaults in the payments to the shareholders in case of non-payment of declared dividends and creditors, if any.

- Evaluation of internal financial controls and risk management systems.

- Review the functioning of the whistle blower mechanism

- Review the financial statements of the Company's materially significant subsidiaries, in particular the investments made by the unlisted indian subsidiary companies.

Related Party Transactions:

- Review statement of significant related party transactions submitted by the management.

- Committee may grant omnibus approval for related party transactions proposed to be entered into by the Company subject to the following conditions:

    - The Committee must lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the Company and such approval is applicable in respect of transactions which are repetitive in nature.

    - The Committee must be certain of the need for such omnibus approval and that such approval is in the interest of the Company.

    - Such omnibus approval shall specify – the name of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into; the indicative base price and the formula for variation in the price, if any and such other conditions as the Audit Committee may deem fit.

    - For cases where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Committee may grant omnibus approval for such transaction subject to their value not exceeding ₹10 million per transaction.

    - The Committee must review the details of all related party transactions entered into by the Company pursuant to each of the omnibus approvals given, at least once every quarter.

    - Such omnibus approvals are valid only for a period of one year and will require fresh approval after the expiry of every one year.

    - Prior approval of any subsequent modification of transactions of the Company with related parties.

Vigil Mechanism:

- The vigil mechanism will provide adequate safeguards against victimization of employees / directors. It further acts as a mode of direct access to the Chairman of the Committee.

- The Committee may recommend suitable action to the management against persons making repeated frivolous complaints under this mechanism.

Others:

- Conduct meetings with the management to analyse the financial condition and results of operations.

- Approval of appointment of Chief Financial Officer

- Scrutiny of inter-corporate loans and investments

- Valuation of undertakings or assets of the Company, wherever it is necessary

- The Chairman of the Committee shall be present at Annual General Meeting to answer shareholder queries.

- The Committee must review the quarterly statement submitted to the Stock Exchanges, in compliance with Listing Agreement / Listing Regulations.

- The Committee must review the annual statement of funds utilised for any purpose other than those stated in the offer document / notice and the monitoring report of the monitoring agency appointed by the Company, if any.

- Reviewing material litigation and their impact on financial reporting.

- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4. NOMINATION AND REMUNERATION COMMITTEE

The Composition of the Committee as on August 3, 2018 is as follows:

Name of the Director	Designation	Category of Directorship
Mr. Nirmal P Bhogilal	Chairman	Independent Director
Mr. Deepak C Vaidya	Member	Non-Executive Director
Mr. R. Ramakrishnan	Member	Independent Director

Mr. Jagdish V. Dore was part of the nomination and remuneration committee from April 11, 2018 to August 3, 2018.

Terms of reference of the Nomination and Remuneration Committee:

Terms of reference of the Nomination and Remuneration Committee, inter alia, includes the following:

- To formulate a criteria for determining qualifications, positive attributes and independence of a director
- To formulate a criteria for evaluation of performance of independent directors and the Board.
- Committee to carry out evaluation of every director's performance
- Committee to determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- To formulate a criteria and evaluate the performance of various committees of the Board.
- Identify persons who are qualified to become directors and who may be appointed in senior management personnel in accordance with the criteria laid down in the policy.
- To recommend to the Board, a policy relating to remuneration of directors, KMPs and Senior Management Personnel.
- To recommend to the Board the appointment and removal of directors and senior management personnel, in accordance with the criteria laid down in the policy.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

Remuneration Policy

The Committee recommends the compensation package to the executive directors of the Company. The remuneration will include salary, perquisite, allowances and commission. The remuneration policy is directed towards rewarding performance based on review of achievements. It is aimed at attracting and retaining high caliber talent. This policy also covers remuneration to the Non-Executive Directors of the Company. The Policy is available at the following link: http://solara.co.in/pdf/policies/Solara_Nomination_and_Remuneration_Policy.pdf

Performance evaluation

Pursuant to provisions of the Companies Act,2013 and the Listing Regulations, the Board will carry out the annual performance evaluation of its own performance and the Directors individually. The evaluation process focussed on various aspects of the functioning of the Board such as composition of the Board and Committees, experience and competencies, performance of specific duties and obligations, governance issues, etc.

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Composition of the Committee is as follows.

Name of the Director	Designation	Category of Directorship
Mr. Nirmal P Bhogilal	Chairman	Independent Director
Dr. Kausalya Santhanam	Member	Independent Director
Mr. S. Hariharan	Member	Executive Director

Terms of reference of the Stakeholders' Relationship Committee:

Terms of reference of the Stakeholders' Relationship Committee, inter alia, includes the following:

- To monitor and review grievances of securities holders including but not limited to complaints related to transfer of shares, issue of duplicate share certificates, non-receipt of annual reports, non-receipt of declared dividends, etc.

- To act as a delegated authority of the Board of Directors to expedite the process of share transfers
- The Chairman or any member of the Committee to attend the general meetings of the Company.
- To oversee the implementation of the Company's Code of Conduct for the prevention of Insider Trading in the securities of the Company.
- To authorise issue of share certificates, printing of share certificates and issue of duplicate share certificates.
- Mr. S. Muralikrishna, Company Secretary, is the compliance officer of the Company.

6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Composition of the Committee is as follows.

Name of the Director	Designation	Category of Directorship
Dr. Kausalya Santhanam	Chairperson	Independent Director
Mr. R. Ramakrishnan	Member	Independent Director
Mr. Jitesh Devendra	Member	Executive Director

Terms of reference of the CSR Committee:

Terms of reference of the CSR Committee, inter alia, includes the following:

- The Committee shall have free access to management and management information and may seek the advice of outside experts or consultants at the Company's expense where judged necessary, to discharge its duties and responsibilities.
- The Committee shall frame, review and recommend changes to the CSR policy and / or associated activities of the Company.
- The Committee shall monitor and adherence by the Company with the CSR policy
- The Committee shall ensure that the Company is taking the appropriate measures to implement the CSR activities as mentioned in the policy successfully.
- The Committee shall identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.
- The Committee shall review and reassess the adequacy of the Charter annually and recommend any proposed changes to the Board for approval.

7. AFFIRMATIONS AND DISCLOSURES

a) The Company is in compliance with all the mandatory requirements as also a few non-mandatory requirements, as prescribed under Regulation 27(1) of the Listing Regulations like unmodified audit opinion on financial statements and appointment of separate persons to the posts of Chairman and Managing Director.

b) There are no materially significant related party transactions with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

The Company has formulated a policy for transacting with related parties, which is uploaded on the website of the Company. The policy is available at the following link http://solara.co.in/file/Policies/policy-on-related-party-transactions.pdf Transactions with the related parties are disclosed in the financial statements in the Annual Report.

c) The Company has formulated a whistle blower policy for directors and stakeholders of the Company. None of the personnel of the Company has been denied access to the audit committee.

d) The company has complied with all applicable mandatory requirements in terms of SEBI Listing Regulations

e) As required under Listing Regulations, the company has formulated the policy for determining "Material Subsidiaries" which is uploaded in the website of the company. The Policy is available at the following link: http://solara.co.in/files/policies/Policy-for-determining-of-Material-Subsidiaries.pdf

f) The company is not exposed to any commodity price risk. The details of the foreign exchange risk and company's hedging activities forms part of the Management Discussion and Analysis Report and the Notes to the Financial Statement.

8. MEANS OF COMMUNICATION

Results:

The quarterly, half yearly and annual results are normally published in one leading national business newspaper (English) and in one vernacular newspaper (Marathi). The quarterly results and investor presentations are also hosted on the Company's website www.solara.co.in

Website:
The Company's website contains a dedicated section "Investor Relations" which displays details/ information and various press releases of interest to various stakeholders.

News releases:
Official press releases are sent to the Stock Exchanges and is hosted on the website of the Company.

Presentations to institutional investors/analysts:
Detailed presentations are made to institutional investors and analysts on a quarterly basis and the same is hosted on the website of the Company.

General Shareholder's information

1. **Annual General Meeting 2018**
   The First Annual General Meeting of the Shareholders of the company will be held on Friday, September 28, 2018 at 12.15 p.m. at Four Points Sheraton, Plot No.39/1, 6 to 15, Sector 30A, Vashi, Navi Mumbai – 400 701

2. **Book Closure**
   The company's Register of Members and Share Transfer Books will remain closed from September 20, 2018 to September 28, 2018 (both days inclusive)

3. **Financial Calendar for the year 2018-19**

Financial reporting for	Month / year
Quarter ending June 30, 2018	August 2018
Quarter ending September 30, 2018	November 2018
Quarter ending December 31, 2018	February 2019
Quarter ending, March 31, 2019	May 2019

4. **Registered Office:**
   No.201, Devavarata, Sector 17, Vashi
   Navi Mumbai – 400 703
   Tel/Fax : 91-22-27892924 / 91-22-27892942

5. **Corporate Office:**
   'Batra Centre', 3rd & 4th Floor
   28, Sardar Patel Road,
   Guindy, Chennai 600032,
   Tel/Fax : 91-44-43446700 / 91-44-22350278

6. **The Company's designated email id for investor complaints is: investors@solara.co.in**
   E- mail : investors@solara.co.in
   Website : www.solara.co.in

7. **Company Secretary & Compliance Officer:**
   S. Murali Krishna
   28, Sardar Patel Road, Guindy, Chennai - 600032
   Tel/Fax : 91-44-43446700 / 91-44-22350278
   E- mail : muralikrishna@solara.co.in / investors@solara.co.in

8. **Registrars & Share Transfer Agents:**
   Karvy Computershare Private Limited
   Karvy Selenium Tower B
   Plot No. 31 & 32, Financial District, Nanakramguda
   Serilingampally Mandal, Hyderabad - 500032
   Tel/Fax : 91-40-67161500 / 91-40-23420814
   E- mail : svraju@karvy.com
   Contact Persons:
   Mr. S.V. Raju, Dy. General Manager / Mr. Mohan Kumar, Manager

9. **Share Transfer System**
   The Company has appointed Karvy Computershare Private Limited, Hyderabad as its Registrar and Share Transfer Agents to expedite the process of share transfers.

10. **Dematerialisation of Shares (As on August 3, 2018)**
    The Company has established connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar: Karvy Computershare Private Limited.

    As on the date of this report, 99.84% of the paid up share capital of the Company representing 2,46,35,170 shares is in dematerialized form and balance 0.16% representing 39097 shares of the Company is in physical form.

    Your Company confirms that the entire Promoter's holdings are in electronic form and the same is in line with the directions issued by SEBI.

11. Shareholding Pattern (As on August 3, 2018)

Category	No. of Shares	% to total shareholding
Indian Promoters	9085270	36.82
Mutual Funds	1968847	7.98
Banks, Financial Institutions, Insurance Companies	15544	0.06
Foreign Portfolio Investors / FIIs	4987603	20.21
Non-resident Indians/Foreign Nationals/OCBs	717512	2.91
Bodies Corporates / NBFC	3054634	12.38
Directors	93034	0.38
Others (including Indian Public, Clearing Members, Trusts, Funds, etc.)	4751823	19.26
Total	**24674267**	**100.00**

12. Distribution of shareholding (As on August 3, 2018)

No. of shares		No. of	% to total no.	No. of	% to
From	To	Shareholders	of shareholders	Shares	Capital
1	5000	72535	98.59	1549721	6.28
5001	10000	395	0.54	287257	1.16
10001	20000	218	0.30	317283	1.29
20001	30000	85	0.12	209126	0.85
30001	40000	52	0.07	183398	0.74
40001	50000	27	0.04	124052	0.50
50001	100000	78	0.11	571812	2.32
100001	Above	182	0.25	21431618	86.86
Total		**73572**	**100.00**	**24674267**	**100.00**

13. Details on Location of Factories:

Active Pharmaceutical Ingredient (API)

Puducherry : Mathur Road, Periakalapet, Puducherry – 605 014.

Cuddalore : A 1/B SIPCOT Industrial Complex, Kudikadu, Cuddalore – 607 005.

Mangalore : Plot No.120 A & B, 36, 120P & 121, Industrial Area, Baikampady, New Mangalore – 575 011

Mysore : Plot Nos. 253 & 254, Thandya Industrial Area, Thandavapura, Mysore – 571 302

Mahad : B-32, G2 & G3, MIDC Industrial Area Birwadi, Mahad, Raigarh District – 402 309

Research & Development Centre

Chennai : No.27, Vandalur-Kelambakkam Road, Keezhakottaiyur, Chennai – 600 048

Bengaluru : No. 11, First & Second Floor KIADB Industrial Area Phase – I, Jigani; Bengaluru - 560 105

14. LISTING ON STOCK EXCHANGES AND STOCK CODES

The names of the Stock Exchanges at which the securities of the Company are listed and the respective stock codes are as under:

S No	Name and Address of Stock Exchange	Security Listed	ISIN	Stock Code / Symbol
1	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.	Equity Shares	INE624Z01016	541540
2	The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	Equity Shares	INE624Z01016	SOLARA

The Company has paid listing fees to all the above stock exchanges and there is no outstanding payment as on date of this report.

The company has complied with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations

15. COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

For the financial year ended March 31, 2018 the requirement of declaration regarding compliance by the board members and senior management personnel with the company's code of conduct is not applicable to the company since the equity shares of the company were listed on the exchanges w.e.f June 27, 2018

For and on behalf of Board of Directors

Jitesh Devendra

Managing Director

Place: Bengaluru

Date: 03.08.2018

ANNEXURE - 7 TO THE BOARD'S REPORT

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER TO THE BOARD

We, Jitesh Devendra, Managing Director and S. Hariharan, Chief Financial Officer of Solara Active Pharma Sciences Limited certify that:

A. We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:

   1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. These statements present a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing Generally Accepted Accounting Principles including Accounting Standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness, internal audit works with all levels of management and Statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Statutory Auditors and Audit Committee are apprised of any corrective action taken or proposed to be taken with regard to significant deficiencies and material weaknesses.

D. We have indicated to the Auditors and to the Audit Committee:

   1. That there are no significant changes in internal control over financial report during the year;

   2. That there are no significant changes in accounting policies during the year;

   3. That there are no instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the Company's internal control system over financial reporting.

	Jitesh Devendra	**S. Hariharan**
Place: Bengaluru	Managing	Executive
Date: 03.08.2018	Director	Director-Finance

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Solara Active Pharma Sciences Limited

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Standalone Ind AS Financial Statements of SOLARA ACTIVE PHARMA SCIENCES LIMITED ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2018, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Cash Flow Statement and the Standalone Statement of Changes in Equity for the period February 23, 2017 to March 31, 2018, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and applicable to the Company, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS Financial Statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the period February 23, 2017 to March 31, 2018.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

    e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Sathya P. Koushik
Partner
Membership No. 206920

Bengaluru, May 19, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in clause (f) of paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of SOLARA ACTIVE PHARMA SCIENCES LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the period ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Sathya P. Koushik
Partner
Membership No. 206920

Bengaluru, May 19, 2018

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with the programme, fixed assets were physically verified by the Management. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) With respect to following immovable properties of land and buildings that are freehold, according to the information and explanations given to us and the records examined by us, we report that, the title deeds of such immovable properties are not held in the name of the Company as at the balance sheet date.

Particulars	Gross Block (₹ in Million as at March 31, 2018)	Net Block (₹ in Million as at March 31, 2018)
Freehold Land	548.04	548.04
Investment Property		
- Land	1.97	1.97
- Building	58.33	58.33

The above immovable properties were transferred to the Company pursuant to the Composite Scheme of Arrangement referred in Note 35.

(ii) As explained to us, the inventories were physically verified during the period ended March 31, 2018 by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provided guarantees that are covered under the provisions of sections 185 or 186 of the Act, and hence reporting under clause (iv) of the Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the period ended March 31, 2018.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, , Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax and Goods and Service Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved ₹ in Million	Amount unpaid ₹ in Million
Central Excise Act, 1944	Central Excise	Central Excise , Service Tax Appelate Tribunal	F.Y. 2009-10 to F.Y. 2010-11	6.56	6.56
Central Excise Act, 1944	Central Excise	The Commissioner of Central Excise	F.Y. 2003-04	4.25	1.67
Central Excise Act, 1944	Central Excise	The Commissioner of Central Excise	F.Y. 2011-12 to F.Y. 2017-18	27.40	27.40
Central Excise Act, 1944	Central Excise	The Commissioner of Central Excise	F.Y. 2011-12 to F.Y. 2012-13	7.71	5.58
Central Excise Act, 1944	Cenvat Credit	The Commissioner of Central Excise	F.Y. 2008-09 to F.Y. 2013-14	1.72	1.29
Central Excise Act, 1944	Central Excise	The Assistant Commissioner of Central Excise	F.Y. 2008-09 to F.Y. 2014-15	2.51	1.88
Central Excise Act, 1944	Central Excise	The Deputy Commissioner of Central Excise	F.Y. 2010-11 to F.Y. 2011-12	0.24	0.24
The Finance Act, 1994	Service Tax	The Commissioner of Service Tax	F.Y. 2003-04 to F.Y. 2006-07	2.46	2.46
The Finance Act, 1994	Service Tax	Central Excise , Service Tax Appelate Tribunal	F.Y. 2008-09 to F.Y. 2013-14	8.14	7.47

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has not taken any loans or borrowings from financial institutions or from government. The Company also has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the period ended March 31, 2018, for the purposes for which they were raised, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the period ended March 31, 2018.

(xi) In our opinion and according to the information and explanations given to us, the Company has not paid / provided any managerial remuneration during the period ended March 31, 2018 and accordingly reporting under Clause (xi) of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the period ended March 31, 2018, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the period ended March 31, 2018, the Company has not entered into any non-cash transactions with its directors or directors of its Parent or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Sathya P. Koushik
Partner
Membership No. 206920

Bengaluru, May 19, 2018

STANDALONE BALANCE SHEET

as at March 31, 2018

₹ in Million

		Particulars	Note No.	31-Mar-18
A	**ASSETS**			
I	**Non-current assets**			
	(a)	Property, Plant and Equipment	3(i)	5,974.49
	(b)	Capital work in progress	3(ii)	703.07
	(c)	Investment property	4	59.36
	(d)	Goodwill	5	3,632.12
	(e)	Other Intangible assets	6	1,007.74
	(f)	Financial assets		
		(i) Investments	7	185.29
		(ii) Loans	8(i)	0.42
		(iii) Other financial assets	9(i)	78.50
	(g)	Income tax assets (net)	10	26.01
	(h)	Other Non-current assets	11(i)	464.63
	Total Non-current assets			**12,131.63**
II	**Current assets**			
	(a)	Inventories	12	1,876.60
	(b)	Financial assets		
		(i) Trade receivables	13	2,633.48
		(ii) Cash and cash equivalents	14	458.71
		(iii) Other balances with banks	15	10.56
		(iv) Loans	8(ii)	22.09
		(v) Other financials assets	9(ii)	143.65
	(c)	Other current assets	11(ii)	943.27
	Total Current assets			**6,088.36**
	Total Assets (I + II)			**18,219.99**
B	**EQUITY AND LIABILITIES**			
I	**Equity**			
	(a)	Equity Share capital	16	246.74
	(b)	Other equity	17	7,451.92
	Total Equity			**7,698.66**
II	**Liabilities**			
1	Non-current liabilities			
	(a)	Financial Liabilities		
		(i) Borrowings	18(i)	2,428.62
	(b)	Provisions	19(i)	73.15
	(c)	Deferred tax liabilities (net)	20	532.64
	(d)	Other non-current liabilities	21(i)	162.67
	Total Non-current liabilities			**3,197.08**
2	Current liabilities			
	(a)	Financial Liabilities		
		(i) Borrowings	18(ii)	3,302.14
		(ii) Trade payables	22	3,125.89
		(iii) Other financial liabilities	23	675.70
	(b)	Other current liabilities	21(ii)	207.79
	(c)	Provisions	19(ii)	12.73
	Total current liabilities			**7,324.25**
	Total Equity and liabilities (I + II)			**18,219.99**

See accompanying notes forming part of the Standalone Ind AS financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Sathya P. Koushik
Partner

Jitesh Devendra
Managing Director

S Hariharan
Executive Director - Finance and Chief Financial Officer

S Murali Krishna
Company Secretary

Place : Bengaluru
Date : May 19, 2018

Place : Bengaluru
Date : May 19, 2018

STANDALONE STATEMENT OF PROFIT AND LOSS

₹ in Million

	Particulars	Note No.	For the period from 23-Feb-2017 to 31-Mar-2018
1	Revenue from operations	24	5,604.03
2	Other income	25	22.86
3	**TOTAL INCOME (1+2)**		**5,626.89**
4	**EXPENSES**		
	(a) Cost of materials consumed	26	2,957.17
	(b) Purchase of stock-in-trade	27	40.54
	(c) Changes in inventories of finished goods and work-in-progress	28	(64.42)
	(d) Employee benefits expenses	29	695.17
	(e) Finance costs	30	251.69
	(f) Depreciation and amortisation expense	31	365.56
	(g) Other expenses	32	1,361.68
	Total expenses		**5,607.39**
5	**PROFIT/(LOSS) BEFORE TAX (3-4)**		**19.50**
6	**TAX EXPENSE**	33	
	(a) Current tax		4.17
	(b) Deferred tax		(4.17)
7	**PROFIT/(LOSS) FOR THE PERIOD (5-6)**		**19.50**
8	**OTHER COMPREHENSIVE INCOME**		
	Items that will not be reclassified to statement of profit and loss		
	Remeasurement of post employment benefit obligations - gain/(loss)		(2.51)
	Income tax relating to these items		-
	Total Other comprehensive Income		**(2.51)**
9	**TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (7+8)**		**16.99**
10	**EARNINGS PER EQUITY SHARE (OF ₹ 10/- EACH)**	41	
	- Basic (₹)		1.74
	- Diluted (₹)		1.74

See accompanying notes forming part of the Standalone Ind AS financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

Sathya P. Koushik
Partner

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director

S Hariharan
Executive Director - Finance and Chief Financial Officer

S Murali Krishna
Company Secretary

Place : Bengaluru
Date : May 19, 2018

Place : Bengaluru
Date : May 19, 2018

STANDALONE CASH FLOW STATEMENT

for the period ended 31 March 2018

₹ in Million

Particulars	31-Mar-18
A. CASH FLOW FROM OPERATING ACTIVITIES	
Profit / (loss) before tax	19.50
Adjustments for:	
Depreciation and amortisation	365.56
Interest expense on loans	229.05
Interest income	(3.30)
Liabilities / provisions no longer required written back	(8.21)
Profit on sale of property, plant and equipments	(2.19)
Provision for doubtful receivables and advances	4.69
Unrealised exchange (gain)/loss (net)	37.71
Operating profit before working capital changes	**642.81**
Changes in working capital:	
Adjustments for (increase) / decrease in operating assets:	
Inventories	(269.39)
Trade receivables	(399.94)
Other assets (financial & non-financial)	10.21
Adjustments for increase / (decrease) in operating liabilities:	
Trade payables	451.40
Other liabilities (financial & non-financial)	90.98
Cash generated from operations	**526.07**
Net income tax (paid) / refunds	(29.75)
Net cash flow from / (used in) operating activities (A)	**496.32**
B. CASH FLOW FROM INVESTING ACTIVITIES	
Capital expenditure on fixed assets, including capital advances	(348.59)
Acquisition of R&D business from Sovizen (Refer Note 36)	(509.00)
Proceeds from sale of fixed assets	1.00
Interest received	1.67
Net cash flow from / (used in) investing activities (B)	**(854.92)**
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of equity shares	0.10
Proceeds from non-current borrowings	750.00
Repayment of non-current borrowings	(221.68)
Net increase / (decrease) in current borrowings	369.36
Interest paid	(224.20)
Net cash flow from / (used in) financing activities (C)	**673.58**
Net increase in cash and cash equivalents (A+B+C)	**314.98**
Cash and cash equivalents at the beginning of the period	-
Add: Cash and cash equivalents acquired on account of business combination	143.73
Cash and cash equivalents at the end of the year	458.71
Reconciliation of cash and cash equivalents with the Balance Sheet:	
Cash and cash equivalents as per Balance Sheet (Refer note 14)	458.71
Cash and cash equivalents at the end of the year *	**458.71**
*** Comprises**	
Cash on hand	0.96
Balance with banks:	
- In current account	457.74
- In EEFC accounts	0.01
Total	**458.71**

See accompanying notes forming part of the Standalone Ind AS financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Sathya P. Koushik
Partner

Jitesh Devendra
Managing Director

S Hariharan
Executive Director - Finance and Chief Financial Officer

S Murali Krishna
Company Secretary

Place : Bengaluru
Date : May 19, 2018

Place : Bengaluru
Date : May 19, 2018

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

₹ in Million

Particulars	Amount
Balance as at February 23, 2017	-
Changes in equity share capital during the period	
- Issued pursuant to the scheme (Refer note 35)	246.74
Balance as at March 31, 2018	**246.74**

B. OTHER EQUITY

Particulars	Reserves and Surplus			Total equity attributable to equity holders of the company
	Capital reserve	Securities premium account	Retained earnings	
Balance as at February 23, 2017	-	-	-	-
Pursuant to the scheme (Refer note 35)	0.10	7,434.83	-	7,434.93
Profit/(loss) for the period	-	-	19.50	19.50
Other comprehensive income for the period	-	-	(2.51)	(2.51)
Balance as at March 31, 2018	**0.10**	**7,434.83**	**16.99**	**7,451.92**

See accompanying notes forming part of the Standalone Ind AS financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Sathya P. Koushik
Partner

Jitesh Devendra
Managing Director

S Hariharan
Executive Director - Finance and Chief Financial Officer

S Murali Krishna
Company Secretary

Place : Bengaluru
Date : May 19, 2018

Place : Bengaluru
Date : May 19, 2018

NOTE NO. 1 BACKGROUND

Solara Active Pharma Sciences Limited, formerly known as SSL Pharma Sciences Limited, (hereinafter referred as "the Company") is a public limited Company incorporated on February 23, 2017 under the provisions of Companies Act, 2013 with the object of, inter alia, undertaking the business of manufacturing, production, processing, formulating, sale, import, export, merchandising, distributing, trading of and dealing in active pharmaceutical ingredients. The Company has its registered address at 201, Devavrata, Sector 17, Vashi, Navi Mumbai 400 703. Also, refer note 35 on Composite Scheme of Arrangement.

The standalone Ind AS financial statements were approved by the Board of Directors and authorised for issue on May 19, 2018.

Since the Company was incorporated only in February 2017 and that the Company is preparing these financial information for the first time, these financial statements cover the period from inception until March 31, 2018. These financial statements comprise the Standalone Balance sheet of the Company as at March 31, 2018, Standalone Statement of Profit and Loss (including Other Comprehensive Income) and Standalone Cash flow statement for the period February 23, 2017 to March 31, 2018, Standalone statement of changes in equity as at March 31, 2018, and significant accounting policies and other explanatory information (together the "Standalone Ind AS Financial Statements).

2.1 Significant accounting policies

Statement of compliance

These standalone Ind AS financial statements have been prepared to comply in all material aspects with the 'Indian Accounting Standards' ("Ind AS") notified under Section 133 of the Companies Act, 2013(the "Act") read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter, as applicable to the Company, and other relevant provisions of the Act. Refer Note 35 for details of accounting for the Composite Scheme of Arrangement approved by National Company Law Tribunal.

Basis of measurement

The Standalone Ind AS Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as described in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in statement of profit and loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods
Revenue from the sale of goods is recognised when the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods to the buyer as per the terms of arrangement with buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale to Distributors
The Company appoints distributors in various territories who purchases the goods from the Company and thereafter sells them in the territory. In case the distributor is acting as an agent, the Company defers revenue recognition till the time goods are sold by the distributor to the end customer. On the other hand, if the distributor is principal, revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the distributor.

Price Variations / Incentives
Incentives are accounted based on the assessment of whether the beneficiary (of the incentive) is acting as a principal or an agent. Where the beneficiary is a principal, the incentive is regarded as consideration paid to the customer and is reduced from revenue. However, where the beneficiary is an agent, the incentive payment is recognised as an expense as the same is in the nature of commission.

Rendering of services
Revenue from product development services:

(i) In respect of contracts where the Company undertakes to develop products for its customers (on an end-to end basis), revenues are recognised based on technical estimates of the stage of work completed under the contracts.

(ii) In respect of other contracts where the Company performs specifically identified services in the development of the products, revenues are recognised on the basis of the performance milestones provided in the contract.

Revenue from contract manufacturing is recognised based on the services rendered in accordance with the terms of the contract.

Income from rendering advisory / support services is recognised based on contractual terms.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Export Incentives
Export incentives are accrued for based on fulfillment of eligibility criteria for availing the incentives and when there is no uncertainty in receiving the same. These incentives include estimated realisable values/benefits from special import licenses and benefits under specified schemes as applicable.

Leasing
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor
Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the standalone balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the period in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies transactions and translation

Items included in the Standalone Ind AS financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated. Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Borrowing costs

Borrowing costs include:

(i) interest expense calculated using the effective interest rate method,

(ii) finance charges in respect of finance leases, and

(iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in statement of profit and loss in the period in which they are incurred.

Employee benefits

Short term obligations

Liabilities for wages and salaries, including other benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Retirement benefit costs and termination benefits

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit and loss. Past service cost is recognised in statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the standalone balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Defined contribution plan

Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

The income tax expense or credit for the year is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the standalone statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Standalone Ind AS Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Current and deferred tax for the period

Current and deferred tax are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

The non refundable payments made with respect to Land taken on finance lease (where there is an option to purchase the same at the end of the lease period) is classified under Property, plant and Equipment as "Lease hold Land".

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed to be different and are as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Dies and moulds	: 4 years
Mobile phone	: 3 years
Vehicles	: 5 years

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of purchase.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

Investment property

Properties that is held for long-term rentals or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of the investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property are depreciated using the straight line method over their estimated useful lives. Investment properties generally have a useful life of 25-40 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

Useful lives of intangible assets
Intangible assets are amortised over their estimated useful life on straight line method as follows:

Product portfolio	: 10 years
Software Licenses	: 3 - 5 years

Impairment of assets

Impairment of financial assets:
The Company assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

Impairment of investment in subsidiaries
The Company reviews its carrying value of investments in subsidiaries at cost, annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Impairment of goodwill
For the purposes of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which such goodwill arose.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of non-financial assets other than goodwill
At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit and loss.

Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Cost is determined as follows:

Raw materials, packing materials and consumables: weighted average basis

Work-in progress: at material cost and an appropriate share of production overheads

Finished goods: material cost and an appropriate share of production overheads

Stock-in trade: weighted average basis

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liabilities

Contingent liabilities are disclosed in notes when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Financial instruments

Investment in subsidiaries

The Company has accounted for its investments in subsidiaries at cost less impairment.

Other financial assets and financial liabilities

Other financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement:

Other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

Subsequent measurement:

Financial assets at amortised cost: Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss: Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the statement of profit and loss.

Financial liabilities are measured at amortised cost using effective interest rate method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial assets and liabilities:
The Company derecognises the financial asset only when the contractual rights to the cashflows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of the ownership of the asset to the other entity . If the Company neither transfers nor retains substantially all risks and rewards of ownership and continues to control the transferred asset , the Company recognizes its retained interest in the asset and associated liability for the amounts it may have to pay . If the Company retains substantially all risks and rewards of the ownership of a transferred financial asset , the Company continues to recognize the financial asset and also recognizes a collaterized borrowing for the proceeds recieved. Financial liabilities are derecognised when these are extingushed , that is when the obligation is discharged, cancelled or has expired.

Equity instruments
An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

Operating Cycle

Based on the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months. The above basis is used for classifying the assets and liabilities into current and non-current as the case may be.

Key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill and other non-financial assets
Determining whether the asset is impaired requires to assess the recoverable amount of the asset or Cash Generating Unit (CGU) which is compared to the carrying amount of the asset or CGU, as applicable. Recoverable amount is the higher of fair value less costs of disposal and value in use. Where the carrying amount of an asset or CGU exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

Litigations

The Company is a party to certain indirect tax disputes. Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation applicable to arrangements entered into by the Company. Due to the uncertainty associated with such tax items, it is possible that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

Standards / amendments not yet effective

Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

1) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

2) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

   The Company is currently assessing the impact on adoption of this standard.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force for periods beginning on or after April 1, 2018. The Company is currently assessing the impact of this on the financial statements.

NOTE NO. 3 (I) PROPERTY, PLANT AND EQUIPMENT

₹ in Million

Particulars	Gross block						Accumulated depreciation				Net block
	As at 23-Feb-17	Additions pursuant to the Scheme (Refer Note 35)	Additions pursuant to business acquisition (Refer Note 36)	Additions	Disposals	As at 31-Mar-18	As at 23-Feb-17	Depreciation expense for the period	Eliminated on disposal of assets	As at 31-Mar-18	As at 31-Mar-18
Land:											
- Freehold	-	542.80	-	5.24	-	548.04	-	-	-	-	548.04
Leasehold Improvements	-	12.12	119.99	-	-	132.11	-	7.34	-	7.34	124.77
Buildings	-	1,535.73	-	177.18	-	1,712.91	-	38.36	-	38.36	1,674.55
Plant and Machinery	-	3,249.11	54.20	344.27	-	3,647.58	-	190.29	-	190.29	3,457.29
Furniture and fixtures	-	30.92	6.87	0.98	-	38.77	-	2.44	-	2.44	36.33
Vehicles	-	7.84	-	-	-	7.84	-	1.06	-	1.06	6.78
Office equipments	-	91.26	41.92	15.56	-	148.74	-	22.01	-	22.01	126.73
Total	**-**	**5,469.78**	**222.98**	**543.23**	**-**	**6,235.99**	**-**	**261.50**	**-**	**261.50**	**5,974.49**

Refer note 18 for properties pledged as security towards borrowings

NOTE NO. 3 (II) CAPITAL WORK IN PROGRESS

₹ in Million

Particulars	31-Mar-18
Opening balance	-
Add: Pursuant to the scheme (Refer note 35)	535.28
Add: Pursuant to business acquisition (Refer note 36)	200.75
Less: Capitalised during the period (net)	(32.96)
Closing balance	**703.07**

NOTE NO. 4 INVESTMENT PROPERTY

₹ in Million

Particulars	Gross block					Accumulated depreciation				Net block	
	As at 23-Feb-17	Additions pursuant to the Scheme (Refer Note 35)	Additions	Disposals	As at 31-Mar-18	As at 23-Feb-17	Depreciation expense for the period	Eliminated on disposal of assets	As at 31-Mar-18	As at 31-Mar-18	As at 23-Feb-17
Land	-	1.97	-	-	1.97	-	-	-	-	1.97	-
Building	-	58.33	-	-	58.33	-	0.94	-	0.94	57.39	-
Total	**-**	**60.30**	**-**	**-**	**60.30**	**-**	**0.94**	**-**	**0.94**	**59.36**	**-**

(i) Details of Assets given under operating lease:

₹ in Million

Particulars	Gross Block	Net Block
	31-Mar-18	31-Mar-18
Building	58.33	57.39

(ii) Details of Assets held for capital appreciation and not given under lease:

₹ in Million

Particulars	Gross Block	Net Block
	31-Mar-18	31-Mar-18
Land	1.97	1.97

(iii) Fair value of Investment properties:

The Company obtains independent valuations for its investment properties once in three years. Accordingly, the fair value of the Company's investment properties as at March 31, 2018 has been arrived at ₹ 71.13 Million on the basis of a valuation carried out by independent valuers not related to the Company. The said valuers are registered with the authority which governs the valuers in India and have appropriate qualifications and relevant experience in the valuation of properties in the relevant locations. The inputs used are as follows:

a) Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property; and

b) Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition.

(iv) Refer note 18 for properties pledged as security towards borrowings.

NOTE NO. 5 GOODWILL

₹ in Million

Particulars	As at Feb 23, 2017	Additions pursuant to the Scheme (Refer Note 35)	Additions pursuant to business acquisition (Refer Note 36)	Impairment loss recognised in the year	As at March 31, 2018
Goodwill	-	3,627.80	4.32	-	3,632.12
Total	**-**	**3,627.80**	**4.32**	**-**	**3,632.12**

The Company has identified Human API business acquired from Sequent as a Cash Generating Units (CGU) and the goodwill has been allocated to this CGU for the purpose of impairment testing. This goodwill is tested for impairment at least on an annual basis or more frequently when there is an indication for impairment. As of March 31, 2018, the Directors of the Company have assessed the goodwill for impairment by determining the "value in use" of the CGU. The "value in use" of the CGU is determined as an aggregate of present value of cash flow projections covering a five year period and the terminal value. The terminal value of cash generating unit is arrived at by extrapolating cash flows of latest forecasted year to perpetuity using a constant long term growth rate of 3% p.a. The cash flows are discounted using a pre tax discount rate of 16.82%.

The growth rates of the cash generating unit have been considered based on the market conditions prevalent.

The management believes that the projections used by the management for determining the "Value in use" of cash generating unit are based on past experience of the business acquired and external sources of information and any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

NOTE NO. 6 OTHER INTANGIBLE ASSETS

₹ in Million

Particulars	Gross block					Accumulated depreciation				Net block	
	As at 23-Feb-17	Additions pursuant to the Scheme (Refer Note 35)	Additions	Disposals	As at 31-Mar-18	As at 23-Feb-17	Amortisation expense for the period	Eliminated on disposal of assets	As at 31-Mar-18	As at 31-Mar-18	As at 23-Feb-17
Product portfolio	-	1,055.00	-	-	1,055.00	-	52.75	-	52.75	1,002.25	-
Software licenses	-	46.44	9.42	-	55.86	-	50.37	-	50.37	5.49	-
Total	**-**	**1,101.44**	**9.42**	**-**	**1,110.86**	**-**	**103.12**	**-**	**103.12**	**1,007.74**	**-**

NOTE NO. 7 INVESTMENTS

₹ in Million

Particulars	31-Mar-18
(A) Investments in subsidiaries (carried at cost less provision other than temporary diminution in value unless otherwise stated):	
Equity shares, unquoted	
Shasun USA Inc., USA	
- 15,000 shares of USD 1 each fully paid up	0.54
Sequent Penems Private Limited, India	
- 4,038,436 shares of ₹ 10 each fully paid up	143.00
Chemsynth Laboratories Private Limited, India	
- 3,362,745 shares of ₹ 10 each fully paid up	33.63
Total [A]	**177.17**
(B) Investments carried at amortised cost:	
Equity shares, unquoted	
Beta Wind Farm Private Limited, India	
- 334,276 equity shares of ₹ 10/- each, fully paid up	6.35
Tulysan Lec Limited, India	
- 45,000 shares of ₹ 10 each fully paid up	1.35
SIPCOT Industrial Common Utilities Limited, India	
- 4,242 shares of ₹ 100/- each, fully paid up	0.42
Total [B]	**8.12**
Total [A+B]	**185.29**
Aggregate amount of unquoted investments	185.29
Aggregate amount financial assets carried at cost	177.17
Aggregate amount financial assets carried at amortised cost	8.12

NOTE NO. 8 LOANS

(i) Non-current loans

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
- Receivable from Employees	0.42
Total	**0.42**

(ii) Current loans

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
- Receivable from Employees	22.09
Total	**22.09**

NOTE NO. 9 OTHER FINANCIAL ASSETS

(i) Non-current financial assets

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
Security deposits	78.50
Total	**78.50**

(ii) Current financial assets

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
Interest accrued on deposit	1.62
Incentives receivables	129.76
Others	12.27
Total	**143.65**

NOTE NO. 10 INCOME TAX ASSETS (NET)

₹ in Million

Particulars	31-Mar-18
Advance income tax (net of provisions)	26.01
Total	**26.01**

NOTE NO. 11 OTHER ASSETS

(i) Other non-current assets

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
Capital advances	277.15
Advances to related parties	23.43
Advances to other parties	75.50
Prepaid expenses	87.31
Balances with government authorities	
- Taxes paid under protest	1.24
Total	**464.63**

(ii) Other current assets

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
Advances to suppliers of materials	157.23
Advances to related parties	171.73
Prepaid expenses	79.90
Balances with government authorities:	
- GST credit & other receivable	514.78
- VAT/CST credit receivable	18.59
- Service tax credit receivable	1.04
Unsecured, considered doubtful:	
Advances to suppliers of materials	2.86
Less: Provision for doubtful loans and advances	(2.86)
Total	**943.27**

NOTE NO. 12 INVENTORIES

₹ in Million

Particulars	31-Mar-18
Raw materials	808.16
Goods-in-transit	45.38
Work-in-progress	695.68
Finished goods	293.56
Stores and spares	33.82
Total	**1,876.60**

NOTE NO. 13 TRADE RECEIVABLES

₹ in Million

Particulars	31-Mar-18
Unsecured	
Considered good	2,633.48
Considered doubtful	23.45
	2,656.93
Less: Provision for doubtful receivables	(23.45)
Total	**2,633.48**

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

Movement in Expected credit loss allowance:

₹ in Million

Particulars	31-Mar-18
Opening balance	-
Add: Pursuant to the scheme (Refer note 35)	23.45
Closing balance	**23.45**

NOTE NO. 14 CASH AND CASH EQUIVALENTS

₹ in Million

Particulars	31-Mar-18
Cash on hand	0.96
Balance with banks:	
- In current account	457.74
- In EEFC accounts	0.01
Total	**458.71**

NOTE NO. 15 OTHER BALANCES WITH BANKS

₹ in Million

Particulars	31-Mar-18
Balance held as margin money	
- against working capital facilities with banks	1.36
- against borrowings facilities with banks	9.20
Total	**10.56**

NOTE NO. 16 EQUITY SHARE CAPITAL

₹ in Million

Particulars	31-Mar-18
Authorised	
30,000,000 Equity shares of ₹ 10/- each with voting rights	300.00
	300.00
Issued, subscribed and fully paid-up *	
24,674,267 Equity shares of ₹10/- each with voting rights	246.74
Total	**246.74**

* As explained in note 35, in accordance with the requirements of the Scheme, the equity shares have been issued on April 11, 2018. However, solely for the purpose of compliance with the accounting treatment specified in the Scheme, the effect for issue of these shares has been given on the appointed date of the Scheme being October 1, 2017 and hence recorded as share capital although such shares were pending allotment as at March 31, 2018.

(i) Reconciliation of number of shares and amount outstanding

Particulars	31-Mar-18	
	No. of shares	₹ In Million
Equity share capital		
Equity share of ₹ 10/- each		
Opening balance	-	-
Issue of shares during the period	10,000	0.10
Issue of shares pursuant to the scheme (refer note 35)	24,674,267	246.74
Cancellaltion of shares pursuant to the scheme (refer note 35)	(10,000)	(0.10)
Balance as at 31-Mar-18	**24,674,267**	**246.74**

(ii) Detail of the rights, preferences and restrictions attaching to each class of shares outstanding equity shares of ₹ 10/- each:

The Company has only one class of equity shares, having a par value of ₹10/-. The holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

(iii) Details of equity shares held by each shareholder holding more than 5% of shares:

Particulars	31-Mar-18	
	No. of shares	%
Pronomz Ventures LLP	3,190,831	12.93%
SBI Magnum Multiplier Fund	1,628,786	6.60%
K R Ravishankar	1,325,260	5.37%

(iv) All the equity shares as at March 31, 2018 have been issued for consideration other than cash, pursuant to the Scheme as explained in note 35.

NOTE NO. 17 OTHER EQUITY

₹ in Million

Particulars	Notes	31-Mar-18
Capital reserve	17 (i)	0.10
Securities premium account	17 (ii)	7,434.83
Retained earnings	17 (iii)	16.99
Total		**7,451.92**

₹ in Million

Particulars	31-Mar-18
(A) Reserves and surplus	
(i) Capital reserve	
Opening balance	-
Add: Pursuant to the scheme (Refer note 35)	0.10
Closing balance	**0.10**
(ii) Securities premium account	
Opening balance	-
Add: Pursuant to the scheme (Refer note 35)	7,434.83
Closing balance	**7,434.83**
(iii) Retained earnings	
Opening balance	-
Add: Profit/(loss) for the period	19.50
Add: Remeasurement of the defined benefit liabilities/(assets)	(2.51)
Closing balance	**16.99**
Total Reserves and surplus	**7,451.92**

NOTE NO. 18 BORROWINGS

(i) Non-current borrowings

₹ in Million

Particulars	31-Mar-18
Secured	
- Term loans from banks (Refer note (i) to (vi) below)	1,817.06
- Term loans from others (Refer note (vii) to (viii) below)	611.56
Total	**2,428.62**

Details of security and terms of repayment of non-current borrowings

₹ in Million

Terms of repayment and security		31-Mar-18
(i)	Term loan from banks: Loan 1	
	Long-term borrowings	20.62
	Current maturities of non-current borrowings	81.46
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: 4.49% to 5%p.a Repayment terms: Repayable in 16 equal quarterly instalments of USD 0.312 million.	
(ii)	Term loan from banks: Loan 2	
	Long-term borrowings	462.96
	Current maturities of non-current borrowings	25.00
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: 1 Year MCLR plus 1.4% p.a. Repayment terms: Repayable in Quarterly instalments of ₹ 12.50 Million and increase by ₹ 12.50 Million every year after an initial moratorium period of 15 months.	
(iii)	Term loan from banks: Loan 3	
	Long-term borrowings	688.64
	Current maturities of non-current borrowings	37.50
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: 1 Year MCLR plus 1.15% p.a Repayment terms: Repayable in Quarterly instalments of ₹ 18.75 Million and increase by ₹ 18.75 Million every year after an initial moratorium period of 15 months.	
(iv)	Term loans from bank : Loan 4	
	Long-term borrowings	-
	Current maturities of non-current borrowings	45.09
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: 1 Year MCLR plus 1.9% p.a. Repayment terms: Repayable in 9 quarterly instalments - First three instalments ₹ 13.26 Million, 4 to 6 Instalment ₹ 15.03 Million	
(v)	Term loans from bank : Loan 5	
	Long-term borrowings	48.21
	Current maturities of non-current borrowings	33.62
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: 1 Year MCLR plus 1.9% p.a. Repayment terms: Repayable in 14 quarterly instalments of ₹ 8.40 Million	
(vi)	Term loans from bank : Loan 6	
	Long-term borrowings	596.63
	Current maturities of non-current borrowings	150.00
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: IDFC Bank MCLR plus Spread Repayment terms: Repayable in 60 monthly instalments of ₹ 12.50 million	
(vii)	Term loans from others : Loan 7	
	Long-term borrowings	610.40
	Current maturities of non-current borrowings	225.00
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: Yes Bank Base rate Repayment terms: Repayable in 14 quarterly instalments -First six instalments ₹ 50 Million, 7 to 10 Instalment ₹ 75 Million and 11 to 14 instalments ₹ 10 Million	

₹ in Million

Terms of repayment and security	31-Mar-18
(viii) Term loans from others : Loan 8	
Long-term borrowings	1.16
Current maturities of non-current borrowings	0.29
Security: Paripassu first charge on Innova car. Rate of interest: 9.06% p.a Repayment terms: Repayable in 10 monthly instalments of ₹ 0.03 Million	

₹ in Million

Particulars	31-Mar-18
Disclosed under non-current borrowings	2,428.62
Disclosed under other current financial liabilities :	
-Current maturities of non-current borrowings	597.96

(ii) Current borrowings

₹ in Million

Particulars	31-Mar-18
Secured loans repayable on demand from banks:	
- Working capital loans	3,302.14
Total	**3,302.14**

Details of security and terms of repayment for current borrowings:

Working capital loans from banks are secured by first pari passu charge over current assets of the Company and second pari passu charge on movable and immovable fixed assets of the Company.

NOTE NO. 19 PROVISIONS

(i) Non-current provisions

₹ in Million

Particulars	31-Mar-18
Provision for employee benefits:	
- Compensated absences	73.15
Total	**73.15**

(ii) Current provision

₹ in Million

Particulars	31-Mar-18
Provision for employee benefits:	
- Compensated absences	12.73
Total	**12.73**

NOTES

forming part of the Standalone Ind AS financial statements

NOTE NO. 20 DEFERRED TAX LIABILITIES (NET)

₹ in Million

Particulars	31-Mar-18
Deferred Tax Assets	(98.30)
Deferred Tax Liabilities	630.94
Deferred Tax Liabilities (net)	**532.64**

₹ in Million

2017-2018	31-Mar-18
Deferred tax liabilities/(assets) in relation to:	
Property, plant and equipment	313.59
Intangible assets - Other than Goodwill	317.35
Provision for employee benefits	(86.02)
Provision for doubtful debts and others	(8.11)
MAT Credit entitlement	(4.17)
	532.64

In relation to the acquisition of the Human API business acquired from Sequent pursuant to the Scheme referred in Note 35, the Company is in the process of quantifying the tax losses that would be available to it for carry forward and setoff in the subsequent periods. As this amount would be determined based on the tax returns filed by the respective companies in November 2018, no deferred tax asset has been recognised in these financial statements on such losses that may be available to the Company. Necessary adjustment will be made in the subsequent period, upon determination of such losses.

NOTE NO. 21 OTHER LIABILITIES

(i) Other non-current liabilities

₹ in Million

Particulars	31-Mar-18
Provision for employee benefits:	
- Gratuity	162.67
Total	**162.67**

(ii) Other current liabilities

₹ in Million

Particulars	31-Mar-18
Other payables:	
- Advance from customers	160.43
- Statutory remittances	47.36
Total	**207.79**

NOTE NO. 22 TRADE PAYABLES

₹ in Million

Particulars	31-Mar-18
Trade payables:	
- Total outstanding dues of micro enterprises and small enterprises	39.70
- Total outstanding dues of creditors other than micro and small enterprises	3,086.19
Total	**3,125.89**

Disclosure required under section 22 of the micro, small and Medium Enterprises Development Act,2006

₹ in Million

	Particulars	31-Mar-18
(i)	Principal amount remaining unpaid to any suppliers as at the end of the accounting year	39.70
(ii)	Interest due thereon remaining unpaid to any suppliers as at the end of the accounting year	-
(iii)	The amount of interest paid along with the amounts of the payment made to the suppliers beyond the appointed day	-
(iv)	The amount of interest due and payable for the year	-
(v)	The Amount of the interest accrued and remaining unpaid at the end of the accounting Year	-
(vi)	The amount of the future interest due and payable even In the succeeding year ,Untill such date when the interest dues as above are actually paid	-

Dues to micro and small enterprises have been admitted to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

NOTE NO. 23 OTHER CURRENT FINANCIAL LIABILITIES

₹ in Million

Particulars	31-Mar-18
Current maturities of non-current borrowings	597.96
Interest accrued but not due on borrowings	11.39
Other payables:	
- Payables on purchase of property, plant and equipment	66.35
Total	**675.70**

NOTE NO. 24 REVENUE FROM OPERATIONS

₹ in Million

Particulars	31-Mar-18
Sale of products	5,375.24
Sale of services	31.09
Other operating revenues	197.70
Total	**5,604.03**

NOTE NO. 25 OTHER INCOME

₹ in Million

Particulars	31-Mar-18
Interest income (Refer note (i) below)	3.30
Other non-operating income	
- Liabilities / provisions no longer required written back	8.21
- Profit on sale of property, plant and equipment (net)	2.19
- Others	9.16
Total	**22.86**

Note:

(i) Interest income comprises:

₹ in Million

Particulars	31-Mar-18
Interest from banks on deposits	2.96
Interest from others	0.34
Total	**3.30**

NOTE NO. 26 COST OF MATERIALS CONSUMED

₹ in Million

Particulars	31-Mar-18
Opening stock	-
Pursuant to the Scheme as at October 1, 2017 (refer note 35)	760.04
Add: Purchases during October 1, 2017 to March 31, 2018	3,050.67
Less: closing stock	(853.54)
Cost of materials consumed	**2,957.17**

NOTE NO. 27 PURCHASE OF TRADED GOODS

₹ in Million

Particulars	31-Mar-18
Traded goods	40.54
Total	**40.54**

NOTE NO. 28 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Million

Particulars	31-Mar-18
Inventories at the end of the year:	
- Finished goods	293.56
- Work-in-progress	695.68
	989.24
Inventories transferred to the Company pursuant to the Scheme	
- Finished goods	350.54
- Work-in-progress	574.28
	924.82
Net (increase) / decrease	**(64.42)**

NOTE NO. 29 EMPLOYEE BENEFITS EXPENSES

₹ in Million

Particulars	31-Mar-18
Salaries and wages	553.92
Contribution to provident and other funds (Refer note 38)	70.15
Expense on employee share based payments offered by other party	3.80
Staff welfare expenses	67.30
Total	**695.17**

NOTE NO. 30 FINANCE COSTS

₹ in Million

Particulars	31-Mar-18
Interest expense on:	
- Borrowings	229.05
Other finance cost	22.64
Total	**251.69**

NOTE NO. 31 DEPRECIATION AND AMORTISATION EXPENSE

₹ in Million

Particulars	31-Mar-18
Depreciation on Property, plant and equipment (Refer note 3)	261.50
Depreciation on Investment property (Refer note 4)	0.94
Amortisation on Intangible asset (Refer note 6)	103.12
Total	**365.56**

NOTE NO. 32 OTHER EXPENSES

₹ in Million

Particulars	31-Mar-18
Subcontracting	200.17
Power and fuel	345.58
Water	7.51
Rent including lease rentals (Refer note 39)	18.61
Repairs and maintenance:	
- Buildings	15.08
- Machinery	71.43
- Others	97.12
Insurance	36.74
Rates and taxes	7.50
Communication	8.00
Travelling and conveyance	28.45
Printing and stationery	4.89
Freight and forwarding	163.22
Sales commission	13.60
Business promotion	7.37
Donations and contributions	10.42
Expenditure on Corporate Social Responsibility	3.34
Legal and professional fees	100.04
Payments to auditors (Refer note (i) below)	5.72
Bad debts written off / Provision for doubtful trade and other receivables	4.69
Consumables	66.78
Sales promotion expenses	0.11
Exchange fluctuation loss (net)	1.19
Research & Development (R&D) expense	64.01
Miscellaneous expenses	80.11
Total	**1,361.68**

i. Payments to Auditors comprises of

₹ in Million

Particulars	31-Mar-18
- Audit of standalone and consolidated financial statements	5.50
- Reimbursement of expenses	0.22
Total	**5.72**

NOTE NO. 33 TAX EXPENSES

₹ in Million

Particulars	31-Mar-18
Current tax	
Current tax expense	4.17
Deferred tax benefit	
Deferred tax (credit) / expenses	-
MAT credit availment	(4.17)
Total	**-**

The Company is not subject to tax under normal provisions of the Income Tax Act, 1961, for the current period ended March 31, 2018. However, it is liable for Minimum Alternate Tax on its book profits taxable at 21.34%. Accordingly, the Company has made provision towards MAT amounting to ₹ 4.17 Million on a book profit of ₹ 19.50 Million.

Refer Note 20 for significant components of deferred tax assets and liabilities.

NOTE NO. 34 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED (CHARGED TO STATEMENT OF PROFIT AND LOSS)

₹ in Million

Particulars	31-Mar-18
Outsourced:	
Development charges	63.70
Inhouse:	
Salaries and wages	8.55
Depreciation and amortisation expense	7.58
Materials	3.21
Others	6.73
Total	**89.77**

In addition, the Company has also incurred capital expenditure in such facilities of ₹ 222.98 Million which has been capitalised under respective heads in the financial statements.

The amount quantified as research and development expenditure (both capital and revenue) is as certified by the management of the Company and relied upon by the auditors.

NOTE NO. 35 COMPOSITE SCHEME OF ARRANGEMENT BETWEEN THE COMPANY, STRIDES SHASUN LIMITED AND SEQUENT SCIENTIFIC LIMITED:

In accordance with the terms of the Composite Scheme of Arrangement (the 'Scheme') between the Company, Strides Shasun Limited ("Strides") and Sequent Scientific Limited ("Sequent"), as approved by the National Company Law Tribunal, the Commodity API business of Strides and the Human API business of Sequent were demerged from respective Companies and transferred into the Company with the appointed date of October 1, 2017 ("the appointed date") for a consideration of equity shares to be issued by the Company to the equity shareholders of Strides and Sequent in the proportion of agreed share entitlement ratio. The effective date of the Scheme is March 31, 2018, the date on which all the requirements under the Companies Act, 2013, to give effect to the Scheme, were completed. Accordingly, the effect has been given in these Standalone Ind AS financial statements from the appointed date of the Scheme - October 1, 2017.

Pursuant to the Scheme, the Company allotted 24,674,267 equity shares to the shareholders of Strides and Sequent in the ratio of 1 equity share of ₹ 10/- each of the Company for every 6 shares of ₹ 10/- each held by the shareholders of Strides, and 1 equity share of ₹ 10/- each of the Company for every 25 shares of ₹ 2/- each held by the shareholders of Sequent, on April 11, 2018, the effect of which has been given in these financial statements as on the appointed date of the Scheme. Further, in accordance with the terms of the Scheme, the authorised share capital of the Company is increased to ₹ 300 Million represented by 30 Million equity shares of ₹ 10 each.

As per the requirements of the Scheme, transfer of the above businesses into the Company have been accounted in accordance with the Ind AS notified under Section 133 of the Act, as on the appointed date of the Scheme as under:

a) Transfer of API business of Strides

(I) The Company has recorded the assets and liabilities of the API Business of Strides at their respective book values appearing in the books of Strides as on the appointed date.

(II) The face value of equity shares issued by the Company to the shareholders of Strides has been recorded to the credit of share capital account of the Company. The premium on issue of these equity shares has been recorded, to the credit of securities premium account, to the extent of difference between (i) the book value of the net assets (i.e. book value of assets and liabilities) recorded pursuant to (I) above and (ii) the face value of such shares allotted.

(III) Shares held by Strides in the Company prior to this Scheme has been cancelled and transferred to Capital reserve.

Details of assets and liabilities transferred to the Company as at October 1, 2017 are given below:

	Particulars	₹ in Million
	Non-current assets	4,593.09
	Current assets	3,904.62
(A)	**Total assets**	**8,497.71**
	Non-current liabilities	2,624.44
	Current liabilities	3,901.70
(B)	**Total liabilities**	**6,526.14**
(C)	**Net assets (A) – (B)**	**1,971.57**
(D)	**Face value of equity shares of the Company issued to the shareholders of Strides recorded as equity share capital of the Company (14,924,819 equity shares of ₹ 10/- each)**	**149.25**
(E)	**Securities premium on issue of such shares (C) - (D)**	**1,822.32**

Principal Activity of API business of Strides:

The commodity API business of Strides being demerged into the Company is primarily focused in the therapeutic area of pain management. The commodity API business is carried out through two manufacturing facilities, located at Cuddalore and Pondicherry, which are transferred to the Company, pursuant to the Scheme.

b) Transfer of Human API business of Sequent

(I) Assets and liabilities of the Human API Business of Sequent have been recorded to reflect at their fair values as on the appointed date. The difference between the fair value of equity shares issued to the shareholders of Sequent and the net assets (i.e. fair value of assets and liabilities recorded as mentioned above), is recorded as goodwill.

(II) The face value of equity shares issued by the Company to the shareholders of Sequent has been recorded to the credit of share capital account of the Company. The premium on issue of these equity shares has been recorded to the credit of securities premium account, to the extent of difference between (i) the fair value of such shares so issued and (ii) the face value of such shares allotted.

Details of the fair value of assets and liabilities of the Human API business recorded by the Company as at October 1, 2017 are as below:

	Particulars	₹ in Million
(A)	**Fair value of equity shares issued by the Company to the shareholders of Sequent**	**5,710.00**
	Non-current assets (other than goodwill on this acquisition)	3,075.83
	Goodwill on this acquisition	3,627.80
	Current assets	1,456.27
(B)	**Total assets**	**8,159.90**
	Non-current liabilities	669.22
	Current liabilities	1,780.68
(C)	**Total liabilities**	**2,449.90**
(D)	**Net assets * (B) – (C)**	**5,710.00**
(E)	**Face value of equity shares of the Company issued to the shareholders of Sequent recorded as equity share capital of the Company (9,749,448 equity shares of ₹ 10/- each)**	**97.49**
(F)	**Securities premium on issue of such shares (D) - (E)**	**5,612.51**

* As on the date of finalisation of these Standalone Ind AS financial statements, the initial accounting for the above business combination has not been finalised in respect of deferred tax asset on brought forward losses from this acquisition as explained in note 20. Any consequential changes due to finalisation of initial accounting will be recognised in the subsequent period upon such finalisation.

Principal Activity of Human API business of Sequent:

The Human API business of Sequent comprises of a portfolio of niche APIs, carried out through three manufacturing facilities, located in Mangalore, (Karnataka), Mysore (Karnataka) and Mahad (Maharashtra) which are transferred to the Company, pursuant to the Scheme.

Upon the Scheme coming into effect, the investments in following entities, held by the respective businesses above, have also been transferred to the Company:

Investments in	₹ in Million as at October 1, 2017	Transferred from	Value based on
Chemsynth Laboratories Private Limited	33.63	Commodity API business of Strides	Carrying value as recorded on the date of transfer
Shasun USA Inc	0.54	Commodity API business of Strides	Carrying value as recorded on the date of transfer
Sequent Penems Private Limited	143.00	Human API business of Sequent	Fair value as on the date of transfer

Impact of acquisition of the above businesses on the results of the Company

Particulars	₹ in Million
Revenue from operations	5,600.05
Other income	22.86
Total revenue (A)	**5,622.91**
Cost of materials consumed	2,953.96
Purchase of Stock-in-trade	40.54
Changes in inventories of finished goods and work-in-progress	(64.42)
Employee benefits expenses	686.62
Finance costs	247.98
Depreciation and amortisation expense	357.93
Other expenses	1,354.95
Total expenses (B)	**5,577.56**
Profit/(Loss) before tax (C)	**45.35**
Tax expenses / (credit) (D)	-
Profit/(Loss) after tax (C) - (D)	**45.35**

NOTE NO. 36 BUSINESS ACQUISITION:

The company entered into an agreement to acquire a R&D business at Bengaluru from Sovizen Life Sciences Private Limited and the transaction was completed on February 1, 2018.

Assets and liabilities of the R&D business have been recorded to reflect at their fair values as on the transaction closure date (i.e. February 1, 2018). The difference between the consideration paid and the fair value of the net assets acquired (i.e. fair value of assets and liabilities recorded as mentioned above) is recorded as goodwill.

Principal Activity of the R&D business acquired:

The R&D business at Bengaluru is a state-of-art new facility engaged in the development of generic API and is also engaged in the business of providing product development solutions to its clients.

Consideration transferred:

Particulars	₹ in Million
Cash	509.00

Details of the fair value of assets and liabilities of the R&D facility recorded by the Company as at February 1, 2018 are as below:

Particulars	₹ in Million
Non-current assets (other than goodwill on this acquisition)	432.66
Current assets	92.28
(A) Total assets	**524.94**
Current liabilities	20.26
(B) Total liabilities	**20.26**
(C) Net assets (A) – (B)	**504.68**

Calculation of Goodwill / Capital reserve arising on acquisition:

Particulars	₹ in Million
Consideration transferred	509.00
Less: Identifiable net assets acquired	(504.68)
Excess of the consideration transferred by the Company over the net assets acquired has been debited to Goodwill	4.32

Impact of the above acquisition on the results of the Company:

Particulars	₹ in Million
Revenue	3.98
Profit/(loss) for the period	(22.09)

NOTE NO. 37 COMMITMENTS AND CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

₹ in Million

	Particulars	31-Mar-18
a)	**Contingent liabilities - Pending Litigations**	
	Indirect taxes	60.97
	Other claims against the Company not acknowledged as debts	15.26
b)	**Commitments**	
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	
	- Property, plant and equipment	236.79
	- Intangible Assets	6.39

NOTE NO. 38 EMPLOYEE BENEFITS PLANS

Defined contribution plan

The Company makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the company is required to contribute a specified percentage of the payroll cost to fund the benefits. The company recognised ₹ 38.82 Million for provident fund contributions, ₹ 2.33 Million for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plan

The Company operates a gratuity plan, a defined employee benefit scheme covering qualifying employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Composition of the plan assets

The fund is managed by LIC and SBI, the fund manager. The details of composition of plan assets managed by the fund manager is not available with the company. However, the said funds are subject to Market risk (such as interest risk, investment risk, etc.).

The said benefit plan is exposed to actuarial risks such as longevity risk and salary risk.

Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at 31-Mar-18
Discount rate(s)	7.50%
Expected rate(s) of salary increase	8.33%
Attrition rate	11.00%
Mortality Rate	As per IALM (2006-08) ultimate
Retirement age (years)	58 years

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

₹ in Million

Particulars	31-Mar-18
Service cost:	
Current service cost	14.54
Past service cost and (gain)/loss from settlements	12.90
Net interest expense	3.89
Components of defined benefit costs recognised in statement of profit and loss	**31.33**
Remeasurement on the net defined benefit liability:	
Return on plan assets [excluding amounts included in net interest expense] (excess) / Short return	3.79
Actuarial (gains) / losses arising from changes in demographic assumptions	-
Actuarial (gains) / losses arising from changes in financial assumptions	-
Actuarial (gains) / losses arising from experience adjustments	(1.28)
Components of defined benefit costs recognised in other comprehensive income	**2.51**
Total	**33.84**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the standalone statement of profit and loss. The remeasurernent of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

₹ in Million

Particulars	31-Mar-18
Present value of funded defined benefit obligation	330.74
Fair value of plan assets	(168.07)
Funded status	**162.67**
Restrictions on asset recognised	-
Net liability arising from defined benefit obligation	**162.67**

Movements in the present value of the defined benefit obligation are as follows:

₹ in Million

Particulars	Year ended 31-Mar-18
Opening defined benefit obligation	-
Add : Pursuant to the scheme (refer note 35)	300.75
Expenses Recognised in statement of profit and loss	
Current service cost	14.54
Past service cost and (gain)/loss from settlements	12.90
Interest cost	10.94
Remeasurement (gains)/losses:	
Actuarial gains and losses arising from changes in demographic assumptions	-
Actuarial gains and losses arising from changes in financial assumptions	-
Actuarial gains and losses arising from experience adjustments	(1.28)
Benefits paid	(7.11)
Closing defined benefit obligation	**330.74**

Movements in the fair value of the plan assets are as follows:

₹ in Million

Particulars	Year ended 31-Mar-18
Opening fair value of plan assets	-
Add : Pursuant to the scheme (refer note 35)	170.21
Interest income	7.05
Remeasurement gain/(loss):	
Return on plan assets (excluding amounts included in net interest expense)	-
Contributions from the employer	1.71
Actuarial (gains)/losses on planned assets	(3.79)
Benefits paid	(7.11)
Closing fair value of plan assets	**168.07**

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases/(decrease) by 1%, the defined benefit obligation would be ₹ 313.59 Million (₹ 349.70 Million) as at March 31, 2018

If the expected salary growth increases/(decrease) by 1%, the defined benefit obligation would be ₹ 348.71 Million (₹ 314.02 Million) as at March 31, 2018

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Expected future Cash outflows towards the plan are as follows:

₹ in Million

Financial Year	Amount
2018-19	46.36
2019-20	39.68
2020-21	41.88
2021-22	39.06
2022-23	37.52
2023-24 to 2028- 29	168.14

NOTE NO. 39 OPERATING LEASES

The Company's significant operating lease arrangements are mainly in respect of its residential and office premises. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expense recognized during the period amounts to ₹ 18.61 Million. The schedule for future minimum lease payments in respect of non-cancellable operating leases is set out below:

₹ in Million

Particulars	31-Mar-18
Not later than one year	6.12
Later than one year but not later than five years	21.56
Later than five years	-

NOTE NO. 40 RELATED PARTY INFORMATION

Holding Company

Strides Shasun Limited (Upto September 30, 2017)

Wholly owned subsidiary:

Shasun USA Inc., USA

Other Subsidiaries:

Sequent Pemems Private Limited

Chemsynth Laboratories Private Limited

KMP / Person holding significant interest in the company :

Jitesh Devendra	Managing Director (Appointed wef. April 11, 2018)
S Hariharan	Executive Director - Finance and Chief Financial Officer (Appointed wef. April 11, 2018)
Dr. P Sathyanarayan	Director (resigned wef. April 11, 2018)
R. Ramakrishnan	Independent Director (Appointed wef. April 11, 2018)
Nirmal P Bhogilal	Independent Director (Appointed wef. April 11, 2018)
Jagdish V Dore	Independent Director (Appointed wef. April 11, 2018)
Kausalya Santhanam	Independent Director (Appointed wef. April 11, 2018)
Deepak C Vaidya	Non-Executive Director (Appointed wef. April 11, 2018)
Arun Kumar	Person holding significant interest in the company

Enterprises owned or significantly influenced by KMP or person holding significant interest in the Company:

Strides Shasun Limited, India (From October 01, 2017)

Devendra Estates LLP, India

Devicam LLP

Alivira Animal Health Limited, India

Sequent Scientific Limited, India

Sterling Pharma Solutions Limited, UK

Tenshi Life Sciences Private Limited

Aurore Life Sciences Private Limited
Tenshi Kaizen Private Limited (formerly Higher Pharmatech Private Limited)
Olene Life Sciences Private Limited
GMS Tenshi Holdings Pte Limited
Stelis Biopharma Private Limited
Sovizen Life Sciences Private Limited
Tenshi Active Pharma Sciences Limited
Styrax Pharma Private Limited
Tenshi Life Care Private Limited
Triphase Pharmaceuticals Private Limited
Oncobiologics Inc.
Naari Pharma Private Limited
Sequent Research Limited, India
Chayadeep Properties Private Limited, India
Tenshi Kaizen Inc., USA
Tenshi Kaizen USA Inc., USA

Transactions during the period

₹ in Million

Description	Related party	31-Mar-18
Sale of goods	Strides Shasun Limited	797.46
	Aurore Life Sciences Private Limited	29.66
	Tenshi Kaizen Private Limited	0.31
	Alivira Animal Health Limited	204.68
Development Income	Sterling Pharma Solutions Limited	3.98
Sale of Asset	Sovizen Life Sciences Private Limited	1.00
Purchase of goods	Alivira Animal Health Limited	16.69
	Sequent Research Limited	0.25
	Aurore Life Sciences Private Limited	1.80
Purchase of Asset	Tenshi Life Sciences Private Limited	50.00
	Sovizen Life Sciences Private Limited	1.54
Purchase of Business	Sovizen Life Sciences Private Limited	509.00
Analytical charges	Sequent Research Limited	56.51
Recovery of expenses from	Shasun USA Inc	14.66
Reimbursement of expenses to	Shasun USA Inc	15.16
	Strides Shasun Limited	89.07
	Tenshi Life Sciences Private Limited	6.39
	Sterling Pharma Solutions Limited	6.32
Rental Income	Sequent Research Limited	2.81
Research & development expenses	Sovizen Life Sciences Private Limited	47.23
Rent & Maintenance for leased property	Devendra estates LLP	3.54
	Strides Shasun Limited	0.03
	Sequent Penems Private Limited	0.76
	Chayadeep Properties Private Limited, India	0.04
Interest expense (Upto September 30, 2017)	Strides Shasun Limited	3.71
Loans / advances given	Sovizen Life Sciences Private Limited	141.50
	Sequent Scientific Limited	10.79
	Chemsynth Laboratories Private Limited	0.14
Capital advance given	Strides Shasun Limited	250.00
Services received in the capacity other than as directors (refer note (i) below)	Jitesh Devendra	7.46
	S Hariharan	5.29

note (i): The compensation excludes gratuity & compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Balances as at March 31, 2018

₹ in Million

Description	Related party	Receivable / (Payable) as at March 31, 2018
Trade Payable	Shasun USA Inc.	(0.89)
	Sterling Pharma Solutions Limited	(6.02)
	Sovizen Life Sciences Private Limited	(1.83)
	Alivira Animal Health Limited	(180.00)
	Chayadeep Properties Private Limited, India	(0.02)
	Sequent Penems Private Limited	(0.82)
	Sequent Research Limited, India	(17.61)
	Tenshi Life Sciences Private Limited	(31.43)
	Aurore Life Sciences Private Limited	(2.12)
Trade Receivable	Alivira Animal Health Limited	79.95
	Aurore Life Sciences Private Limited	36.10
	Sovizen Life Sciences Private Limited	1.18
	Sterling Pharma Solutions Limited	3.98
	Tenshi Kaizen Private Limited	0.31
	Sequent Penems Private Limited	1.26
	Strides Shasun Limited	118.26
	Shasun USA Inc	14.66
Capital advance	Strides Shasun Limited	250.00
Advances receivables	Strides Shasun Limited	171.73
	Sequent Scientific Limited	10.79
	Sovizen Life Sciences Private Limited	141.50
	Chemsynth Laboratories Pvt Ltd	23.43
Security Deposit	Sequent Penems Private Limited	4.56
	Devendra estates LLP	2.00

NOTE NO. 41EARNINGS PER SHARE

₹ in Million

Particulars	For the period from 23-Feb-2017 to 31-Mar-2018
Basic earnings per share ^	1.74
Diluted earnings per share ^	1.74

Earnings used in computing basic and diluted earnings per share

₹ in Million

Particulars	For the period from 23-Feb-2017 to 31-Mar-2018
Profit/(loss) attributable to the equity holders of the Company ^	19.50

Weighted average number of shares used as the denominator

No. of equity shares

Particulars	31-Mar-18
Weighted average number of equity shares used as denominator in calculating earnings per share^	11,198,794

^ The equity shares issued pursuant to the Scheme referred in Note 35, have been considered with effect from the appointed date of the Scheme - October 1, 2017, for the purpose of calculation of weighted average number of equity shares used as denominator in calculating earnings per share.

NOTE NO. 42 SEGMENT REPORTING

The Company's operations has only one reportable segment viz Active Pharmaceutical Ingredient (API). Accordingly no separate disclosure of segment information has been made.

NOTE NO. 43 FINANCIAL INSTRUMENTS

43.1 Categories of financial instruments

₹ in Million

Particulars	31-Mar-18
Financial assets:	
Measured at amortised cost	
(a) Cash and bank balances	469.27
(b) Investments	8.12
(c) Trade receivables	2,633.48
(d) Other financial assets at amortised cost	244.66
Financial liabilities:	
Measured at amortised cost	
(a) Borrowings	6,328.72
(b) Other Financial Liabilities	3,203.63

43.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the Company considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements at amortized cost will reasonably approximate their fair values.

₹ in Million

Particulars	31-Mar-18	
	Carrying Amount	Fair Value
Borrowings	6,328.72	6,387.10

Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

43.3 Foreign currency risk management

The Company is exposed to foreign exchange risk due to:

- debt availed in foreign currency
- exposure arising from transactions relating to purchases, revenues, expenses, etc., to be settled (within and outside the group) in currencies other than the functional currency of the respective entities

The details of Unhedged foreign currency exposure are as follows:

₹ in Million

Amount receivable/(payable)	As at 31-Mar-18	
Exposure to the Currency	in foreign Currency	in INR
USD	(28.76)	(1,874.45)
EUR	0.66	52.96
GBP	(0.12)	(10.61)
JPY	19.04	5.81
SGD	0.00	0.18
CHF	(0.01)	(0.34)

Foreign currency sensitivity analysis

Financial instruments affected by changes in foreign exchange rates include External Commercial Borrowings (ECBs) and Working capital loans. The Company considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The Company is exposed to volatility in other currencies including the Great Britain Pounds (GBP) and the Japanese Yen (JPY). The impact on account of 5% appreciation / depreciation in the exchange rate of the above foreign currencies against INR is given below:

₹ in Million

Particulars	Increase / (Decrease) in Equity
	31-Mar-18
Appreciation in the USD	(93.72)
Depreciation in the USD	93.72
Appreciation in the EUR	2.65
Depreciation in the EUR	(2.65)
Appreciation in the GBP	(0.53)
Depreciation in the GBP	0.53
Appreciation in the JPY	0.29
Depreciation in the JPY	(0.29)

The impact on profit has been arrived at by applying the effects of appreciation / deprecation effects of currency on the net position (Assets in foreign currency - Liabilities in foreign currency) in the respective currencies.

The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at each period end.

The sensitivity analysis might not be representative of inherent foreign exchange risk due to the fact that the foreign exposure at the end of the reporting period might not reflect the exposure during the period.

43.4 Interest rate risk management

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the company to cash flow risk. Debt issued at fixed rate exposes the company to fair value risk.

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others and Secured Short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be ₹ 33.78 Million assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

43.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit Risk to the company primarily arises from trade receivables. Credit risk also arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions and other financial assets.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company has an internal mechanism of determining the credit rating of the customers and setting credit limits. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk arising from receivables is subject to currency risk in that the receivables are predominantly denominated in USD, EUR and GBP and any appreciation in the INR will affect the credit risk. Further, the Company is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

The credit risk on financial instruments like forward exchange contracts is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

43.6 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual short term and long term cash flows, and by matching the maturity profiles of financial assets and liabilities.

43.6.1 Liquidity analysis for Non-Derivative Liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

₹ in Million

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
Bank & other borrowings								
- As on March 31, 2018	3,900.09	719.35	779.65	587.88	400.13	-	6,387.10	6,328.72
Interest payable on borrowings								
- As on March 31, 2018	11.39	-	-	-	-	-	11.39	11.39
Trade and other payable								
- As on March 31, 2018	3,192.24	-	-	-	-	-	3,192.24	3,192.24

NOTE NO. 44 CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 18 and 23 offset by cash and bank balances) and total equity.

The Company reviews the capital structure on a semi-annual basis to ensure that it is in compliance with the required covenants. The Company has a target gearing ratio of 1:1 determined as the proportion of net debt to total equity. The gearing ratio at March 31, 2018 is 0.76.

The Company is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at end of the reporting period was as follows.

₹ in Million

Particulars	31-Mar-18
Debt (i)	6,328.72
Less:	
Cash and bank balances	469.27
Net Debt (A)	**5,859.45**
Total Equity (B)	**7,698.66**
Net debt to equity ratio (A/B)	0.76

(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings.

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Solara Active Pharma Sciences Limited

REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of SOLARA ACTIVE PHARMA SCIENCES LIMITED (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the period February 23, 2017 to March 31, 2018, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and applicable to the Group, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and its consolidated profit, consolidated total comprehensive income, its consolidated cash flows and consolidated statement of changes in equity for the period February 23, 2017 to March 31, 2018.

OTHER MATTERS

We did not audit the financial statements of 3 subsidiaries, whose financial statements reflect total assets of ₹ 260.61 Million as at March 31, 2018, total revenues of ₹ 3.61 Million and net cash outflows amounting to ₹ 0.06 Million for the period February 23, 2017 to March 31, 2018, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements of subsidiary companies incorporated in India, referred in the Other Matters paragraph above, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books, and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditor's reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

  i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

  ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

  iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Sathya P. Koushik
Partner
Membership No. 206920

Bengaluru, May 19, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind AS financial statements of SOLARA ACTIVE PHARMA SCIENCES LIMITED (hereinafter referred to as "Parent") as of and for the period ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Parent and its subsidiary companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Parent and its subsidiary companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 2 subsidiary companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Sathya P. Koushik
Partner
Membership No. 206920

Bengaluru, May 19, 2018

CONSOLIDATED BALANCE SHEET

as at March 31, 2018

₹ in Million

Particulars				Note No.	31-Mar-18
A	**ASSETS**				
I	**Non-current assets**				
	(a)	Property, Plant and Equipment		3(i)	6,040.67
	(b)	Capital work in progress		3(ii)	714.83
	(c)	Investment property		4	225.18
	(d)	Goodwill		5	3,634.01
	(e)	Other Intangible assets		6	1,007.74
	(f)	Financial assets			
		(i)	Investments	7	8.12
		(ii)	Loans	8(i)	0.42
		(iii)	Other financial assets	9(i)	78.45
	(g)	Income tax assets (net)		10	27.03
	(h)	Other Non-current assets		11(i)	444.62
	Total Non-current assets				**12,181.07**
II	**Current assets**				
	(a)	Inventories		12	1,876.60
	(b)	Financial assets			
		(i)	Trade receivables	13	2,625.20
		(ii)	Cash and cash equivalents	14	459.52
		(iii)	Other balances with banks	15	10.56
		(iv)	Loans	8(ii)	22.09
		(v)	Other financials assets	9(ii)	144.43
	(c)	Other current assets		11(ii)	943.51
	Total Current assets				**6,081.91**
	Total Assets				**18,262.98**
B	**EQUITY AND LIABILITIES**				
I	**Equity**				
	(a)	Equity Share capital		16	246.74
	(b)	Other equity		17	7,393.04
	Equity attributable to equity holders of the Company				**7,639.78**
	Non-controlling interest			18	44.80
	Total Equity				**7,684.58**
II	**Liabilities**				
1	Non-current liabilities				
	(a)	Financial Liabilities			
		(i)	Borrowings	19(i)	2,428.62
	(b)	Provisions		20(i)	73.15
	(c)	Deferred tax liabilities (net)		21	531.97
	(d)	Other non-current liabilities		22(i)	162.67
	Total Non-current liabilities				**3,196.41**
2	Current liabilities				
	(a)	Financial Liabilities			
		(i)	Borrowings	19(ii)	3,302.14
		(ii)	Trade payables	23	3,128.56
		(iii)	Other financial liabilities	24	693.07
	(b)	Other current liabilities		22(ii)	210.43
	(c)	Provisions		20(ii)	12.73
	(d)	Current income tax liabilities		25	35.06
	Total current liabilities				**7,381.99**
	Total Equity and liabilities				**18,262.98**

See accompanying notes forming part of the Consolidated Ind AS financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Sathya P. Koushik
Partner

Jitesh Devendra
Managing Director

S Hariharan
Executive Director - Finance and Chief Financial Officer

S Murali Krishna
Company Secretary

Place : Bengaluru
Date : May 19, 2018

Place : Bengaluru
Date : May 19, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

₹ in Million

	Particulars	Note No.	For the period from 23-Feb-2017 to 31-Mar-2018
1	Revenue from operations	26	5,604.03
2	Other income	27	24.58
3	**TOTAL INCOME (1+2)**		**5,628.61**
4	**EXPENSES**		
	(a) Cost of materials consumed	28	2,957.63
	(b) Purchase of stock-in-trade	29	40.54
	(c) Changes in inventories of finished goods and work-in-progress	30	(64.42)
	(d) Employee benefits expenses	31	704.91
	(e) Finance costs	32	251.71
	(f) Depreciation and amortisation expense	33	367.09
	(g) Other expenses	34	1,369.18
	Total expenses		**5,626.64**
5	**PROFIT/(LOSS) BEFORE TAX (3-4)**		**1.97**
6	**TAX EXPENSE**	35	
	(a) Current tax		4.17
	(b) Current tax of subsidiary - reversal of excess provision of prior year		(1.40)
	(c) Deferred tax		(4.17)
7	**PROFIT/(LOSS) FOR THE PERIOD (5-6)**		**3.37**
8	**OTHER COMPREHENSIVE INCOME**		
	Items that will not be reclassified to statement of profit and loss		
	Remeasurement of post employment benefit obligations - gain/(loss)		(2.51)
	Income tax relating to these items		-
	Items that will be reclassified to statement of profit and loss		
	Exchange gain/(loss) on translation of financial statements of foreign subsidiary		0.52
	Total Other comprehensive Income		**(1.99)**
9	**TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD (7+8)**		**1.38**
	Profit for the period attributable to:		
	- Equity shareholders of the Company		3.77
	- Non-controlling interests		(0.40)
			3.37
	Other Comprehensive income for the period:		
	- Equity shareholders of the Company		(1.99)
	- Non-controlling interests		-
			(1.99)
	Total Comprehensive income for the period:		
	- Equity shareholders of the Company		1.78
	- Non-controlling interests		(0.40)
			1.38
10	**EARNINGS PER EQUITY SHARE (OF ₹ 10/- EACH)**	42	
	- Basic (₹)		0.30
	- Diluted (₹)		0.30

See accompanying notes forming part of the Consolidated Ind AS financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Sathya P. Koushik
Partner

Jitesh Devendra
Managing Director

S Hariharan
Executive Director - Finance and Chief Financial Officer

S Murali Krishna
Company Secretary

Place : Bengaluru
Date : May 19, 2018

Place : Bengaluru
Date : May 19, 2018

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March 2018

₹ in Million

Particulars	31-Mar-18
A. CASH FLOW FROM OPERATING ACTIVITIES	
Profit / (loss) before tax	1.97
Adjustments for:	
Depreciation and amortisation	367.09
Interest expense on loans	229.05
Interest income	(3.30)
Liabilities / provisions no longer required written back	(8.21)
Profit on sale of property, plant and equipments	(2.19)
Provision for doubtful receivables and advances	7.42
Unrealised exchange losses (net)	37.71
Operating profit before working capital changes	**629.54**
Changes in working capital:	
Adjustments for (increase) / decrease in operating assets:	
Inventories	(269.39)
Trade receivables	(391.82)
Other assets (financial & non-financial)	21.55
Adjustments for increase / (decrease) in operating liabilities:	
Trade payables	444.18
Other liabilities (financial & non-financial)	87.08
Cash generated from operations	**521.14**
Net income tax (paid) / refunds	(28.91)
Net cash flow from / (used in) operating activities (A)	**492.23**
B. CASH FLOW FROM INVESTING ACTIVITIES	
Capital expenditure on fixed assets, including capital advances	(347.36)
Interest received	1.68
Acquisition of R&D business from Sovizen (Refer note 37)	(509.00)
Net cash flow from / (used in) investing activities (B)	**(854.68)**
C. CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of equity shares	0.10
Proceeds from longterm borrowings	750.00
Repayment of longterm borrowings	(221.69)
Net increase / (decrease) in working capital borrowings	369.36
Interest paid	(220.40)
Net cash flow from financing activities (C)	**677.37**
Net increase in cash and cash equivalents (A+B+C)	**314.92**
Cash and cash equivalents at the beginning of the period	-
Add: Cash and cash equivalents acquired on account of business combination	144.60
Cash and cash equivalents at the end of the year	**459.52**
Reconciliation of cash and cash equivalents with the Balance Sheet:	
Cash and cash equivalents as per Balance Sheet (Refer Note 14)	459.52
Cash and cash equivalents at the end of the year*	**459.52**
*** Comprises**	
Cash on hand	0.96
Balance with banks:	
- In current account	458.54
- In EEFC accounts	0.01
- In deposit account	0.01
Total	**459.52**

See accompanying notes forming part of the Consolidated Ind AS financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Sathya P. Koushik
Partner

Jitesh Devendra
Managing Director

S Hariharan
Executive Director - Finance and Chief Financial Officer

S Murali Krishna
Company Secretary

Place : Bengaluru
Date : May 19, 2018

Place : Bengaluru
Date : May 19, 2018

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

₹ in Million

Particulars	Amount
Balance as at February 23, 2017	-
Changes in equity share capital during the period	
- Issued pursuant to the scheme (Refer note 36)	246.74
Balance as at March 31, 2018	**246.74**

B. OTHER EQUITY

Particulars	Reserves and Surplus				Total equity attributable to equity holders of the company	Non-controlling interest	Total Equity
	Capital reserve	Securities premium account	Retained earnings	Items of other comprehensive income - Foreign currency translation			
Balance as at February 23, 2017	-	-	-	-	-	-	-
Pursuant to the scheme (Refer note 36)	0.10	7,434.83	(43.67)	-	7,391.26	45.20	7,436.46
Profit/(loss) for the period	-	-	3.77	-	3.77	(0.40)	3.37
Other comprehensive income for the period	-	-	(2.51)	0.52	(1.99)	-	(1.99)
Balance as at March 31, 2018	**0.10**	**7,434.83**	**(42.41)**	**0.52**	**7,393.04**	**44.80**	**7,437.84**

See accompanying notes forming part of the Consolidated Ind AS financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of Board of Directors

Sathya P. Koushik
Partner

Jitesh Devendra
Managing Director

S Hariharan
Executive Director - Finance and Chief Financial Officer

S Murali Krishna
Company Secretary

Place : Bengaluru
Date : May 19, 2018

Place : Bengaluru
Date : May 19, 2018

NOTE NO. 1 BACKGROUND

Solara Active Pharma Sciences Limited, formerly known as SSL Pharma Sciences Limited, (hereinafter referred as "the Company") is a public limited Company incorporated on February 23, 2017 under the provisions of Companies Act, 2013 with the object of, inter alia, undertaking the business of manufacturing, production, processing, formulating, sale, import, export, merchandising, distributing, trading of and dealing in active pharmaceutical ingredients. The Company has its registered address at 201, Devavrata, Sector 17, Vashi, Navi Mumbai 400 703. Also, refer note 36 on Composite Scheme of Arrangement. The Company and its subsidiaries are together referred as "Group".

The Consolidated Ind AS financial statements were approved by the Board of Directors and authorised for issue on May 19, 2018.

Since the Company was incorporated only in February 2017 and that the Company is preparing these financial information for the first time, these financial statements cover the period from inception until March 31, 2018. These financial statements comprise the Consolidated Balance sheet of the Company as at March 31, 2018, Consolidated Statement of Profit and Loss (including Other Comprehensive Income) and Consolidated Cash flow statement for the period February 23, 2017 to March 31, 2018, Consolidated statement of changes in equity as at March 31, 2018, and significant accounting policies and other explanatory information (together the "Consolidated Ind AS Financial Statements").

2.1 Significant accounting policies

Statement of compliance

These Consolidated Ind AS financial statements have been prepared to comply in all material aspects with the 'Indian Accounting Standards' ("Ind AS") notified under Section 133 of the Companies Act, 2013(the "Act") read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter, as applicable to the Company, and other relevant provisions of the Act. Refer Note 36 for details of accounting for the Composite Scheme of Arrangement approved by National Company Law Tribunal.

Basis of measurement

The Consolidated Ind AS Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as described in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Basis of consolidation

The Consolidated Ind AS Financial Statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Company:

-has power over the investee;

-is exposed, or has rights, to variable returns from its involvement with the investee; and

-has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

-the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

-potential voting rights held by the Company, other vote holders or other parties;

-rights arising from other contractual arrangements; and

-any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit and loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Details of subsidiaries considered in these Consolidated Ind AS Financial Statements.

Sr. No	Name of the Subsidiary	% of Holding	Country of Incorporation
1	Chemsynth Laboratories Private Limited	49%	India
2	Sequent Penems Private Limited	89.23%	India
3	Shasun USA Inc	100%	USA

All the above companies are engaged in the business of Pharmaceutical products.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in Consolidated statement of profit and loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods to the buyer as per the terms of arrangement with buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale to Distributors

The Company appoints distributors in various territories who purchases the goods from the Company and thereafter sells them in the territory. In case the distributor is acting as an agent, the Company defers revenue recognition till the time goods are sold by the distributor to the end customer. On the other hand, if the distributor is principal, revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the distributor.

Price Variations / Incentives

Incentives are accounted based on the assessment of whether the beneficiary (of the incentive) is acting as a principal or an agent. Where the beneficiary is a principal, the incentive is regarded as consideration paid to the customer and is reduced from revenue. However, where the beneficiary is an agent, the incentive payment is recognised as an expense as the same is in the nature of commission.

Rendering of services

Revenue from product development services:

(i) In respect of contracts where the Company undertakes to develop products for its customers (on an end-to end basis), revenues are recognised based on technical estimates of the stage of work completed under the contracts.

(ii) In respect of other contracts where the Company performs specifically identified services in the development of the products, revenues are recognised on the basis of the performance milestones provided in the contract.

Revenue from contract manufacturing is recognised based on the services rendered in accordance with the terms of the contract.

Income from rendering advisory / support services is recognised based on contractual terms.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Export Incentives

Export incentives are accrued for based on fulfillment of eligibility criteria for availing the incentives and when there is no uncertainty in receiving the same. These incentives include estimated realisable values/benefits from special import licenses and benefits under specified schemes as applicable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Consolidated Ind AS balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the period in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies transactions and translation

Functional currency of an entity is the currency of the primary economic environment in which the entity operates. The Consolidated Ind AS Financial Statements are presented in Indian Rupees (₹), which is the functional currency of the parent company, Solara Active Pharma Sciences Limited. In respect of subsidiaries whose operations are self-contained and integrated within their respective countries/regions, the functional currency has been determined to be the local currency of those countries/regions.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on settlement or translation of monetary items are recognised in Consolidated Statement of Profit and Loss in the period in which they arise except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets, are capitalized as cost of assets.

For the purposes of presenting these consolidated Ind AS financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated. Income and expense items in foreign currency are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Borrowing costs

Borrowing costs include:

(i) interest expense calculated using the effective interest rate method,

(ii) finance charges in respect of finance leases, and

(iii) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in Consolidated statement of profit and loss in the period in which they are incurred.

Employee benefits

Short term obligations

Liabilities for wages and salaries, including other benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Retirement benefit costs and termination benefits

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to statement of profit and loss. Past service cost is recognised in Consolidated statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in Consolidated statement of profit and loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Consolidated Ind AS balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Defined contribution plan

Contribution to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised at an actuarially determined liability at the present value of the defined benefit obligation at the Balance sheet date. In respect of compensated absences expected to occur within twelve months after the end of the period in which the employee renders the related services, liability for short-term employee benefits is measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Taxation

The income tax expense or credit for the year is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences.

Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the Consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Ind AS Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set-off against future tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Current and deferred tax for the period

Current and deferred tax are recognised in Consolidated statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

The non refundable payments made with respect to Land taken on finance lease (where there is an option to purchase the same at the end of the lease period) is classified under Property, plant and Equipment as "Lease hold Land".

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed to be different and are as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Dies and moulds : 4 years
Mobile phone : 3 years
Vehicles : 5 years

Individual assets costing less than ₹ 5,000 are depreciated in full in the year of purchase.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Consolidated statement of profit and loss.

Investment property

Properties that is held for long-term rentals or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of the investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property are depreciated using the straight line method over their estimated useful lives. Investment properties generally have a useful life of 25-40 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Consolidated statement of profit and loss when the asset is derecognised.

Useful lives of intangible assets

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Product portfolio	: 10 years
Software Licenses	: 3 - 5 years

Impairment of assets

Impairment of financial assets:

The Company assesses at each date of balance sheet, whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the twelve-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly, since initial recognition.

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to cash-generating units. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which such goodwill arose.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in Consolidated statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of non-financial assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Consolidated statement of profit and loss.

Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Cost is determined as follows:

Raw materials, packing materials and consumables: weighted average basis

Work-in progress: at material cost and an appropriate share of production overheads

Finished goods: material cost and an appropriate share of production overheads

Stock-in trade: weighted average basis

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Contingent liabilities

Contingent liabilities are disclosed in notes when there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liabilty or equity instrument of another entity.

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised when Company becomes a party to the contractual provisions of the instruments.

Initial recognition and measurement:

Other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Consolidated statement of profit and loss.

Subsequent measurement:

Financial assets at amortised cost: Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss: Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the Consolidated statement of profit and loss.

Financial liabilities are measured at amortised cost using effective interest rate method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial assets and liabilities:
The Company derecognises the financial asset only when the contractual rights to the cashflows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of the ownership of the asset to the other entity. If the Company neither transfers nor retains substantially all risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and associated liability for the amounts it may have to pay . If the Company retains substantially all risks and rewards of the ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collaterized borrowing for the proceeds recieved. Financial liabilities are derecognised when these are extingushed, that is when the obligation is discharged, cancelled or has expired.

Equity instruments
An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Equity instruments recognised by the Company are recognised at the proceeds received net off direct issue cost.

Operating Cycle

Based on the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months. The above basis is used for classifying the assets and liabilities into current and non-current as the case may be.

Critical accounting judgement and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgement
Chemsynth Laboratories Private Limited ("Chemsynth") is considered subsidiary of the Group even though the Group and non-controlling interests have about 50% of the ownership interest and the voting rights. The directors of the Company assessed whether or not the Group has control over Chemsynth based on whether the Group has the practical ability to direct the relevant activities unilaterally. Based on such assessment, the directors concluded that the Group has sufficient management rights to unilaterally direct the relevant activities of Chemsynth and therefore the Group has control.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of goodwill and other non-financial assets
Determining whether the asset is impaired requires to assess the recoverable amount of the asset or Cash Generating Unit (CGU) which is compared to the carrying amount of the asset or CGU, as applicable. Recoverable amount is the higher of fair value less costs of disposal and value in use. Where the carrying amount of an asset or CGU exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Useful lives of property, plant and equipment

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This assessment may result in change in the depreciation expense in future periods.

Litigations

The Company is a party to certain indirect tax disputes. Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation applicable to arrangements entered into by the Company. Due to the uncertainty associated with such tax items, it is possible that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

Standards / amendments not yet effective

Ind AS 115- Revenue from Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

1) Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

2) Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach). The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company is currently assessing the impact on adoption of this standard.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force for periods beginning on or after April 1, 2018. The Company is currently assessing the impact of this on the financial statements.

NOTE NO. 3 (I) PROPERTY, PLANT AND EQUIPMENT

₹ in Million

Particulars	Gross block						Accumulated depreciation				Net block
	As at 23-Feb-17	Additions pursuant to the Scheme (Refer Note 36)	Additions pursuant to Business Acquisition (Refer Note 37)	Additions	Disposals	As at 31-Mar-18	As at 23-Feb-17	Depreciation expense for the period	Eliminated on disposal of assets	As at 31-Mar-18	As at 31-Mar-18
Land:											
- Freehold	-	608.78	-	5.24	-	614.02	-	-	-	-	614.02
Leasehold Improvements	-	12.12	119.99	-	-	132.11	-	7.34	-	7.34	124.77
Buildings	-	1,535.73	-	177.18	-	1,712.91	-	38.36	-	38.36	1,674.55
Plant and Machinery	-	3,249.11	54.20	344.27	-	3,647.58	-	190.29	-	190.29	3,457.29
Furniture and fixtures	-	30.92	6.87	0.98	-	38.77	-	2.44	-	2.44	36.33
Vehicles	-	7.84	-	-	-	7.84	-	1.06	-	1.06	6.78
Office equipments	-	91.46	41.92	15.56	-	148.94	-	22.01	-	22.01	126.93
Total	**-**	**5,535.96**	**222.98**	**543.23**	**-**	**6,302.17**	**-**	**261.50**	**-**	**261.50**	**6,040.67**

Refer note 19 for properties pledged as security towards borrowings

NOTE NO. 3 (II) CAPITAL WORK IN PROGRESS

₹ in Million

Particulars	31-Mar-18
Opening balance	-
Add: Pursuant to the scheme (Refer note 36)	547.04
Add: Pursuant to business acquisition (Refer note 37)	200.75
Less: Capitalised during the period (net)	32.96
Closing balance	**714.83**

NOTE NO. 4 INVESTMENT PROPERTY

₹ in Million

Particulars	Gross block					Accumulated depreciation				Net block	
	As at 23-Feb-17	Additions pursuant to the Scheme (Refer Note 36)	Additions	Disposals	As at 31-Mar-18	As at 23-Feb-17	Depreciation expense for the period	Eliminated on disposal of assets	As at 31-Mar-18	As at 31-Mar-18	As at 23-Feb-17
Land	-	84.40	-	-	84.40	-	-	-	-	84.40	-
Building	-	143.25	-	-	143.25	-	2.47	-	2.47	140.78	-
Total	**-**	**227.65**	**-**	**-**	**227.65**	**-**	**2.47**	**-**	**2.47**	**225.18**	**-**

(i) Details of Assets given under operating lease:

₹ in Million

Particulars	Gross Block	Net Block
	31-Mar-18	31-Mar-18
Land	82.43	82.43
Building	143.25	140.78

(ii) Details of Assets held for capital appreciation and not given under lease:

₹ in Million

Particulars	Gross Block 31-Mar-18	Net Block 31-Mar-18
Land	1.97	1.97

(iii) Fair value of Investment properties:

The Group obtains independent valuations for its investment properties once in three years. Accordingly, the fair value of the Group's investment properties as at March 31, 2018 has been arrived at ₹ 238.48 Million on the basis of a valuation carried out by independent valuers not related to the Company. The said valuers are registered with the authority which governs the valuers in India and have appropriate qualifications and relevant experience in the valuation of properties in the relevant locations. The inputs used are as follows:

a) Monthly market rent, taking into account the differences in location, and individual factors, such as frontage and size, between the comparables and the property; and

b) Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition.

(iv) Refer note 19 for properties pledged as security towards borrowings.

NOTE NO. 5 GOODWILL

₹ in Million

Particulars	As at Feb 23, 2017	Additions pursuant to the Scheme (Refer Note 36)	Additions pursuant to Business Acquisition (Refer Note 37)	Impairment loss recognised during the period	As at March 31, 2018
Goodwill	-	3,629.69	4.32	-	3,634.01
Total	**-**	**3,629.69**	**4.32**	**-**	**3,634.01**

The Group has identified Human API business acquired from Sequent as a Cash Generating Units (CGU) and the goodwill has been allocated to this CGU for the purpose of impairment testing. This goodwill is tested for impairment at least on an annual basis or more frequently when there is an indication for impairment. As of March 31, 2018, the Directors of the Company have assessed the goodwill for impairment by determining the "value in use" of the CGU. The "value in use" of the CGU is determined as an aggregate of present value of cash flow projections covering a five year period and the terminal value. The terminal value of cash generating unit is arrived at by extrapolating cash flows of latest forecasted year to perpetuity using a constant long term growth rate of 3% p.a. The cash flows are discounted using a pre tax discount rate of 16.82%.

The growth rates of the cash generating unit have been considered based on the market conditions prevalent.

The management believes that the projections used by the management for determining the "Value in use" of cash generating unit are based on past experience of the business acquired and external sources of information and any reasonable possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

NOTES

forming part of the Consolidated Ind AS financial statements

NOTE NO. 6 OTHER INTANGIBLE ASSETS

₹ in Million

Particulars	Gross block					Accumulated depreciation				Net block	
	As at 23-Feb-17	Additions pursuant to the Scheme (Refer Note 36)	Additions	Disposals	As at 31-Mar-18	As at 23-Feb-17	Amortisation expense for the period	Eliminated on disposal of assets	As at 31-Mar-18	As at 31-Mar-18	As at 23-Feb-17
Product portfolio	-	1,055.00	-	-	1,055.00	-	52.75	-	52.75	1,002.25	-
Software licenses	-	46.44	9.42	-	55.86	-	50.37	-	50.37	5.49	-
Total	**-**	**1,101.44**	**9.42**	**-**	**1,110.86**	**-**	**103.12**	**-**	**103.12**	**1,007.74**	**-**

NOTE NO. 7 INVESTMENTS

₹ in Million

Particulars	31-Mar-18
Investments carried at amortised cost:	
Equity shares, unquoted	
Beta Wind Farm Private Limited, India	
- 334,276 equity shares of ₹ 10/- each, fully paid up	6.35
Tulysan Lec Limited, India	
- 45,000 shares of ₹ 10 each fully paid up	1.35
SIPCOT Industrial Common Utilities Limited, India	
- 4,242 shares of ₹ 100/- each, fully paid up	0.42
Total	**8.12**
Aggregate amount of unquoted investments	8.12
Aggregate amount financial assets carried at cost	-
Aggregate amount financial assets carried at amortised cost	8.12

NOTE NO. 8 LOANS

(i) Non-current loans

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
- Receivable from Employees	0.42
Total	**0.42**

(ii) Current loans

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
- Receivable from Employees	22.09
Total	**22.09**

NOTE NO. 9 OTHER FINANCIAL ASSETS

(i) Non-current financial assets

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
Security deposits	73.95
Advances receivable from others	4.50
Total	**78.45**

(ii) Current financial assets

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
Interest accrued on deposit	1.62
Security deposits	0.78
Incentives receivables	129.76
Others	12.27
Total	**144.43**

NOTE NO. 10 INCOME TAX ASSETS (NET)

₹ in Million

Particulars	31-Mar-18
Advance income tax (net of provision for tax)	27.03
Total	**27.03**

NOTE NO. 11 OTHER ASSETS

(i) Other non-current assets

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
Capital advances	280.57
Advances to other parties	75.50
Prepaid expenses	87.31
Balances with government authorities	
Taxes paid under protest	1.24
Total	**444.62**

(ii) Other current assets

₹ in Million

Particulars	31-Mar-18
Unsecured, considered good:	
Advances to suppliers of materials	157.23
Advances to related parties	172.07
Prepaid expenses	79.90
Balances with government authorities:	
- GST credit & other receivable	514.68
- VAT/CST credit receivable	18.59

₹ in Million

Particulars	31-Mar-18
- Service tax credit receivable	1.04
Unsecured, considered doubtful:	
Advances to suppliers of materials	2.86
Less: Provision for doubtful loans and advances	(2.86)
Total	**943.51**

NOTE NO. 12 INVENTORIES

₹ in Million

Particulars	31-Mar-18
Raw materials	808.16
Goods-in-transit	45.38
Work-in-progress	695.68
Finished goods	293.56
Stores and spares	33.82
Total	**1,876.60**

NOTE NO. 13 TRADE RECEIVABLES

₹ in Million

Particulars	31-Mar-18
Unsecured	
Considered good	2,625.20
Considered doubtful	23.45
	2,648.65
Less: Provision for doubtful receivables	(23.45)
Total	**2,625.20**

The Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

Movement in Expected credit loss allowance:

₹ in Million

Particulars	31-Mar-18
Opening balance	-
Add: Pursuant to the scheme (Refer note 36)	23.45
Closing balance	**23.45**

NOTE NO. 14 CASH AND CASH EQUIVALENTS

₹ in Million

Particulars	31-Mar-18
Cash on hand	0.96
Balance with banks:	
- In current account	458.54
- In EEFC accounts	0.01
- In deposit account	0.01
Total	**459.52**

NOTE NO. 15 OTHER BALANCES WITH BANKS

₹ in Million

Particulars	31-Mar-18
Balance held as margin money	
- against working capital facilities with banks	1.36
- against borrowings facilities with banks	9.20
Total	**10.56**

NOTE NO. 16 EQUITY SHARE CAPITAL

₹ in Million

Particulars	31-Mar-18
Authorised	
30,000,000 Equity shares of ₹ 10/- each with voting rights	300.00
	300.00
Issued, subscribed and fully paid-up *	
24,674,267 Equity shares of ₹10/- each with voting rights	246.74
Total	**246.74**

* As explained in note 36, in accordance with the requirements of the Scheme, the equity shares have been issued on April 11, 2018. However, solely for the purpose of compliance with the accounting treatment specified in the Scheme, the effect for issue of these shares has been given on the appointed date of the Scheme being October 1, 2017 and hence recorded as share capital although such shares were pending allotment as at March 31, 2018.

(i) Reconciliation of number of shares and amount outstanding

Particulars	31-Mar-18	
	No. of shares	₹ In Million
Equity share capital		
Equity share of ₹ 10/- each		
Opening balance	-	-
Issue of shares during the period	10,000	0.10
Issue of shares pursuant to the scheme (refer note 36)	24,674,267	246.74
Cancellaltion of shares pursuant to the scheme (refer note 36)	(10,000)	(0.10)
Closing balance	**24,674,267**	**246.74**

(ii) Detail of the rights, preferences and restrictions attaching to each class of shares outstanding equity shares of ₹ 10/- each:

The Company has only one class of equity shares, having a par value of ₹10/-. The holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all preferential amounts. The distribution will be in proportion to number of equity shares held by the shareholders.

(iii) Details of equity shares held by each shareholder holding more than 5% of shares:

Particulars	31-Mar-18	
	No. of shares	%
Pronomz Ventures LLP	3,190,831	12.93%
SBI Magnum Multiplier Fund	1,628,786	6.60%
K R Ravishankar	1,325,260	5.37%

(iv) All the equity shares as at March 31, 2018 have been issued for consideration other than cash, pursuant to the Scheme as explained in note 36.

NOTE NO. 17 OTHER EQUITY

₹ in Million

Particulars	Notes	31-Mar-18
Capital reserve	17 (i)	0.10
Securities premium account	17 (ii)	7,434.83
Retained earnings	17 (iii)	(42.41)
Foreign currency translation reserve	17 (iv)	0.52
Total		**7,393.04**

₹ in Million

Particulars	31-Mar-18
(A) Reserves and surplus	
(i) Capital reserve	
Opening balance	-
Add: Pursuant to the scheme	0.10
Closing balance	**0.10**
(ii) Securities premium account	
Opening balance	-
Add: Pursuant to the scheme (Refer note 36)	7,434.83
Closing balance	**7,434.83**
(iii) Retained earnings	
Opening balance	-
Add: Pursuant to the scheme (Refer note 36)	(43.67)
Add: Profit/(loss) for the period	3.77
Add: Remeasurement of the defined benefit liabilities/(assets)	(2.51)
Closing balance	**(42.41)**
Total Reserves and surplus (A)	**7,392.52**
(B) Items of other comprehensive income	
(iv) Foreign currency translation reserve	
Opening balance	-
Add/(Less): Movement during the period	0.52
Closing balance	**0.52**
Total items of other comprehensive income (B)	**0.52**
Other equity [(A) + (B)]	**7,393.04**

NOTE NO. 18 NON-CONTROLLING INTERESTS

₹ in Million

Particulars	31-Mar-18
Opening balance	-
Add / (Less): Pursuant to the scheme (Refer note 36)	45.20
Add / (Less): Profit/(loss) for the period	(0.40)
Less: Other comprehensive income for the period	-
Closing balance	**44.80**

NOTE NO. 19 BORROWINGS

(i) Non-current borrowings

₹ in Million

Particulars	31-Mar-18
Secured	
- Term loans from banks (Refer note (i) to (vi) below)	1,817.06
- Term loans from others (Refer note (vii) to (viii) below)	611.56
Total	**2,428.62**

Details of security and terms of repayment of non-current borrowings

₹ in Million

	Terms of repayment and security	31-Mar-18
(i)	Term loan from banks: Loan 1	
	Long-term borrowings	20.62
	Current maturities of non-current borrowings	81.46
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: 4.49% to 5%p.a Repayment terms: Repayable in 16 equal quarterly instalments of USD 0.312 million.	
(ii)	Term loan from banks: Loan 2	
	Long-term borrowings	462.96
	Current maturities of non-current borrowings	25.00
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: 1 Year MCLR plus 1.4% p.a. Repayment terms: Repayable in Quarterly instalments of ₹ 12.50 Million and increase by ₹ 12.50 Million every year after an initial moratorium period of 15 months.	
(iii)	Term loan from banks: Loan 3	
	Long-term borrowings	688.64
	Current maturities of non-current borrowings	37.50
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: 1 Year MCLR plus 1.15% p.a Repayment terms: Repayable in Quarterly instalments of ₹ 18.75 Million and increase by ₹ 18.75 Million every year after an initial moratorium period of 15 months.	
(iv)	Term loans from bank : Loan 4	
	Long-term borrowings	-
	Current maturities of non-current borrowings	45.09
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: 1 Year MCLR plus 1.9% p.a. Repayment terms: Repayable in 9 quarterly instalments -First three instalments ₹ 13.26 Million, 4 to 6 Instalment ₹ 15.03 Million	
(v)	Term loans from bank : Loan 5	
	Long-term borrowings	48.21
	Current maturities of non-current borrowings	33.62
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: 1 Year MCLR plus 1.9% p.a. Repayment terms: Repayable in 14 quarterly instalments of ₹ 8.40 Million	
(vi)	Term loans from bank : Loan 6	
	Long-term borrowings	596.63
	Current maturities of non-current borrowings	150.00
	Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: IDFC Bank MCLR plus Spread Repayment terms: Repayable in 60 monthly instalments of ₹ 12.50 million	

₹ in Million

Terms of repayment and security	31-Mar-18
(vii) Term loans from others : Loan 7	
Long-term borrowings	610.40
Current maturities of non-current borrowings	225.00
Security: Paripassu first charge on all fixed assets of the company and second charge on entire current assets of the Company. Rate of interest: Yes Bank Base rate Repayment terms: Repayable in 14 quarterly instalments -First six instalments ₹ 50 Million, 7 to 10 Instalment ₹ 75 Million and 11 to 14 instalments ₹ 10 Million	
(viii) Term loans from others : Loan 8	
Long-term borrowings	1.16
Current maturities of non-current borrowings	0.29
Security: Paripassu first charge on Innova car Rate of interest: 9.06% p.a Repayment terms: Repayable in 10 monthly instalments of ₹ 0.03 Million	

₹ in Million

Particulars	31-Mar-18
Disclosed under non-current borrowings	2,428.62
Disclosed under other current financial liabilities :	
-Current maturities of non-current borrowings	597.96

(ii) Current borrowings

₹ in Million

Particulars	31-Mar-18
Secured loans repayable on demand from banks:	
- Working capital loans	3,302.14
Total	**3,302.14**

Details of security and terms of repayment for current borrowings:

Working capital loans from banks are secured by first pari passu charge over current assets of the Company and second pari passu charge on movable and immovable fixed assets of the Company.

NOTE NO. 20 PROVISIONS

(i) Non-current provisions

₹ in Million

Particulars	31-Mar-18
Provision for employee benefits:	
- Compensated absences	73.15
Total	**73.15**

(ii) Current provisions

₹ in Million

Particulars	31-Mar-18
Provision for employee benefits:	
- Compensated absences	12.73
Total	**12.73**

NOTE NO. 21 DEFERRED TAX LIABILITIES (NET)

₹ in Million

Particulars	As at 31-Mar-18
Deferred Tax Assets	(98.32)
Deferred Tax Liabilities	630.29
Deferred Tax Liabilities (net)	**531.97**

₹ in Million

2017-2018	31-Mar-18
Deferred tax liabilities/(assets) in relation to:	
Property, plant and equipment	312.94
Intangible assets - Other than Goodwill	317.35
Provision for employee benefits	(86.02)
Provision for doubtful debts and others	(8.11)
MAT Credit entitlement	(4.19)
	531.97

In relation to the acquisition of the Human API business acquired from Sequent pursuant to the Scheme referred in Note 36, the Company is in the process of quantifying the tax losses that would be available to it for carry forward and setoff in the subsequent periods. As this amount would be determined based on the tax returns filed by the respective companies in November 2018, no deferred tax asset has been recognised in these financial statements on such losses that may be available to the Company. Necessary adjustment will be made in the subsequent period, upon determination of such losses.

NOTE NO. 22 OTHER LIABILITIES

(i) Other non-current liabilities

₹ in Million

Particulars	31-Mar-18
Provision for employee benefits:	
- Gratuity	162.67
Total	**162.67**

(ii) Other current liabilities

₹ in Million

Particulars	31-Mar-18
Other payables:	
- Advance from customers	160.43
- Security deposits	2.50
- Statutory remittances	47.33
- Others	0.17
Total	**210.43**

NOTE NO. 23 TRADE PAYABLES

₹ in Million

Particulars	31-Mar-18
Trade payables:	
- Total outstanding dues of micro enterprises and small enterprises	39.70
- Total outstanding dues of creditors other than micro and small enterprises	3,088.86
Total	**3,128.56**

NOTE NO. 24 OTHER CURRENT FINANCIAL LIABILITIES

₹ in Million

Particulars	31-Mar-18
Current maturities of non-current borrowings	597.96
Loan from related parties	1.74
Interest accrued but not due on borrowings	15.19
Other payables:	
- Payables on purchase of property, plant and equipment	78.18
Total	**693.07**

NOTE NO. 25 CURRENT INCOME TAX LIABILITIES (NET)

₹ in Million

Particulars	31-Mar-18
Provision for tax (net of advance tax)	35.06
Total	**35.06**

NOTE NO. 26 REVENUE FROM OPERATIONS

₹ in Million

Particulars	31-Mar-18
Sale of products	5,375.24
Sale of services	31.09
Other operating revenues	197.70
Total	**5,604.03**

NOTE NO. 27 OTHER INCOME

₹ in Million

Particulars	31-Mar-18
Interest income (Refer note (i) below)	3.30
Other non-operating income	
- Liabilities / provisions no longer required written back	8.21
- Profit on sale of property, plant and equipment (net)	2.19
- Others	10.88
Total	**24.58**

Note:

(i) Interest income comprises:

₹ in Million

Particulars	31-Mar-18
Interest from banks on deposits	2.96
Interest from others	0.34
Total	**3.30**

NOTE NO. 28 COST OF MATERIALS CONSUMED

₹ in Million

Particulars	31-Mar-18
Opening stock	-
Pursuant to the Scheme as at October 1, 2017 (refer note 36)	760.04
Add: Purchases during October 1, 2017 to March 31, 2018	3,051.13
Less: closing stock	(853.54)
Cost of materials consumed	**2,957.63**

NOTE NO. 29 PURCHASE OF TRADED GOODS

₹ in Million

Particulars	31-Mar-18
Traded goods	40.54
Total	**40.54**

NOTE NO. 30 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Million

Particulars	31-Mar-18
Inventories at the end of the year:	
- Finished goods	293.56
- Work-in-progress	695.68
	989.24
Inventories transferred to the Company pursuant to the Scheme	
- Finished goods	350.54
- Work-in-progress	574.28
	924.82
Net (increase) / decrease	**(64.42)**

NOTE NO. 31 EMPLOYEE BENEFITS EXPENSES

₹ in Million

Particulars	31-Mar-18
Salaries and wages	563.66
Contribution to provident and other funds (Refer note 39)	70.15
Expense on employee share based payments offered by other party	3.80
Staff welfare expenses	67.30
Total	**704.91**

NOTE NO. 32 FINANCE COSTS

₹ in Million

Particulars	31-Mar-18
Interest expense on:	
- Borrowings	229.05
Other finance cost	22.66
Total	**251.71**

NOTE NO. 33 DEPRECIATION AND AMORTISATION EXPENSE

₹ in Million

Particulars	31-Mar-18
Depreciation on Property, plant and equipment (Refer note 3)	261.50
Depreciation on Investment property (Refer note 4)	2.47
Amortisation on Intangible asset (Refer note 6)	103.12
Total	**367.09**

NOTE NO. 34 OTHER EXPENSES

₹ in Million

Particulars	31-Mar-18
Subcontracting	200.17
Power and fuel	345.58
Water	7.51
Rent including lease rentals (Refer note 40)	17.71
Repairs and maintenance:	
- Buildings	15.08
- Machinery	71.43
- Others	97.12
Insurance	36.74
Rates and taxes	8.06
Communication	8.00
Travelling and conveyance	32.94
Printing and stationery	4.89
Freight and forwarding	163.22
Sales commission	13.60
Business promotion	7.37
Donations and contributions	10.42
Expenditure on Corporate Social Responsibility	3.34
Legal and professional fees	100.11
Payments to auditors (Refer note (i) below)	5.92
Bad debts written off / Provision for doubtful trade and other receivables	7.42
Consumables	66.78
Sales promotion expenses	0.11
Exchange fluctuation gain (net)	1.54
Research & Development (R&D) expense	64.01
Miscellaneous expenses	80.11
Total	**1,369.18**

i. Payments to Auditors comprises of

₹ in Million

Particulars	31-Mar-18
- Audit of standalone and consolidated financial statements of the company	5.50
- For audit of financial statements of the subsidiaries of the Group paid to other auditors	0.20
- Out of pocket expenses	0.22
Total	**5.92**

NOTE NO. 35 TAX EXPENSES

₹ in Million

Particulars	31-Mar-18
Current tax	
Current tax expense	4.17
Current tax of subsidiary - reversal of excess provision of prior year	(1.40)
Deferred tax benefit	
Deferred tax (credit) / expenses	-
MAT credit availment	(4.17)
Total	**(1.40)**

The Company is not subject to tax under normal provisions of the Income Tax Act, 1961, for the current period ended March 31, 2018. However, it is liable for Minimum Alternate Tax on its book profits taxable at 21.34%. Accordingly, the Company has made provision towards MAT amounting to ₹ 4.17 Million on a book profit of ₹ 19.50 Million.

Refer Note 21 for significant components of deferred tax assets and liabilities.

Details of Research and Development expenditure incurred (Charged to Consolidated Statement of Profit and Loss)

₹ in Million

Particulars	31-Mar-18
Outsourced:	
Development charges	63.70
Inhouse:	
Salaries and wages	8.55
Depreciation and amortisation expense	7.58
Materials	3.21
Others	6.73
Total	**89.77**

In addition, the Company has also incurred capital expenditure in such facilities of ₹ 222.98 Million which has been capitalised under respective heads in the financial statements.

The amount quantified as research and development expenditure (both capital and revenue) is as certified by the management of the Company and relied upon by the auditors.

NOTE NO. 36 COMPOSITE SCHEME OF ARRANGEMENT BETWEEN THE COMPANY, STRIDES SHASUN LIMITED AND SEQUENT SCIENTIFIC LIMITED:

In accordance with the terms of the Composite Scheme of Arrangement (the 'Scheme') between the Company, Strides Shasun Limited ("Strides") and Sequent Scientific Limited ("Sequent"), as approved by the National Company Law Tribunal, the Commodity API business of Strides and the Human API business of Sequent were demerged from respective Companies and transferred into the Company with the appointed date of October 1, 2017 ("the appointed date") for a consideration of equity shares to be issued by the Company to the equity shareholders of Strides and Sequent in the proportion of agreed share entitlement ratio. The effective date of the Scheme is March 31, 2018, the date on which all the requirements under the Companies Act, 2013, to give effect to the Scheme, were completed. Accordingly, the effect has been given in these Consolidated Ind AS financial statements from the appointed date of the Scheme - October 1, 2017.

Pursuant to the Scheme, the Company allotted 24,674,267 equity shares to the shareholders of Strides and Sequent in the ratio of 1 equity share of ₹ 10/- each of the Company for every 6 shares of ₹ 10/- each held by the shareholders of Strides, and 1 equity share of ₹ 10/- each of the Company for every 25 shares of

₹ 2/- each held by the shareholders of Sequent, on April 11, 2018, the effect of which has been given in these financial statements as on the appointed date of the Scheme. Further, in accordance with the terms of the Scheme, the authorised share capital of the Company is increased to ₹ 300 Million represented by 30 Million equity shares of ₹ 10 each.

As per the requirements of the Scheme, transfer of the above businesses into the Company have been accounted in accordance with the Ind AS notified under Section 133 of the Act, as on the appointed date of the Scheme as under:

a) Transfer of API business of Strides

(I) The Company has recorded the assets and liabilities of the API Business of Strides at their respective book values appearing in the books of Strides as on the appointed date.

(II) The face value of equity shares issued by the Company to the shareholders of Strides has been recorded to the credit of share capital account of the Company. The premium on issue of these equity shares has been recorded to the credit of securities premium account, to the extent of difference between (i) the book value of the net assets (i.e. book value of assets and liabilities) recorded pursuant to (I) above and (ii) the face value of such shares allotted.

(III) Shares held by Strides in the Company prior to this Scheme has been cancelled and transferred to Capital reserve.

Details of assets and liabilities transferred to the Company as at October 1, 2017 are given below:

Particulars		**₹ in Million**
	Non-current assets	4,593.09
	Current assets	3,904.62
(A)	**Total assets**	**8,497.71**
	Non-current liabilities	2,624.44
	Current liabilities	3,901.70
(B)	**Total liabilities**	**6,526.14**
(C)	**Net assets (A) – (B)**	**1,971.57**
(D)	Face value of equity shares of the Company issued to the shareholders of Strides recorded as equity share capital of the Company (14,924,819 equity shares of ₹ 10/- each)	149.25
(E)	Securities premium on issue of such shares (C) - (D)	1,822.32

Principal Activity of API business of Strides:

The commodity API business of Strides being demerged into the Company is primarily focused in the therapeutic area of pain management. The commodity API business is carried out through two manufacturing facilities, located at Cuddalore and Pondicherry, which are transferred to the Company, pursuant to the Scheme.

b) Transfer of Human API business of Sequent

(I) Assets and liabilities of the Human API Business of Sequent have been recorded to reflect at their fair values as on the appointed date. The difference between the fair value of equity shares issued to the shareholders of Sequent and the net assets (i.e. fair value of assets and liabilities recorded as mentioned above), is recorded as goodwill.

(II) The face value of equity shares issued by the Company to the shareholders of Sequent has been recorded to the credit of share capital account of the Company. The premium on issue of these equity shares has been recorded to the credit of securities premium account, to the extent of difference between (i) the fair value of such shares so issued and (ii) the face value of such shares allotted.

Details of the fair value of assets and liabilities of the Human API business recorded by the Company as at October 1, 2017 are as below:

	Particulars	₹ in Million
(A)	**Fair value of equity shares issued by the Company to the shareholders of Sequent**	**5,710.00**
	Non-current assets (other than goodwill on this acquisition)	3,075.83
	Goodwill on this acquisition	3,627.80
	Current assets	1,456.27
(B)	**Total assets**	**8,159.90**
	Non-current liabilities	669.22
	Current liabilities	1,780.68
(C)	**Total liabilities**	**2,449.90**
(D)	**Net assets* (B) – (C)**	**5,710.00**
(E)	**Face value of equity shares of the Company issued to the shareholders of Sequent recorded as equity share capital of the Company (9,749,448 equity shares of ₹ 10/- each)**	97.49
(F)	**Securities premium on issue of such shares (D) - (E)**	**5,612.51**

* As on the date of finalisation of these Consolidated Ind AS financial statements, the initial accounting for the above business combination has not been finalised in respect of deferred tax asset on brought forward losses from this acquisition as explained in note 21. Any consequential changes due to finalisation of initial accounting will be recognised in the subsequent period upon such finalisation.

Principal Activity of Human API business of Sequent:

The Human API business of Sequent comprises of a portfolio of niche APIs, carried out through three manufacturing facilities, located in Mangalore (Karnataka), Mysore (Karnataka) and Mahad (Maharashtra) which are transferred to the Company, pursuant to the Scheme.

Upon the Scheme coming into effect, the investments in following entities, held by the respective businesses above, have also been transferred to the Company:

Investments in	₹ in Million as at October 1, 2017	Transferred from	Value based on
Chemsynth Laboratories Private Limited	33.63	Commodity API business of Strides	Carrying value as recorded on the date of transfer
Shasun USA Inc	0.54	Commodity API business of Strides	Carrying value as recorded on the date of transfer
Sequent Penems Private Limited	143.00	Human API business of Sequent	Fair value as on the date of transfer

Impact of acquisition of the above businesses on the results of the Company

Particulars	₹ in Million
Revenue from operations	5,600.05
Other income	24.58
Total revenue (A)	**5,624.63**
Cost of materials consumed	2,954.42
Purchase of Stock-in-trade	40.54
Changes in inventories of finished goods and work-in-progress	(64.42)
Employee benefits expenses	696.36
Finance costs	248.00
Depreciation and amortisation expense	359.46
Other expenses	1,362.45
Total expenses (B)	**5,596.81**
Profit/(Loss) before tax (C)	**27.82**
Tax expenses / (credit) (D)	(1.40)
Profit/(Loss) after tax (C) - (D)	**29.22**

NOTE NO. 37 BUSINESS ACQUISITION:

The company entered into an agreement to acquire a R&D business at Bengaluru from Sovizen Life Sciences Private Limited and the transaction was completed on February 1, 2018.

Assets and liabilities of the R&D business have been recorded to reflect at their fair values as on the transaction closure date (i.e. February 1, 2018). The difference between the consideration paid and the fair value of the net assets acquired (i.e. fair value of assets and liabilities recorded as mentioned above) is recorded as goodwill.

Principal Activity of the R&D business acquired:
The R&D business at Bengaluru is a state-of-art new facility focusing on the research and development of new products for the regulated markets.

Consideration transferred:

Particulars	₹ in Million
Cash	509.00

Details of the fair value of assets and liabilities of the R&D facility recorded by the Company as at February 1, 2018 are as below:

Particulars	₹ in Million
Non-current assets (other than goodwill on this acquisition)	432.66
Current assets	92.28
(A) Total assets	**524.94**
Current liabilities	20.26
(B) Total liabilities	**20.26**
(C) Net assets (A) – (B)	**504.68**

Calculation of Goodwill / Capital reserve arising on acquisition:

Particulars	₹ in Million
Consideration transferred	509.00
Less: Identifiable net assets acquired	(504.68)
Excess of the consideration transferred by the Company over the net assets acquired has been debited to Goodwill	4.32

Impact of the above acquisition on the results of the Company:

Particulars	₹ in Million
Revenue	3.98
Profit/(loss) for the period	(22.09)

NOTE NO. 38 COMMITMENTS AND CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

₹ in Million

Particulars		31-Mar-18
a)	**Contingent liabilities - Pending Litigations**	
	Indirect taxes	60.97
	Other claims against the Group not acknowledged as debts	15.26
b)	**Commitments**	
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	
	- Property, plant and equipment	236.79
	- Intangible Assets	6.39

NOTE NO. 39 EMPLOYEE BENEFITS PLANS

Defined contribution plan

The Group makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the company is required to contribute a specified percentage of the payroll cost to fund the benefits. The Group recognised ₹ 38.82 Million for provident fund contributions, ₹ 2.33 Million for employee state insurance scheme contributions in the Consolidated Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

Defined benefit plan

The Group operates a gratuity plan, a defined employee benefit scheme covering qualifying employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Composition of the plan assets

The fund is managed by LIC and SBI, the fund manager. The details of composition of plan assets managed by the fund manager is not available with the company. However, the said funds are subject to Market risk (such as interest risk, investment risk, etc.).

The said benefit plan is exposed to actuarial risks such as longevity risk and salary risk.

Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	Valuation as at 31-Mar-18
Discount rate(s)	7.50%
Expected rate(s) of salary increase	8.33%
Attrition rate	11.00%
Mortality Rate	As per IALM (2006-08) ultimate
Retirement age (years)	58 years

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:

₹ in Million

Particulars	31-Mar-18
Service cost:	
Current service cost	14.54
Past service cost and (gain)/loss from settlements	12.90
Net interest expense	3.89
Components of defined benefit costs recognised in Consolidated statement of profit and loss	**31.33**
Remeasurement on the net defined benefit liability:	
Return on plan assets [excluding amounts included in net interest expense] (excess) / Short return	3.79
Actuarial (gains) / losses arising from changes in demographic assumptions	-
Actuarial (gains) / losses arising from changes in financial assumptions	-
Actuarial (gains) / losses arising from experience adjustments	(1.28)
Components of defined benefit costs recognised in other comprehensive income	**2.51**
Total	**33.84**

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the Consolidated statement of profit and loss. The remeasurernent of the net defined benefit liability is included in other comprehensive income.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

₹ in Million

Particulars	31-Mar-18
Present value of funded defined benefit obligation	330.74
Fair value of plan assets	(168.07)
Funded status	**162.67**
Restrictions on asset recognised	-
Net liability arising from defined benefit obligation	**162.67**

Movements in the present value of the defined benefit obligation are as follows:

₹ in Million

Particulars	Year ended 31-Mar-18
Opening defined benefit obligation	-
Add : Pursuant to the scheme (refer note 36)	300.75
Expenses Recognised in Consolidated statement of profit and loss	
Current service cost	14.54
Past service cost and (gain)/loss from settlements	12.90
Interest cost	10.94
Remeasurement (gains)/losses:	
Actuarial gains and losses arising from changes in demographic assumptions	-
Actuarial gains and losses arising from changes in financial assumptions	-
Actuarial gains and losses arising from experience adjustments	(1.28)
Benefits paid	(7.11)
Closing defined benefit obligation	**330.74**

Movements in the fair value of the plan assets are as follows:

₹ in Million

Particulars	Year ended 31-Mar-18
Opening fair value of plan assets	-
Add : Pursuant to the scheme (refer note 36)	170.21
Interest income	7.05
Remeasurement gain/(loss):	
Return on plan assets (excluding amounts included in net interest expense)	-
Contributions from the employer	1.71
Actuarial (gains)/losses on planned assets	(3.79)
Benefits paid	(7.11)
Closing fair value of plan assets	**168.07**

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increases/(decrease) by 1%, the defined benefit obligation would be ₹ 313.59 Million (₹ 349.70 Million) as at March 31, 2018

If the expected salary growth increases/(decrease) by 1%, the defined benefit obligation would be ₹ 348.71 Million (₹ 314.02 Million) as at March 31, 2018

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

Expected future Cash outflows towards the plan are as follows:

₹ in Million

Financial Year	Amount
2018-19	46.36
2019-20	39.68
2020-21	41.88
2021-22	39.06
2022-23	37.52
2023-24 to 2028- 29	168.14

NOTE NO. 40 OPERATING LEASES

The Group's significant operating lease arrangements are mainly in respect of its residential and office premises. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expense recognized during the period amounts to ₹ 17.71 Million. The schedule for future minimum lease payments in respect of non-cancellable operating leases is set out below:

₹ in Million

Particulars	31-Mar-18
Not later than one year	6.12
Later than one year but not later than five years	21.56
Later than five years	-

NOTE NO. 41 RELATED PARTY INFORMATION

Holding Company

Strides Shasun Limited (Upto September 30, 2017)

KMP / Person holding significant interest in the company :

Jitesh Devendra	Managing Director (Appointed wef. April 11, 2018)
S Hariharan	Executive Director - Finance and Chief Financial Officer (Appointed wef. April 11, 2018)
Dr. P Sathyanarayan	Director (resigned wef. April 11, 2018)
R. Ramakrishnan	Independent Director (Appointed wef. April 11, 2018)
Nirmal P Bhogilal	Independent Director (Appointed wef. April 11, 2018)
Jagdish V Dore	Independent Director (Appointed wef. April 11, 2018)
Kausalya Santhanam	Independent Director (Appointed wef. April 11, 2018)
Deepak C Vaidya	Non-Executive Director (Appointed wef. April 11, 2018)
Arun Kumar	Person holding significant interest in the company

Enterprises owned or significantly influenced by KMP or person holding significant interest in the company:

Strides Shasun Limited, India (From October 01, 2017)
Devendra Estates LLP, India
Devicam LLP
Alivira Animal Health Limited, India
Sequent Scientific Limited, India
Sterling Pharma Solutions Limited, UK
Tenshi Life Sciences Private Limited
Aurore Life Sciences Private Limited
Tenshi Kaizen Private Limited (formerly Higher Pharmatech Private Limited)
Olene Life Sciences Private Limited
GMS Tenshi Holdings Pte Limited
Stelis Biopharma Private Limited
Sovizen Life Sciences Private Limited
Tenshi Active Pharma Sciences Limited
Styrax Pharma Private Limited
Tenshi Life Care Private Limited
Triphase Pharmaceuticals Private Limited
Oncobiologics Inc.
Naari Pharma Private Limited
Sequent Research Limited, India
Chayadeep Properties Private Limited, India
Tenshi Kaizen Inc., USA
Tenshi Kaizen USA Inc., USA

Transactions during the year

₹ in Million

Description	Related party	31-Mar-18
Sale of goods	Strides Shasun Limited	797.46
	Aurore Life Sciences Private Limited	29.66
	Tenshi Kaizen Private Limited	0.31
	Alivira Animal Health Limited	204.68
Development Income	Sterling Pharma Solutions Limited	3.98
Sale of Asset	Sovizen Life Sciences Private Limited	1.00
Purchase of goods	Alivira Animal Health Limited	16.69
	Sequent Research Limited	0.25
	Aurore Life Sciences Private Limited	1.80
Purchase of Asset	Tenshi Life Sciences Private Limited	50.00
	Sovizen Life Sciences Private Limited	1.54
Purchase of Business	Sovizen Life Sciences Private Limited	509.00
Analytical charges	Sequent Research Limited	56.51
Reimbursement of expenses to	Strides Shasun Limited	89.07
	Tenshi Life Sciences Private Limited	6.39
	Sterling Pharma Solutions Limited	6.32
Rental Income	Sequent Research Limited	2.81
Research & development expenses	Sovizen Life Sciences Private Limited	47.23
Rent & maintenance for leased property	Devendra estates LLP	3.54
	Strides Shasun Limited	0.03
	Chayadeep Properties Private Limited, India	0.04
Interest expense (Upto September 30, 2017)	Strides Shasun Limited	3.71
Loans / advances given	Sovizen Life Sciences Private Limited	141.50
	Sequent Scientific Limited	10.79

₹ in Million

Description	Related party	31-Mar-18
Capital advance given	Strides Shasun Limited	250.00
Services received in the capacity other than as directors (refer note (i) below)	Jitesh Devendra	7.46
	S Hariharan	5.29

note (i): The compensation excludes gratuity & compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Balances as at March 31, 2018

₹ in Million

Description	Related party	Receivable / (Payable) as at March 31, 2018
Trade Payables	Sterling Pharma Solutions Limited	(6.02)
	Sovizen Life Sciences Private Limited	(1.83)
	Alivira Animal Health Limited	(180.00)
	Chayadeep Properties Private Limited, India	(0.02)
	Sequent Research Limited, India	(17.61)
	Tenshi Life Sciences Private Limited	(31.43)
	Aurore Life Sciences Private Limited	(2.12)
Trade Receivables	Alivira Animal Health Limited	79.95
	Aurore Life Sciences Private Limited	36.10
	Sovizen Life Sciences Private Limited	1.18
	Sterling Pharma Solutions Limited	3.98
	Tenshi Kaizen Private Limited	0.31
	Strides Shasun Limited	118.26
Capital advance	Strides Shasun Limited	250.00
Advances receivables	Strides Shasun Limited	171.73
	Sequent Scientific Limited	10.79
	Sovizen Life Sciences Private Limited	141.50
Security Deposit	Devendra estates LLP	2.00

NOTE NO. 42 EARNINGS PER SHARE

₹ in Million

Particulars	For the period from 23-Feb-2017 to 31-Mar-2018
Basic earnings per share ^	0.30
Diluted earnings per share ^	0.30

Earnings used in computing basic and diluted earnings per share

₹ in Million

Particulars	For the period from 23-Feb-2017 to 31-Mar-2018
Profit/(loss) attributable to the equity holders of the Group ^	3.37

Weighted average number of shares used as the denominator

No. of equity shares

Particulars	31-Mar-18
Weighted average number of equity shares used as denominator in calculating earnings per share^	11,198,794

^ The equity shares issued pursuant to the Scheme referred in Note 35, have been considered with effect from the appointed date of the Scheme - October 1, 2017, for the purpose of calculation of weighted average number of equity shares used as denominator in calculating earnings per share.

NOTE NO. 43 SEGMENT REPORTING

The Group's operations has only one reportable segment viz Active Pharmaceutical Ingredient (API). Accordingly no separate disclosure of segment information has been made.

NOTE NO. 44 FINANCIAL INSTRUMENTS

44.1 Categories of financial instruments

₹ in Million

Particulars	31-Mar-18
Financial assets:	
Measured at amortised cost	
(a) Cash and bank balances	470.08
(b) Investments	8.12
(c) Trade receivables	2,625.20
(d) Other financial assets at amortised cost	245.39
Financial liabilities:	
Measured at amortised cost	
(a) Borrowings	6,328.72
(b) Other Financial Liabilities	3,223.67

44.2 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the Group considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements at amortized cost will reasonably approximate their fair values.

₹ in Million

Particulars	31-Mar-18	
	Carrying Amount	Fair Value
Borrowings	6,328.72	6,387.10

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Group is foreign exchange risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

44.3 Foreign currency risk management

The Group is exposed to foreign exchange risk due to:

- debt availed in foreign currency
- exposure arising from transactions relating to purchases, revenues, expenses, etc., to be settled (within and outside the group) in currencies other than the functional currency of the respective entities

The details of Unhedged foreign currency exposure are as follows:

₹ in Million

Amount receivable/(payable)	As at 31-Mar-18	
Exposure to the Currency	in foreign Currency	in INR
USD	(28.76)	(1,874.45)
EUR	0.66	52.96
GBP	(0.12)	(10.61)
JPY	19.04	5.81
SGD	0.00	0.18
CHF	(0.01)	(0.34)

Foreign currency sensitivity analysis

Financial instruments affected by changes in foreign exchange rates include External Commercial Borrowings (ECBs) and Working capital loans. The Group considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The Group is exposed to volatility in other currencies including the Great Britain Pounds (GBP) and the Japanese Yen (JPY). The impact on account of 5% appreciation / depreciation in the exchange rate of the above foreign currencies against INR is given below:

₹ in Million

Particulars	Increase / (Decrease) in Equity
	31-Mar-18
Appreciation in the USD	(93.72)
Depreciation in the USD	93.72
Appreciation in the EUR	2.65
Depreciation in the EUR	(2.65)
Appreciation in the GBP	(0.53)
Depreciation in the GBP	0.53
Appreciation in the JPY	0.29
Depreciation in the JPY	(0.29)

The impact on profit has been arrived at by applying the effects of appreciation / deprecation effects of currency on the net position (Assets in foreign currency - Liabilities in foreign currency) in the respective currencies.

The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at each period end.

The sensitivity analysis might not be representative of inherent foreign exchange risk due to the fact that the foreign exposure at the end of the reporting period might not reflect the exposure during the period.

44.4 Interest rate risk management

Interest rate risk arises from borrowings. Debt issued at variable rates exposes the Group to cash flow risk. Debt issued at fixed rate exposes the Group to fair value risk.

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others and Secured Short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be ₹ 33.78

Million assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

44.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit Risk to the Group primarily arises from trade receivables. Credit risk also arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions and other financial assets.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group has an internal mechanism of determining the credit rating of the customers and setting credit limits. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The credit risk arising from receivables is subject to currency risk in that the receivables are predominantly denominated in USD, EUR and GBP and any appreciation in the INR will affect the credit risk. Further, the Group is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

The credit risk on financial instruments like forward exchange contracts is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

44.6 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual short term and long term cash flows, and by matching the maturity profiles of financial assets and liabilities.

44.6.1 Liquidity analysis for Non-Derivative Liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay.

₹ in Million

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
Bank & other borrowings								
- As on March 31, 2018	3,900.09	719.35	779.65	587.88	400.13	-	6,387.10	6,328.72
Interest payable on borrowings								
- As on March 31, 2018	15.19	-	-	-	-	-	15.19	15.19
Trade and other payable								
- As on March 31, 2018	3,208.48	-	-	-	-	-	3,208.48	3,208.48

NOTE NO. 45 CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings as detailed in notes 19 and 24 offset by cash and bank balances) and total equity.

The Group reviews the capital structure on a semi-annual basis to ensure that it is in compliance with the required covenants. The Group has a target gearing ratio of 1:1 determined as the proportion of net debt to total equity. The gearing ratio at March 31, 2018 is 0.77.

The Group is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at end of the reporting period was as follows.

₹ in Million

Particulars	31-Mar-18
Debt (i)	6,328.72
Less:	
Cash and bank balances	470.08
Net Debt (A)	**5,858.64**
Total Equity (B)	**7,639.78**
Net debt to equity ratio (A/B)	**0.77**

(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings.

NOTE NO. 46 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 FOR THE YEAR ENDED MARCH 31, 2018

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in Million	As % of consolidated profit or loss	₹ in Million	As % of consolidated other comprehensive income	₹ in Million	As % of consolidated total comprehensive income	₹ in Million
Solara Active Pharma Sciences Limited	99.96%	7,698.66	415.78%	19.50	126.13%	(2.51)	629.26%	16.99
Indian Subsidiaries:								
Chemsynth Laboratories Private Limited	0.72%	55.17	-2.99%	(0.14)	0%	-	-5.19%	(0.14)
Sequent Penems Private Limited	-0.03%	(2.66)	-44.35%	(2.08)	0%	-	-77.04%	(2.08)
Foreign Subsidiary:								
Shasun USA Inc	-0.64%	(49.62)	-268.44%	(12.59)	-26.13%	0.52	-447.04%	(12.07)
Total	**100.00%**	**7,701.55**	**100.00%**	**4.69**	**100.00%**	**(1.99)**	**100.00%**	**2.70**
Adjustment arising out of consolidation		(61.77)		(0.92)		-		(0.92)
Minority interest in subsidiary								
Chemsynth Laboratories Private Limited		28.10		(0.07)		-		(0.07)
Sequent Penems Private Limited		16.70		(0.33)		-		(0.33)
Total		**7,684.58**		**3.37**		**(1.99)**		**1.38**

RESEARCH AND DEVELOPMENT FINANCIALS

BALANCE SHEET

as on 31st March, 2018

₹ in Million

	Total As at Mar 31, 2018	
ASSETS		
Fixed Assets		
R&D Equipments		
Gross Block		
Opening as on 01.02.2018	-	
Additions pursuant to business acquisition	-	
Additions Net	-	
Deletions	-	
Closing as on 31.03.2018	-	
Less : Accumulated Depreciation	-	
Net Block as on 31.03.2018		-
Others		
Gross Block		
Opening as on 01.02.2018	-	
Additions pursuant to business acquisition	222.98	
Additions Net	-	
Deletions	-	
Closing as on 31.03.2018	222.98	
Less : Accumulated Depreciation	(7.73)	
Net Block as on 31.03.2018		**215.25**
Capital work in progress		**204.07**
Other Non Current Assets		
Goodwill	4.32	
Financial assets		
Other financial assets	5.99	
Other Non-current assets	1.16	
Total Non Current Assets		**11.47**
Current Assets		
Financial assets		
Trade receivables	3.98	
Other current assets	32.23	
Total Current assets		**36.21**
Total		**466.99**
LIABILITIES		
Head office Control Account	509.00	
Add: Transfers	(33.00)	
Less: Excess of Expenditure over income	(22.10)	453.90
Liabilities		
Non-current liabilities		
Provisions	0.44	
Total Non-current liabilities		0.44
Current liabilities		
Financial Liabilities		
Trade payables	9.78	
Other financial liabilities	1.66	
Other current liabilities	1.12	
Provisions	0.09	
Total current liabilities		**12.65**
Total		**466.99**

STATEMENT OF INCOME & EXPENDITURE
for the year ended 31st March, 2018

₹ in Million

	Total As at Mar 31, 2018	
EXPENDITURE		
Employee benefits expenses	8.55	
Cost of materials consumed	3.21	
Utilities	1.62	
Other expenses - R&D	5.11	
Total Revenue Expenditure Excluding Depreciation		**18.49**
Depreciation		7.58
Total Expenditure		26.07
INCOME		
i) FTE/Product Development Income		3.98
ii) Commercial Sale of Prototype & Others		-
Total Income		**3.98**
Excess of Expenditure over Income		**22.10**

EXPENDITURE ON RESEARCH AND DEVELOPMENT

₹ in Million

	Total As at Mar 31, 2018
Capital	222.98
Recurring	18.49
Total	**241.47**

SOLARA ACTIVE PHARMA SCIENCES LIMITED

(formerly called SSL Pharma Sciences Limited)
CIN: U24230MH2017PLC291636
Registered Office: 201, Devavrata, Sector 17, Vashi, Navi Mumbai, Mumbai 400 703
Tel: +91 22 27892924; **Fax:** +91 22 27892942
Corporate Office: 'Batra Centre', No. 28, Sardar Patel Road, Post Box No. 2630, Guindy, Chennai 600 032
Tel: + 91 44 43446700, 22207500; **Fax:** +91 44 22350278
Email: investors@solara.co.in; **Website:** www.solara.co.in

NOTICE is hereby given that the First Annual General Meeting of the Members of the Company will be held on Friday, September 28, 2018 at 12.15 p.m. at Hotel Four Points Sheraton, Plot No.39/1, 6 to 15, Sector 30A, Vashi, Navi Mumbai – 400 701 to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Standalone Financial Statements of the Company for the year ended March 31, 2018 together with Reports of the Board of Directors and the Auditors thereon.

2. To receive, consider, approve and adopt the Audited Consolidated Financial Statements of the Company for the year ended March 31, 2018 and the Report of Auditors thereon.

3. To appoint a Director in place of Mr. Jitesh Devendra (holding DIN 06469234) who retires by rotation and being eligible offers himself for re-appointment.

4. To appoint a Director in place of Mr. S. Hariharan (holding DIN 05297969) who retires by rotation and being eligible offers himself for re-appointment.

5. To appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors of the Company for a period of 5 years from the conclusion of this AGM until the conclusion of the 6th AGM of the Company, and to fix their remuneration.

   To consider and if thought fit to pass with or without modification (s), the following resolution as an Ordinary Resolution.

   RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications or re-enactments thereof, for the time being in force) and pursuant to the recommendations of the Audit Committee of the Board of Directors, consent of the members of the Company be and is hereby accorded to appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration no. 117366W/ W-100018), for a period of 5 years commencing from the conclusion of this 1st Annual General Meeting (AGM) until the conclusion of the 6th AGM, at such remuneration and out of pocket expenses as may be decided by the Board of Directors of the Company and that the Board be and is hereby authorized to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, in addition to reimbursement of all out of pocket expenses as may be incurred in connection with the audit of the accounts of the Company.

   RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute and deliver all such necessary documents for the purpose of giving effect to the aforesaid resolution.

SPECIAL BUSINESS

6. **Appointment of Mr. Deepak C Vaidya as Non-Executive Director**

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

   RESOLVED that Mr. Deepak C Vaidya (DIN: 00337276), who was appointed by the Board of Directors as an Additional Director of the Company with effect from April 11, 2018 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation.

   RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute and deliver

all such necessary documents for the purpose of giving effect to the aforesaid resolution.

7. Appointment of Mr. Nirmal P Bhogilal as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

RESOLVED that Mr. Nirmal P Bhogilal (DIN: 00173168), who was appointed by the Board of Directors as an Additional Director of the Company with effect from April 11, 2018 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, and the Rules framed thereunder read with Schedule IV to the Act, as amended from time to time, appointment of Mr. Nirmal P Bhogilal (who meets the criteria for independence) as provided in Section 149(6) of the Act as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 years commencing with effect from April 11, 2018 be and is hereby approved.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute and deliver all such necessary documents for the purpose of giving effect to the aforesaid resolution.

8. Appointment of Mr. R. Ramakrishnan as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

RESOLVED that Mr. R. Ramakrishnan (DIN: 00161542), who was appointed by the Board of Directors as an Additional Director of the Company with effect from April 11, 2018 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, and the Rules framed thereunder read with Schedule IV to the Act, as amended from time to time, appointment of Mr. R. Ramakrishnan (who meets the criteria for independence) as provided in Section 149(6) of the Act as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 years commencing with effect from April 11, 2018 be and is hereby approved.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute and deliver all such necessary documents for the purpose of giving effect to the aforesaid resolution.

9. Appointment of Dr. Kausalya Santhanam as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution

RESOLVED that Dr. Kausalya Santhanam (DIN: 06999168), who was appointed by the Board of Directors as an Additional Director of the Company with effect from April 11, 2018 and who holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing her candidature for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

RESOLVED FURTHER that pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, and the Rules framed thereunder read with Schedule IV to the Act, as amended from time to time, appointment of Dr. Kausalya Santhanam (who meets the criteria for independence) as provided in Section 149(6) of the Act as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 years commencing with effect from April 11, 2018 be and is hereby approved.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute and deliver

all such necessary documents for the purpose of giving effect to the aforesaid resolution.

10. Appointment of Mr. Jitesh Devendra as Managing Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution

RESOLVED that pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Act and the rules made thereunder (including any statutory modification or re-enactment thereof), appointment of Mr. Jitesh Devendra (DIN: 06469234), as Managing Director of the Company, liable to retire by rotation, for a term of 3 years commencing with effect from April 11, 2018 be and is hereby approved.

RESOLVED FURTHER that

(a) With effect from April 11, 2018 to June 30, 2018, Mr. Jitesh Devendra be paid a total fixed remuneration of ₹ 16 Mn and Variable pay of ₹ 15 Mn and the annual increment in remuneration as may be approved by the Board of Directors of the Company.

(b) With effect from July 1, 2018, Mr. Jitesh Devendra's annual remuneration be revised from ₹ 16 Mn. to ₹ 18 Mn. and variable pay of ₹ 15 Mn. and is eligible for annual increment in remuneration as may be approved by the Board of Directors of the Company.

RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the payment of the remuneration shall be governed by the limits prescribed under Section II of Schedule V of the Act or any amendment thereof.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute and deliver all such necessary documents for the purpose of giving effect to the aforesaid resolution.

11. Appointment of Mr. S. Hariharan as Executive Director-Finance

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution

RESOLVED that pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions of the Act and the rules made thereunder (including any statutory modification or re-enactment thereof), appointment of Mr. S. Hariharan (DIN: 05297969), as Executive Director-Finance of the Company, liable to retire by rotation, for a term of 3 years commencing with effect from April 11, 2018 be and is hereby approved.

RESOLVED FURTHER that

(a) With effect from April 11, 2018 to June 30, 2018, Mr. S. Hariharan be paid a total fixed remuneration of ₹ 11 Mn and Variable pay of ₹ 3.2 Mn and the annual increment in remuneration as may be approved by the Board of Directors of the Company.

(b) With effect from July 1, 2018, Mr. S. Hariharan's annual remuneration be revised from ₹ 11 Mn. to ₹ 12 Mn. and variable pay of ₹ 3.2 Mn. and is eligible for annual increment in remuneration as may be approved by the Board of Directors of the Company.

RESOLVED FURTHER that in the event of loss or inadequacy of profits in any financial year during the aforesaid period, the payment of the remuneration shall be governed by the limits prescribed under Section II of Schedule V of the Act or any amendment thereof.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute and deliver all such necessary documents for the purpose of giving effect to the aforesaid resolution.

12. To ratify the remuneration payable to the Cost Auditor for the financial year ending March 31, 2019.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

RESOLVED that the remuneration of ₹ 2,50,000/- (Rupees Two Lakhs and fifty thousands only), in addition to reimbursement of out-of-pocket expenses, payable to Mr. K. Suryanarayanan, Practising Cost Accountant, (Membership No. 24946) who was appointed as Cost Auditor of the Company for the financial year ending 31st March, 2018, as recommended by the audit committee and approved by the board of directors of the Company, pursuant to Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014 is hereby ratified.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and to execute and deliver

all such necessary documents for the purpose of giving effect to the aforesaid resolution.

13. To obtain approval of transactions with Strides Pharma Science Limited (formerly known as Strides Shasun Limited).

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

RESOLVED THAT pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Rules framed thereunder (including any statutory modification or re-enactment thereof for the time being in force) and in terms of Regulation 23 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment, modification or re-enactment thereof), approval of the Members of the Company be and is hereby accorded for entering into the following Related Party Transactions by the Company with the related parties:

S No	Name of the related party	Name of the Director or Key Managerial Personnel who is related, if any	Nature of relationship	Nature, material Terms & particulars of the contract or arrangement from April 1, 2018 to March 31, 2019	Monetary Value upto (Rupees in million)	Any other information
1	Strides Pharma Science Limited (formerly known as Strides Shasun Limited), India, ("Strides")	Mr. Arun Kumar, Promoter of the Company is a Promoter and Managing Director of Strides Mr. Jitesh Devendra, Managing Director of the Company, who is also part of the Promoter Group of Strides Mr Deepak C Vaidya, who is also a Non Executive Director of the company and Strides	Enterprises owned or significantly influenced by Key Management Personnel	Sale of Material / Services as per prevailing market prices	2500	The Company will supply Active Pharmaceutical Ingredients (Raw Materials) to Strides at prevailing market price

14. Approval of Solara Employee Stock Option Plan 2018

To consider and if thought fit, to pass the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 62 and its related and applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the shareholders of the Company be and is hereby accorded for the introduction and implementation of 'Solara Employee Stock Option Plan 2018' (hereinafter referred to as the "SOLARA ESOP 2018" or the "Scheme") authorising the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall include the Nomination and Remuneration Committee and any other Committee(s) constituted/to be constituted by the Board to exercise its powers including the powers conferred by this resolution) to create, and grant from time to time, in one or more tranches, not exceeding 12,30,000 (twelve lakh thirty thousand) Employee Stock Options to or for the benefit of such person(s) who are in permanent employment of the Company including any Director thereof, whether wholetime or otherwise (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), as may be decided under SOLARA ESOP 2018, exercisable into not more than 12,30,000 (twelve lakh thirty thousand) Equity Shares of face value of ₹ 10/- (rupees ten only) each fully paid-up, constituting 4.98% of the paid-up equity share capital of the Company as on June 30, 2018 either directly or through an Employee Welfare Trust (hereinafter referred to as "Trust"), on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of SOLARA ESOP 2018.

RESOLVED FURTHER that the Equity Shares so issued and allotted as mentioned hereinbefore shall rank pari passu with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any, additional

Equity Shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the ceiling on the number of options mentioned in the resolution above, shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take requisite steps for listing of the Equity Shares allotted under SOLARA ESOP 2018 on the Stock Exchanges where the Equity Shares of the Company are listed.

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations, Indian Accounting Standard (Ind-AS) and any other applicable laws and regulations to the extent relevant and applicable to the SOLARA ESOP 2018.

RESOLVED FURTHER THAT the Board be and is hereby authorised at any time to modify, change, vary, alter, amend, suspend or terminate the SOLARA ESOP 2018 subject to compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the SOLARA ESOP 2018 and do all other things incidental and ancillary thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, and things, as it may, in its absolute discretion, deems necessary including authorising or directing to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Trusts, Consultants or Representatives, being incidental to the effective implementation and administration of SOLARA ESOP 2018 as also to make applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in connection with the above and to settle all such questions, difficulties or doubts whatsoever that may arise and take all such steps and decisions in this regard.

15. Approval of Solara Employee Stock Option Plan 2018 to the employees of Subsidiary Companies:

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 62 and its related and applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and in accordance with the Memorandum and Articles of Association of the Company, the Listing Agreements entered into by the Company with the Stock Exchanges, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI SBEB Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval of the shareholders of the company be and is hereby accorded to extend the benefits of Solara ESOP Plan 2018 proposed in the resolution No. 14 in this notice to the eligible employees / Directors of the Subsidiary Companies on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of SOLARA ESOP 2018.

RESOLVED FURTHER that the Equity Shares so issued and allotted as mentioned hereinbefore shall rank pari passu with the then existing equity shares of the Company.

RESOLVED FURTHER THAT in case of any corporate action(s) such as rights issues, bonus issues, merger and sale of division and others, if any, additional Equity Shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the ceiling on the number of options mentioned in the resolution above, shall be deemed to be increased to the extent of such additional equity shares issued.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take requisite steps for listing of the Equity Shares allotted under SOLARA ESOP 2018 on the Stock Exchanges where the Equity Shares of the Company are listed

RESOLVED FURTHER THAT the Company shall conform to the accounting policies prescribed from time to time under the SEBI SBEB Regulations, Indian Accounting Standard (Ind-AS) and any other applicable laws and regulations to the extent relevant and applicable to the SOLARA ESOP 2018.

RESOLVED FURTHER THAT the Board be and is hereby authorised at any time to modify, change, vary, alter, amend, suspend or terminate the SOLARA ESOP 2018 subject to compliance with the applicable laws and regulations and to do all such acts, deeds, matters and things as it may in its absolute discretion deems fit, for such purpose and also to settle any issues, questions, difficulties or doubts that may arise in this regard without being required to seek any further consent or approval of the members and further to execute all such documents, writings and to give such directions and or instructions as may be necessary or expedient to give effect to such modification, change, variation, alteration, amendment, suspension or termination of the SOLARA ESOP 2018 and do all other things incidental and ancillary thereof.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, and things, as it may, in its absolute discretion, deems necessary including authorising or directing to appoint Merchant Bankers, Brokers, Solicitors, Registrars, Advertisement Agency, Compliance Officer, Investors Service Centre and other Advisors, Trusts, Consultants or Representatives, being incidental to the effective implementation and administration of SOLARA ESOP 2018 as also to make applications to the appropriate Authorities, Parties and the Institutions for their requisite approvals as also to initiate all necessary actions for the preparation and issue of public announcement and filing of public announcement, if required, with the SEBI/Stock Exchange(s), and all other documents required to be filed in connection with the above and to settle all such questions, difficulties or doubts whatsoever that may arise and take all such steps and decisions in this regard.

By the Order of the Board
For Solara Active Pharma Sciences Limited

Place: Bengaluru
Date: 03.08.2018

S. Murali Krishna
Company Secretary

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 settling our material facts in respect of the special business of this notice is annexed hereto.

2. A MEMBER TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL INSTEAD OF HIMSELF THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   Proxies order to be effective must be filed with the Company at this Registered Office not later than forty-eight hours before the commencement of the meeting. The proxy form for the AGM is enclosed.

   A person shall not act as a Proxy for more than 50 members and holding in the aggregate not more than ten percent (10%) of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than ten percent (10%) of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.

   Members/ Proxy are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Company for admission to the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for identification.

3. Shareholders are requested to bring their copy of the Annual Report to the Meeting.

4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution of the Company, authorizing their representative to attend and vote on their behalf at the meeting.

5. The register of members and share transfer books of the Company will remain closed from September 20, 2018 to September 28, 2018 (both days inclusive) for the purpose of AGM.

6. All documents that have been referred to in the accompanying notice and explanatory statement are open for inspection at the registered office of the company during office hours on working days up to the date of the Annual General Meeting.

7. Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.

8. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic

form are therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.

9. Electronic copy of the Notice convening the First Annual General Meeting of the Company and the Annual Report along with the process of e-voting and the Attendance slip and Proxy form is being sent to the members whose e-mail addresses are registered with the Company/ Depository Participant(s) for communication purposes, unless any member has requested for hard copy of the same.

   For members who have not registered their e-mail addresses, physical copies of the Notice convening the First Annual General Meeting of the Company, along with the Annual Report, the process of e-voting, Attendance slip and the Proxy form is being sent in the permitted mode.

   Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circular, etc. from the Company in electronic mode.

   Members may also note that the Notice convening the First Annual General Meeting of the Company and the Annual Report along with the process of e-voting and the Attendance slip and Proxy form will be available on Company's website – www.solara.co.in.

   The physical copies of the inspection documents will be available at Company's Registered Office for inspection between 10.00 a.m. to 12.00 noon on all the working days.

   Members who require communication in physical form in addition to e-communication, or have any other queries may write to us at investors@solara.co.in.

   In compliance with Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company has provided the facility to the members to exercise their vote electronically through the electronic voting service facility arranged by Karvy Computershare Private Limited, Hyderabad ("Karvy").

   The facility for voting through Ballot Paper will also be made available at the AGM and the members attending the AGM who have not already cast their vote by remote e-voting shall be able to exercise their vote at the AGM through Ballot Paper.

   Members who have cast their vote through remote e-voting prior to the AGM may attend the AGM but shall not cast their votes again. However, in case Members cast their vote both via physical ballot at the AGM and remote e-voting, then voting through remote e-voting shall prevail and voting done through ballot shall be treated as invalid. Instructions for e-voting are annexed to the Notice.

10. This Notice is dispatched/ emailed to Members, whose names appear in the Register of Members/ list of Beneficial Owners as on Friday, August 24, 2018.

    However, the Members, whose names appear in the Register of Members/ list of Beneficial Owners as on Friday, September 21, 2018 are entitled to vote on the Resolutions set forth in this Notice. The e-voting period will commence at 9.00 a.m. on Tuesday, September 25, 2018 and will end at 5.00 p.m. on Thursday, September 27, 2018.

    Members are eligible to cast vote electronically only if they are holding shares as on that date. Members who have acquired shares after the dispatch of the Annual Report and before the cut-off date may approach the Registrar for issuance of the User ID and Password for exercising their right to vote by electronic means.

11. M/s. Nilesh Shah and Associates, Practicing Company Secretaries, represented by Mr. Nilesh Shah (having Membership No. FCS-4554) or failing him, Ms. Hetal Shah (having Membership No. FCS-8063) or failing her Mr. Mahesh Darji (having Membership No. FCS-7175) have been appointed as the Scrutinizer to scrutinize the e-voting process and voting done through physical ballot paper at the AGM in a fair and transparent manner.

12. At the AGM, at the end of the discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer, order voting through ballot paper for all those members who are present but have not cast their votes electronically using the remote e-voting facility.

13. The Scrutinizer shall, after the conclusion of voting at the general meeting, count the votes cast at the meeting in the presence of at least two witnesses not in the employment of the Company.

    The Scrutinizer shall submit a consolidated Scrutinizer's report of the total votes cast in Favor or Against, not later than forty-eight hours after the conclusion of AGM to the Chairman of the Company. The Chairman or any other person authorized by the him, shall declare the results of voting forthwith.

14. The result along with the Scrutinizer's report will be placed on the Company's website and on the website of Karvy after the result is declared by the Chairman/ any other person authorized by the him, and the same shall be communicated to the stock exchanges where the shares of the Company are listed.

PROCEDURE FOR E-VOTING

1. To use the following URL for e-voting: https://evoting.karvy.com/

2. Enter the login credentials i.e., user id and password mentioned below this communication. Your Folio No./DPIDClient ID will be your user ID.

User – ID	**For Members holding shares in Demat Form** a) For NSDL: 8 Character DP ID followed by 8 Digits Client ID b) For CDSL: 16 digits beneficiary ID
	For Members holding shares in Physical Form Even no. followed by Folio Number registered with the Company
Password	In case of Members who have not registered their e-mail addresses, their User-Id and Password is printed overleaf.
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

3. After entering the details appropriately, click on LOGIN.

4. Password change menu will appear. Change the Password with a new Password of your choice. The new password has to be minimum eight characters consisting of at least one upper case (A-Z).one lower case (a-z), one numeric value (0-9) and a special character.

   Kindly note that this password can be used by the Members for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform.

   System will prompt you to change your password and update any contact details like mobile #, email ID etc., on first login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it.

   It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

5. Login again with the new credentials.

6. On successful login, system will prompt to select the **'Event'** i.e., the Company name - **'Solara Active Pharma Sciences Limited'**.

7. On the voting page, you will see Resolution Description and against the same the option 'FOR/ AGAINST/ ABSTAIN' for voting.

   Enter the number of shares (which represents number of votes) under 'FOR/ AGAINST/ ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/ AGAINST' taken together should not exceed your total shareholding. If the Member does not want to cast his vote, select 'ABSTAIN'.

8. Members holding multiple folios/ demat account shall choose the voting process separately for each folios/ demat account.

9. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

10. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

11. Corporate/ Institutional Members (Corporate/ Fls/ FIIs/ Trust/ Mutual Funds/ Banks etc.,) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to nilesh@ngshah.com with a copy to evoting@karvy.com.

12. In case of any queries, you may refer the Frequently Asked Questions (FAQs) and e-voting User Manual for Members available at the download section of https://evoting.karvy.com or contact Mr. Raju S.V/ Mr. Mohan Kumar A of Karvy Computershare Pvt. Ltd. at +91 40 67162222 or at 1800 345 4001 (toll free).

13. This Notice is dispatched/ emailed to Members, whose names appear in the Register of Members/ list of Beneficial Owners as on Friday, August 24, 2018. However, the Members, whose names appear in the Register of Members/ list of Beneficial Owners as on Friday, September 21, 2018 are entitled to vote on the Resolutions set forth in this Notice. The e-voting period will commence at 9.00 a.m. on

Tuesday, September 25, 2018 and will end at 5.00 p.m. on Thursday, September 27, 2018. Members are eligible to cast vote electronically only if they are holding shares as on that date. Members who have acquired shares after the dispatch of the Annual Report and before the cut-off date may approach the Registrar for issuance of the User ID and Password for exercising their right to vote by electronic means.

EXPLANATORY STATEMENT PRUSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement sets out all the material facts relating to the business mentioned under Item Nos. 6 to 14 of the accompanying Notice.

Item No.6: Appointment of Mr. Deepak C Vaidya as Non-Executive Director

Mr. Deepak C Vaidya was appointed as an Additional Director on the Board of the Company with effect from April 11, 2018 to hold office upto the date of the Annual General Meeting. He was appointed as Non-Executive Director of the Company subject to the approval of the Members.

Approval of the Members is being sought to confirm the appointment of Mr. Deepak C Vaidya as a Director of the Company effective from April 11, 2018, liable to retire by rotation.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") along with the amount of requisite deposit from a member signifying his intention to propose the appointment of Mr. Deepak C Vaidya as Non-Executive Director of the Company.

The profile of Mr. Deepak C Vaidya together with his directorships and committee memberships held in other companies forms part of Annexure 6 to the Board's Report.

As at date of this notice, Mr. Deepak C Vaidya holds 29,948 shares in the Company.

Except Mr. Deepak C Vaidya and his relatives, none of the Directors, Key Managerial Personnel of the Company are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

The Board recommends passing of the proposed resolution stated in Item No. 6 as an Ordinary Resolution and requests your approval for the same.

Item No.7: Appointment of Mr. Nirmal P Bhogilal as Independent Director

Mr. Nirmal P Bhogilal was appointed as an Additional Director on the Board of the Company with effect from April 11, 2018 to hold office up to the date of the Annual General Meeting. He was appointed as an Independent Director of the Company subject to the approval of the Members.

The Company has received declaration from Mr. Nirmal P Bhogilal that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Mr. Nirmal P. Bhogilal fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as an Independent Director and he is independent of the Management.

Approval of the Members is being sought to confirm the appointment of Mr. Nirmal P Bhogilal as a Director of the Company effective from April 11, 2018 and to appoint him as an Independent Director of the Company, not liable to retire by rotation for a period up to five consecutive years from April 11, 2018.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") along with the amount of requisite deposit from a member signifying his intention to propose the appointment of Mr. Nirmal P Bhogilal as an Independent Director of the Company.

The profile of Mr. Nirmal P Bhogilal together with his directorships and committee memberships held in other companies forms part of Annexure 6 to the Board's Report.

As at date of this notice, Mr. Nirmal P Bhogilal holds 758 shares in the Company.

Except Mr. Nirmal P Bhogilal and his relatives, none of the Directors, Key Managerial Personnel of the Company are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

The Board recommends passing of the proposed resolution stated in Item No.7 as an Ordinary Resolution and requests your approval for the same.

Item No.8: Appointment of Mr. R. Ramakrishnan as Independent Director

Mr. R. Ramakrishnan was appointed as an Additional Director on the Board of the Company with effect from April 11, 2018 to hold office up to the date of the Annual General Meeting. He was appointed as an Independent Director of the Company subject to the approval of the Members.

The Company has received declaration from Mr. R. Ramakrishnan that he meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Mr. R. Ramakrishnan fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as an Independent Director and he is independent of the Management.

Approval of the Members is being sought to confirm the appointment of Mr. R. Ramakrishnan as a Director of the Company effective from April 11, 2018 and to appoint him as an Independent Director of the Company, not liable to retire by rotation for a period up to five consecutive years from April 11, 2018.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") along with the amount of requisite deposit from a member signifying his intention to propose the appointment of Mr. R. Ramakrishnan as an Independent Director of the Company.

The profile of Mr. R. Ramakrishnan together with his directorships and committee memberships held in other companies forms part of Annexure 6 to the Board's Report.

As at date of this notice, Mr. R. Ramakrishnan does not hold any shares in the Company.

Except Mr. R. Ramakrishnan and his relatives, none of the Directors, Key Managerial Personnel of the Company are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

The Board recommends passing of the proposed resolution stated in Item No. 8 as an Ordinary Resolution and requests your approval for the same.

Item No.9: Appointment of Dr. Kausalya Santhanam as Independent Director

Dr. Kausalya Santhanam was appointed as an Additional Director on the Board of the Company with effect from April 11, 2018 to hold office up to the date of the Annual General Meeting. He was appointed as an Independent Director of the Company subject to the approval of the Members.

The Company has received declaration from Dr. Kausalya Santhanam that she meets the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, Dr. Kausalya Santhanam fulfils the conditions specified in the Companies Act, 2013 and the Rules made thereunder for appointment as an Independent Director and she is independent of the Management.

Approval of the Members is being sought to confirm the appointment of Dr. Kausalya Santhanam as a Director of the Company effective from April 11, 2018 and to appoint her as an Independent Director of the Company, not liable to retire by rotation for a period up to five consecutive years from April 11, 2018.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 (the "Act") along with the amount of requisite deposit from a member signifying his intention to propose the appointment of Dr. Kausalya Santhanam as an Independent Director of the Company.

The profile of Dr. Kausalya Santhanam together with her directorships and committee memberships held in other companies forms part of Annexure 6 to the Board's Report.

As at date of this notice, Dr. Kausalya Santhanam does not hold any shares in the Company.

Except Dr. Kausalya Santhanam and her relatives, none of the Directors, Key Managerial Personnel of the Company are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

The Board recommends passing of the proposed resolution stated in Item No. 9 as an Ordinary Resolution and requests your approval for the same.

Item No.10: Appointment of Mr. Jitesh Devendra as Managing Director and revision in remuneration payable to him

Mr. Jitesh Devendra is a director of the Company since its incorporation and he was the President – API division of Strides Shasun Limited. Mr. Jitesh Devendra is having more than 20 years experience and has led the North America API business.

Based on the recommendation of the Nomination and Remuneration Committee, Jitesh was appointed as Managing Director of the Company with effect from April 11, 2018 for a period of 3 years, for a annual fixed remuneration of ₹ 16 Mn. and variable pay of ₹ 15 Mn.

The matter regarding revision in the salary of Mr Jitesh Devendra was discussed by the Nomination & Remuneration Committee at its meeting held on August 3, 2018. The Committee recommended that the salary of Mr Jitesh Devendra, Managing Director be enhanced from the existing total fixed remuneration of ₹ 16 Mn and Variable pay of ₹ 15 Mn to total fixed remuneration of ₹ 18 Mn and Variable pay of ₹ 15 Mn with effect from 1st July, 2018 subject to the approval of the Members and other statutory authorities, as may be applicable.

Approval of the Members is being sought to confirm the appointment of Jitesh as Managing Director of the Company for a period of three years commencing from April 11, 2018 and for the remuneration payable to him on the terms and conditions as stated in the resolutions.

The information as required under Schedule V of the Companies Act, 2013 is provided below:

I. General Information:

(i) Nature of Industry:

The Company is engaged in the business of manufacture of Active Pharmaceutical Ingredients (APIs), their intermediates and finished dosage. The Company is also into product development and provides contract research and manufacturing services.

(ii) Date or expected date of Commencement of Commercial production:

Not applicable - The Company is an existing Company

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable - The Company is an existing Company

(iv) Financial performance based on given indicators - as per audited financial results for the year ended 31st March 2018:

₹ In Mn.

Particulars	Standalone	Consolidated
Turnover & Other Income	5626.89	5628.61
Net profit as per Profit & Loss Account (after tax)	19.50	3.37
Net worth	7698.66	7639.78

(v) Foreign Investment or collaborations, if any:

The foreign portfolio investment in the Company is 23.80% of the Paid up Share Capital of the Company.

II. Information about the appointee

(i) Background details:

Jitesh is a director of the Company since its incorporation and he was President – API division of Strides Shasun Limited. Mr. Jitesh Devendra is having more than 20 years experience and has led the North America API business. Jitesh holds an MBA with specialization in International Business and Buyer Behavior; Bachelor's Degree in Commerce from University of Madras, Loyola College, Chennai, India and holds a Diploma in Sales & Marketing from National Institute of Sales, Chennai.

(ii) Past remuneration, recognition or awards, job profile and suitability:

Jitesh was President – API division of Strides Shasun Limited and his total fixed remuneration was ₹ 16 Mn and Variable Pay was ₹ 15 Mn.

Jitesh being the Managing Director of the Company provides marketing and other operations of the Company.

(iii) Remuneration proposed :

The remuneration proposed is

From April 1, 2018 to June 30, 2018: fixed remuneration of ₹ 16 Mn and Variable Pay of ₹ 15 Mn.

From July 1, 2018 onwards: fixed remuneration of ₹ 18 Mn and Variable Pay of ₹ 15 Mn.

(iv) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)

The remuneration payable have been benchmarked with the remuneration being drawn by peers in similar capacity in pharmaceutical companies of comparable size in the pharmaceutical industry and has been considered by the Nomination & Remuneration Committee of the Company at the meetings held on April 11, 2018. and August 3, 2018 The profile of Jitesh, his responsibilities, complex business operations, industry benchmark and size of the Company justify the payment of said remuneration.

(v) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any :

Jitesh has no other pecuniary relationship with the Company except to the extent of his remuneration in the Company.

III. Other Information

Reasons of loss or inadequate profits, steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms

The Company has earned profits for the financial year ended March 31, 2018. Further the Company has taken appropriate steps to ensure profitability in future. The Company has initiated various measures towards achieving organisational and operating efficiencies and strengthening core competencies. The key focus areas would be profit maximisation, conservation of cash, operational efficiencies, cost and working capital containment. While it is difficult to give precise figures, the above initiatives are expected to improve further the productivity and profitability.

In terms of the provisions of the Companies Act, 2013, in the event of loss or inadequacy of profits in any financial year, the payment of remuneration to Executive Directors is governed by the limits prescribed under Section II of Schedule V of the Companies Act, 2013 or any amendment thereof.

IV. Disclosures as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1) A brief resume of the Director and nature of his expertise in specific functional areas

As mentioned in Section II of point number i, ii and iv

2) Disclosure of relationships between Directors inter-se

Jitesh is not related to any of the Directors of the Company

3) Names of the listed entities in which the Director holdings directorship and the membership of Committees of the Board

None

4) Shareholding of the director in the Company

As at date of this notice, Jitesh holds 60,687 shares in the Company.

Profile of Jitesh together with his Directorships and Committee Memberships held in other Companies forms part of the Annexure 6 to the Board's Report.

A copy of memorandum of terms of appointment of Jitesh is available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all the working days till the date of the AGM i.e. September 28, 2018.

Except Mr Jitesh and his relatives, none of the Promoters, Directors, Key Managerial Personnel of the Company are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

The Board recommends passing of the proposed resolution stated in Item No.10 as Special Resolution and requests your approval for the same.

Item No.11: Appointment of Mr. S. Hariharan as Executive Director-Finance and revision in remuneration payable to him

Mr. S. Hariharan is a director of the Company since its incorporation and he was Group President – Finance of Strides Shasun Limited. Mr. Hariharan is having more than 30 years experience in field of Corporate Finance, Accounts and Strategic planning.

Based on the recommendation of the Nomination and Remuneration Committee, Hariharan was appointed as Executive Director-Finance of the Company with effect from April 11, 2018 for a period of 3 years for a fixed remuneration of ₹ 11 Mn. and variable pay of ₹ 3.2 Mn.

The matter regarding revision in the salary of Mr S Hariharan, Executive Director – Finance, was discussed by the Nomination & Remuneration Committee at its meeting held on August 3, 2018. The Committee recommended that the salary of Mr S Hariharan, Executive Director – Finance be enhanced from from the existing total fixed remuneration of ₹ 11 Mn and Variable pay of ₹ 3.2 Mn to total fixed remuneration of ₹ 12 Mn and Variable pay of ₹ 3.2 Mn with effect from 1st July, 2018 subject to the approval of the Members and other statutory authorities, as may be applicable.

Approval of the Members is being sought to confirm the appointment of Hariharan as Executive Director-Finance of the Company for a period of three years commencing from April 11, 2018 and for the remuneration payable to him on the terms and conditions as stated in the resolutions.

The information as required under Schedule V of the Companies Act, 2013 is provided below:

I. General Information:

(i) Nature of Industry:

The Company is engaged in the business of manufacture of Active Pharmaceutical Ingredients (APIs), their intermediates and finished dosage. The Company is also into product development and provides contract research and manufacturing services.

(ii) Date or expected date of Commencement of Commercial production:
Not applicable - The Company is an existing Company

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:
Not Applicable - The Company is an existing Company

(iv) Financial performance based on given indicators - as per audited financial results for the year ended 31st March 2018:

₹ In Mn.

Particulars	Standalone	Consolidated
Turnover & Other Income	5626.89	5628.61
Net profit as per Profit & Loss Account (after tax)	19.50	3.37
Net worth	7698.66	7639.78

(v) Foreign Investment or collaborations, if any:
The foreign portfolio investment in the Company is 23.80% of the Paid up Share Capital of the Company.

II. Information about the appointee

(i) Background details:
Hariharan is a director of the Company since its incorporation and he was Group President – Finance of Strides Shasun Limited. Hariharan is a Cost Accountant with rich and varied experience of more than 30 years in field of Corporate Finance, Accounts and Strategic planning.

(ii) Past remuneration, recognition or awards, job profile and suitability:
Hariharan was President –Finance of Strides Shasun Limited and his total fixed remuneration was ₹ 11 Mn and Variable Pay was ₹ 3.2 Mn.

Hariharan being the Executive Director-Finance of the Company provides Corporate Finance, Accounts and Strategic planning of the Company.

(iii) Remuneration proposed :
The remuneration proposed is

From April 1, 2018 to June 30, 2018: fixed remuneration of ₹ 11 Mn and Variable Pay of ₹ 3.2 Mn.

From July 1, 2018 onwards: fixed remuneration of ₹ 12 Mn and Variable Pay of ₹ 3.2 Mn.

(iv) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)
The remuneration payable have been benchmarked with the remuneration being drawn by peers in similar capacity in pharmaceutical companies of comparable size in the pharmaceutical industry and has been considered by the Nomination & Remuneration Committee of the Company at the meetings held on April 11, 2018. and August 3, 2018. The profile of Hariharan, his responsibilities, complex business operations, industry benchmark and size of the Company justify the payment of said remuneration.

(v) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any :
Hariharan has no other pecuniary relationship with the Company except to the extent of his remuneration in the Company.

III. Other Information

Reasons of loss or inadequate profits, steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms

The Company has earned profits for the financial year ended March 31, 2018. Further the Company has taken appropriate steps to ensure profitability in future. The Company has initiated various measures towards achieving organisational and operating efficiencies and strengthening core competencies. The key focus areas would be profit maximisation, conservation of cash, operational efficiencies, cost and working capital containment. While it is difficult to give precise figures, the above initiatives are expected to improve further the productivity and profitability.

In terms of the provisions of the Companies Act, 2013, in the event of loss or inadequacy of profits in any financial year, the payment of remuneration to Executive Directors is governed by the limits prescribed under Section II of Schedule V of the Companies Act, 2013 or any amendment thereof.

IV. Disclosures as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1) A brief resume of the Director and nature of his expertise in specific functional areas

As mentioned in Section II of point number i, ii and iv

2) Disclosure of relationships between Directors inter-se

   Hariharan is not related to any of the Directors of the Company

3) Names of the listed entities in which the Director holdings directorship and the membership of Committees of the Board

   None

4) Shareholding of the director in the Company

   As at date of this notice, Hariharan holds 1,641 shares in the Company.

   Profile of Hariharan together with his Directorships and Committee Memberships held in other Companies forms part of Annexure 6 to the Board's Report.

   A copy of memorandum of terms of appointment of Hariharan is available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.00 noon on all the working days till the date of the AGM i.e. September 28, 2018.

   Except Hariharan and his relatives, none of the Promoters, Directors, Key Managerial Personnel of the Company are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

   The Board recommends passing of the proposed resolution stated in Item No. 11 as Special Resolution and requests your approval for the same.

Item No.12: Ratification of remuneration of Mr. K. Suryanarayanan as Cost Auditor

The Board after considering the recommendation of the Audit Committee, the Directors have appointed Mr. K. Suryanarayanan, Cost Accountant, as the Cost Auditor of the Company for the financial year 2018-19 on a remuneration of ₹ 2,50,000/-. Pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the aforesaid remuneration approved by the Board of Directors is required to be ratified by the Shareholders The Ordinary Resolution appearing in the notice is sought to be passed for this purpose.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

The Board recommends passing of the proposed resolution stated in Item No. 12 as an Ordinary Resolution and requests your approval for the same.

Item No.13: To obtain shareholders' approval for transactions with Strides Pharma Science Limited

Members of the Company are hereby requested to note that Section 188(1) of the Companies Act, 2013 read with the relevant Rules made there under requires any transaction entered into between related parties for selling or otherwise disposing of, or buying, property of any kind' where the amount involved exceeds ₹ 1000 million or 10% of the turnover whichever is lower, to be approved by the members of the Company by way of a resolution.

As per Regulation 23 of Securities Exchange Board of India(Listing obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation") any material related party transaction, i.e., a transaction to be entered into which individually or together with previous transactions in a given financial year with a related party exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company, requires the approval of the members of the Company by way of Ordinary Resolution

Since the aggregate sale or other transactions between the company and Strides Pharma Science Limited is expected to exceed 10% of the turnover, the transaction requires approval of the shareholders.

The Audit Committee and the Board of Directors at their respective meetings held on August 3, 2018, approved the aforementioned related party transaction.

Except Mr. Jitesh Devendra, Managing Director of the Company, who is also part of the Promoter group of Strides; Mr. Deepak Vaidya, who is a non-executive director of Strides and Solara, and common promoters of Strides and Solara, none of the other Promoters/ Directors/ Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution except to the extent of their shareholding as Members, if any.

The Board recommends the resolution as set out in Item No. 13 of the notice for approval of Members as Ordinary Resolution.

Item Nos. 14 & 15: Solara Employee Stock Option Plan 2018 (Solara ESOP 2018)

The Nomination and Remuneration Committee and the Board of Directors of the Company at their meetings held on August 3, 2018 have approved formulation and implementation of Solara Employee Stock Option Plan 2018 (SOLARA ESOP 2018).

Your Company believes that equity based compensation scheme is an effective tool to reward the employees (including Directors) of the Company and its subsidiaries in the growth of the Company, to create an employee ownership in the Company, to attract new talents, to retain the key resources in the organisation and for the benefit of the present and future employees of the Company and its subsidiaries. With this objective in mind, your Company intends to implement SOLARA ESOP 2018 for the employees.

The Company seeks members' approval in respect of SOLARA ESOP 2018 and grant of Stock Options to the eligible employees of the Company and its subsidiaries as decided in this behalf from time to time in due compliance of the Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI SBEB Regulations).

Disclosure in terms of Regulation 6 (2) of SEBI SBEB Regulations 2014 as notified by SEBI vide Circular CIR/CFD/POLICY CELL/2015 dated June 16, 2015 are as under:

a) Brief description of the Plan

The Company proposes to introduce SOLARA ESOP 2018 for the benefit of the eligible employees and eligible Directors of the Company and its subsidiaries and such other eligible persons as may be determined as per SEBI SBEB Regulations. Options granted under the Plan shall vest on satisfaction of vesting conditions which can thereafter be exercised resulting in allotment/issue of equity shares of the Company.

The Nomination and Remuneration Committee (Committee) of the Board of Directors shall act as Compensation Committee for administration of SOLARA ESOP 2018. All questions of interpretation of the SOLARA ESOP 2018 shall be determined by the Committee and such determination shall be final and binding upon all persons having an interest in SOLARA ESOP 2018.

b) Total number of Options to be granted

The total number of options to be granted under SOLARA ESOP 2018 shall not exceed 12,30,000 (twelve lakh thirty thousand) options constituting 4.98% of the paid-up equity share capital of the Company as on June 30, 2018. Each option when exercised would be converted into 1 (one) Equity Share of ₹ 10/- (Rupees ten only) each fully paid-up.

c) Identification of classes of employees entitled to participate in SOLARA ESOP 2018

All the permanent employees (including a Director, whether whole-time or not) of the Company and its subsidiaries as identified by the Committee shall be eligible to participate in the Scheme.

The following persons shall not be eligible to participate in SOLARA ESOP 2018:

1. an employee who is a Promoter or belongs to the Promoter Group as defined in the SEBI Regulations; or

2. a Director who either by himself/herself or through his/ her relatives or through anybody corporate, directly or indirectly, holds more than ten percent of the issued and subscribed Equity Shares of the Company; or

3. Independent Directors. In case any grant of options would be contemplated to the employees of any Subsidiary Company set-up if any in future and that of the Holding Company, separate approval of the Shareholders shall be obtained as per provisions of SEBI SBEB Regulations, prior to such grant.

d) Requirements of vesting and period of vesting

All the options granted on any date shall vest not earlier than One year and not later than three years or as may be permitted by SEBI SBEB Regulations as amended from time to time from the date of grant of options as may be determined by the Committee. The Committee may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable laws and in the interest of the option grantee.

The vesting dates in respect of the options granted under the Plan shall be determined by the Committee and may vary from an employee to employee or any class thereof and/or in respect of the number or percentage of options granted to an employee.

Options shall vest essentially based on continuation of employment and apart from that the Committee may prescribe achievement of any performance condition(s) for vesting.

e) Maximum period within which the options shall be vested

All the options granted on any date shall vest not later than three years or as may be permitted by SEBI SBEB Regulations as amended from time to time from the date of grant of options and as may be determined by the Committee.

f) Exercise price or pricing formula

Exercise Price shall be decided by the Committee, which may be at a discount to the market price subject to a minimum of the face value.

g) Exercise period and the process of Exercise

The exercise period would commence from the date of vesting and will expire on completion of third years or as may be permitted by SEBI SBEB Regulations as amended from time to time from the date of respective vesting of options.

The vested Option shall be exercisable by the employees either in full or in tranches as may be permitted by the Plan by a written application to the Company expressing his/her desire to exercise such Options in such manner and on such format as may be prescribed by the Committee from time to time. The Options shall lapse if not exercised within the specified exercise period.

h) **Appraisal process for determining the eligibility of employees under SOLARA ESOP 2018**
The Compensation Committee shall, based on the various criteria for selection of the Employees (which criteria shall be decided from time to time by the Compensation Committee for assessing the contribution of the Employees) decide on the Employees who qualify under the Plan and the number of Options of the Company that may be issued to them. Broadly, the criteria would be work related or academic performance of the Employee, length of service, seniority, potential of the employee to contribute to the Company's goals, high market value/difficulty to replace, high risks of losing employee to competitor etc.

i) **Maximum number of Options to be issued per employee and in aggregate**
The maximum number of options that may be granted to an eligible employee of the Company and its subsidiaries under the Plan, in any financial year and in aggregate under the SOLARA ESOP 2018 shall not exceed 1% of the outstanding issued equity capital on case to case basis and shall not exceed the limits, if any, prescribed under SEBI SBEB Regulations and other applicable laws.

j) **Maximum quantum of benefits to be provided per employee under the Scheme**
The maximum quantum for benefits per employee shall not exceed 1% of the total paid up equity shares of the Company.

k) **Whether the scheme would be implemented and administered directly by the Company or through a Trust?**
The scheme would be implemented and administered directly by the Company

l) **Whether the scheme involves new issue of shares or secondary acquisition by trust or both?**
The scheme involves new issue of shares of the Company

m) **The maximum amount of loan to be provided for implementation of the schemes by the Company to the trust, its tenure, utilization, repayment terms etc.**
Not applicable

(n) **Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purpose of the scheme.**
Not applicable

o) **Accounting Policies and Disclosures**
The Company shall follow the Indian Accounting Standard (Ind-AS) and/or any relevant Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India from time to time, including the disclosure requirements prescribed therein.

Consent of the members is being sought by way of a special resolution pursuant to Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI SBEB Regulations. A draft copy of the SOLARA ESOP 2018 is available for inspection at the Company's Registered Office during normal business hours on all working days till the date of the AGM.

The options to be granted/shares to be issued under the scheme shall not be treated as an offer or invitation made to public for subscription in the securities of the Company.

The Board of Directors recommends the Resolution Nos. 14 and 15 of the Notice for the approval of the Members by means of a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company including their relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolutions except to the extent of the ESOPs that may be granted to them.

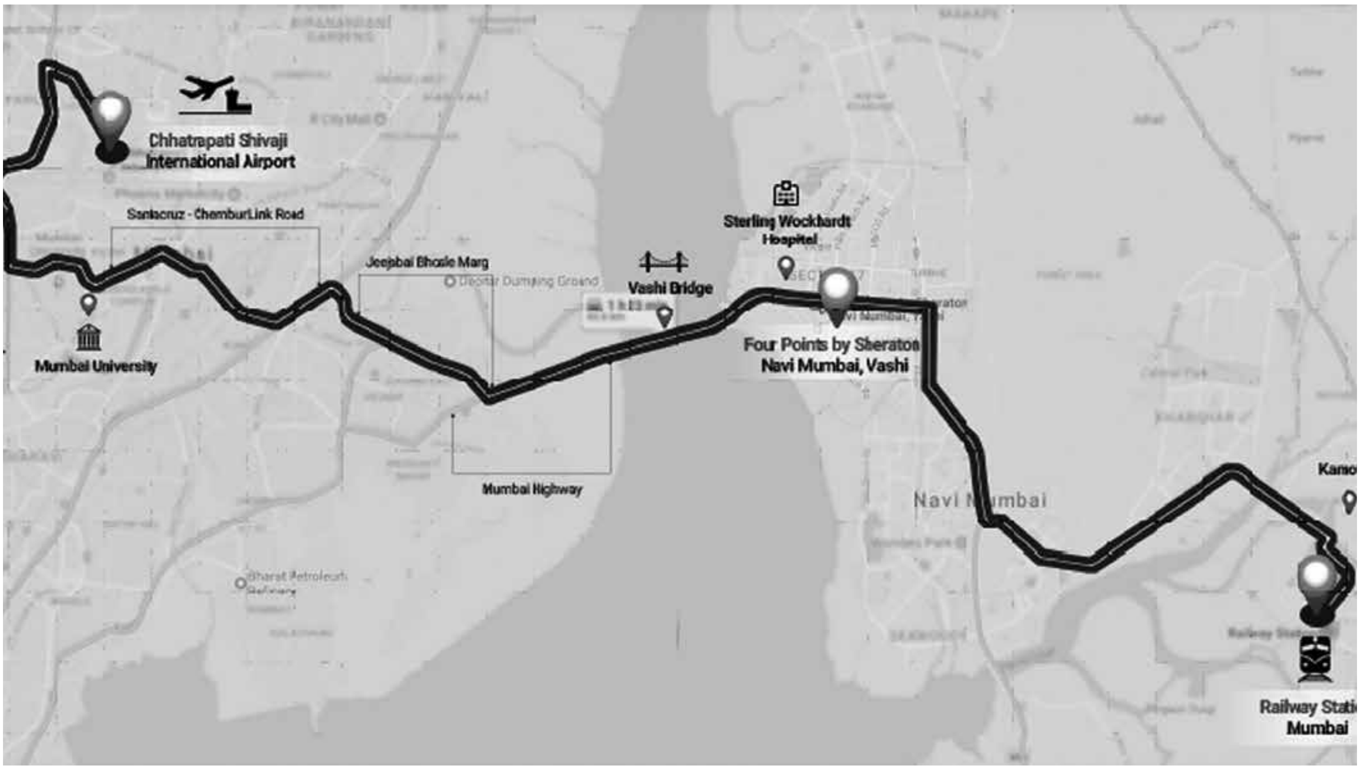
By the Order of the Board
For Solara Active Pharma Sciences Limited

Place: Bengaluru
Date: 03.08.2018

S. Murali Krishna
Company Secretary

ROUTE MAP TO THE AGM VENUE

Venue: Four Points Sheraton, Plot No. 39/1, 6 to 15, Sector 30A, Vashi, Navi Mumbai - 400701



SOLARA ACTIVE PHARMA SCIENCES LIMITED

(formerly called SSL Pharma Sciences Limited)

CIN: U24230MH2017PLC291636
Registered Office: 201, Devavrata, Sector 17, Vashi, Navi Mumbai, Mumbai 400 703
Tel: +91 22 27892924; **Fax:** +91 22 27892942
Corporate Office: 'Batra Centre', No. 28, Sardar Patel Road, Post Box No. 2630, Guindy, Chennai 600 032
Tel: + 91 44 43446700, 22207500; **Fax:** +91 44 22350278
Email: investors@solara.co.in; **Website:** www.solara.co.in

Attendance Slip

Annual General Meeting – September 28, 2018

Please complete this Attendance Slip and hand over at the entrance of the Meeting Hall.

Name of the Member	
Folio / DP & Client ID No.	
No. of shares held	

I certify that I am a member/ proxy of the member of the Company.

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company, held at12.15 p.m. at Four Points by Sheraton, Plot No. – 39/1, 6 to 15, Sector 30A, Vashi, Navi Mumbai – 400 701 on Friday, September 28, 2018

Name of the attending Member/ Proxy
(In BLOCK Letters)

Signature of the attending
Member/ Proxy

SOLARA ACTIVE PHARMA SCIENCES LIMITED

(formerly called SSL Pharma Sciences Limited)

CIN: U24230MH2017PLC291636

Registered Office: 201, Devavrata, Sector 17, Vashi, Navi Mumbai, Mumbai 400 703

Tel: +91 22 27892924; **Fax:** +91 22 27892942

Corporate Office: 'Batra Centre', No. 28, Sardar Patel Road, Post Box No. 2630, Guindy, Chennai 600 032

Tel: + 91 44 43446700, 22207500; **Fax:** +91 44 22350278

Email: investors@solara.co.in; **Website:** www.solara.co.in

Proxy Form – Form MGT-11

Annual General Meeting – September 28, 2018

Name of the member(s): ....

Registered Address: ....

Email: ....

Folio No. / Client ID ....

DP ID ....

I/ We, being a member/ members of .... shares of the above named Company, hereby appoint:

Name: .... Email: ....

Address : ....

.... Signature: .... Or failing him/ her

Name: .... Email: ....

Address : ....

.... Signature: .... Or failing him/ her

Name: .... Email: ....

Address : ....

.... Signature

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the ANNUAL GENERAL MEETING of the Company, to be held on Friday, September 28, 2018 at 12.15 p.m. at Four Points by Sheraton, Plot No. – 39/1, 6 to 15, Sector 30A, Vashi, Navi Mumbai – 400 701 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution Number	Resolutions	Type of Resolution
Ordinary Business		
1	Adoption of Standalone financial statements for the year ended March 31, 2018	Ordinary Resolution
2	Adoption of Consolidated financial statements for the year ended March 31, 2018	Ordinary Resolution
3	Appointment of Director in place of Mr. Jitesh Devendra, retiring director	Ordinary Resolution
4	Appointment of Director in place of Mr. S. Hariharan, retiring director	Ordinary Resolution
5	Appointment of M/s. Deloitte Haskins & Sells LLP as Statutory Auditors of the Company	Ordinary Resolution
Special Business		
6	Appointment of Mr. Deepak C Vaidya as Non-Executive Director	Ordinary Resolution
7	Appointment of Mr. Nirmal P Bhogilal as an Independent Director of the Company	Ordinary Resolution
8	Appointment of Mr. R. Ramakrishnan as an Independent Director of the Company	Ordinary Resolution
9	Appointment of Dr. Kausalya Santhanam as an Independent Director of the Company	Ordinary Resolution
10	Appointment of Mr. Jitesh Devendra as Managing Director of the Company	Special Resolution
11	Appointment of Mr. S. Hariharan as Executive Director-Finance of the Company	Special Resolution
12	Ratification of remuneration payable to Mr. K. Suryanarayanan, Cost Auditors of the Company for the Financial Year 2018-19	Ordinary Resolution
13	To obtain approval of transactions with Strides Pharma Science Limited (formerly known as Strides Shasun Limited)	Ordinary Resolution
14	To obtain approval of Solara Employees Stock Option Plan 2018	Special Resolution
15	To obtain approval of Solara Employee Stock Plan 2018 to the employees of subsidiary companies	Special Resolution

Signed this __________ day of ______________ 2018

Affix revenue stamp

____
Signature of the Member

____
Signature of the Proxy

NOTE:

(1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE IN THE MEETING INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy to be effective should be duly completed and deposited at the Registered Office/ Corporate Office of the Company not less than 48 hours before the commencement of the Meeting.

Disclaimer

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements—written and oral—that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe that we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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