SOLARA
Active Pharma Sciences

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August 28, 2024

The BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	**The National Stock Exchange of India Limited** Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051
Scrip Code: 541540, 890202	**Scrip Code: SOLARA, SOLARAPP**

Dear Sir / Madam,

Subject: Notice of 7th Annual General Meeting and Annual Report for the Financial Year 2023-24

Pursuant to Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice convening 7th Annual General Meeting and the Annual Report for the financial year 2023-24 which will be circulated to the shareholders through electronic mode. The 7th AGM is scheduled to be held on Friday, September 20, 2024, at 10.00 A.M (IST) through Video Conference (VC) / Other Audio-Visual Means (OAVM), in accordance with the Circulars issued by Ministry of Corporate Affairs (MCA), SEBI and applicable provisions of the Companies Act, 2013 and the Rules made thereunder.

The Notice and the Annual Report will be made available on the Company's website at https://solara.co.in/investor-relations/annual-reports

The schedule of AGM is as set out below:

Particulars	Details
Date and Time of AGM	September 20, 2024, 10.00 AM (IST).
Eligible to vote	Cut-off date Friday, September 13, 2024
Remote e-voting start date and time	September 17, 2024; 9.00 AM (IST)
Remote e-voting end date and time	September 19, 2024; 5.00 PM (IST)
Website of CDSL for remote e-voting and participation in the AGM	https://www.evotingindia.com/

Kindly take the above information on records.

Thanking You,

Yours Faithfully,
For Solara Active Pharma Sciences Limited

SUDDAPALLI MURALIKRISHNA
Digitally signed by SUDDAPALLI MURALIKRISHNA
Date: 2024.08.28 15:08:22 +05'30'

S. Murali Krishna
Company Secretary

Encl.: as above

Annual Report 2023-24

SOLARA
Active Pharma Sciences

NAVIGATING CHALLENGES.
EMERGING STRONGER.

Contents

Key Highlights of FY 2023-24

FINANCIAL

₹1,294.29 Crores
Revenue

37.7%
Reported gross margins

₹487.05 Crores
Reported gross profit

(₹566.96) Crores
Reported Net Loss after tax

ENVIRONMENT

95 Kilo Joules
of energy utilised for every rupee of turnover in FY24 (79 Kilo joules in FY23)

60 Metric tonnes
of CO_2 equivalent to per ₹ crores in FY24 (37 metric tonnes of CO_2 in FY23)

30 Millilitre
of water utilised for every rupee of turnover in FY24 (25 Millilitre in FY23)

SOCIAL

₹1.27 Crores
Spent in CSR activities

GOVERNANCE

4
Independent Directors on the Board including one woman director

Navigating Challenges. Emerging Stronger.

During the year in review, we focused on overcoming challenges to emerge stronger and ensure profitable growth moving forward.

Our journey is driven by an aggressive focus on high margin products, prioritising those that deliver higher returns.

We are implementing cost improvement programmes and optimising our network for maximum efficiency.

We are enhancing R&D productivity which is a key priority for boosting our research and development efforts to accelerate innovation.

We are also upskilling our workforce and nurturing future leaders to ensure a robust talent pipeline through manpower optimisation and leadership development.

We are optimising our working capital and debt to maintain a healthy balance sheet.

We are expanding our product portfolio and market penetration by entering new markets which will further enhance our reach and impact.

By focusing on these strategic areas, we are positioning ourselves for sustainable progress.

About Us

Committed to Advance our Purpose

Solara Active Pharma Sciences Limited (hereafter referred to as 'Solara', 'We', or 'Our Company') is a trusted leader in delivering high-quality API products, committed to providing superior healthcare solutions.

We also specialise in comprehensive Contract Research and Manufacturing Services (CRAMS), leveraging our expertise to identify and capitalise on growth opportunities. Our strategies are firmly anchored in a customer-centric approach, ensuring that we consistently meet and exceed market demands.

Our aim is to meet the evolving needs of our clients, while enhancing stakeholders' value by prioritising operational efficiency, continuous innovation, and strict adherence to regulatory standards.

To advance our expertise as an API specialist, we are committed to continuously enhance our product development capabilities and achieve technological breakthroughs, strengthening our competitive edge in the global arena.

With our vision, mission, and core values firmly entrenched as our organisational foundation, they serve as our guiding principles, steering our determination and adaptability as we pursue our purpose.

Our Purpose

Together for a healthier tomorrow

Our Vision

To be among the Top 10 Pure-Play global API companies that build significant value for our partners, stakeholders, and shareholders committed to protecting human life and the environment.

Our Mission

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

Our Core Values

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

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

Integrity
Our business stands on the pillar of integrity, honesty and fairness. Everything we do here stands the test of public scrutiny.

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.

Key Facts About Us

70+
Countries where we are present

6
Globally approved manufacturing facilities

One
State-of-the-art Research Centre

60+
Commercial Products

2,100+
Workforce

140+
Team of Scientists

Our Businesses

Primed for Enhanced Value Proposition

Solara epitomises an exclusive focus on API manufacturing, driven by a firm commitment to enhance patients' quality of life, serving with unmatched dedication for last three decades. Our comprehensive suite of Contract Research and Manufacturing Services (CRAMS) encompasses the entire value chain of novel chemical entities, highlighting our capability to meet the diverse and evolving needs of our clients. Leveraging our innovative and entrepreneurial spirit, we create an effective amalgamation of technology, science, and innovation, culminating in value-driven bespoke products that set new benchmark in industry.

APIs and Intermediates

We take pride in our design and manufacturing abilities, enabling us to develop top-quality commercial APIs across a wide range of therapeutic categories.

With a distinguished history spanning over three decades, we boast an impressive track record of success in bringing to market complex products, including cutting-edge polymer-based APIs and injectables. Leveraging our vast experience and expertise in the API industry, we extend our valued clients exceptional service, with a focus on delivering high-value products.

Currently, we offer over 60 commercial APIs. Our commitment to excellence has earned us a loyal following of customers in several countries across the world.

Going forward, we will maintain an aggressive focus on products with high profitability. We will prioritise cost control and improvement programmes through the exploration of alternate vendors and process optimisation. Additionally, we will implement austerity measures to reduce operating costs while ensuring that business continuity remains unaffected.

CRAMS

We embrace cutting-edge technological solutions to sustain our success in Contract Research and Manufacturing Services (CRAMS) business, paving the way for unparalleled growth. This strategic approach positions us well to harness technology effectively.

We offer a robust suite of services including, contract development and manufacturing, analytical services, impurity synthesis, and regulatory support to global clients. Our comprehensive service offerings span the entire value chain of a novel chemical entity, encompassing lead analogues and building blocks, reference studies, tailored synthesis for pilot campaigns, clinical supplies, extending upto commercial stages.

We are focused on enhancing client retention and foster repeat business by delivering exceptional service quality.

Our expertise in process development for early-phase drug development compounds surpasses the industry standard. Moreover, our GMP manufacturing accreditations worldwide instil confidence in our clients regarding the supremacy of our quality standards.

We collaborate with pharmaceutical companies across North America, Europe, and Japan to constantly explore new niche technologies, thereby cementing our position as the preferred partner for clients worldwide.

Going forward, we will leverage existing technologies while investing in the development of new technologies to stay at the forefront of innovation. Our strategy will include a greater emphasis on expanding our presence in the US market. Additionally, we will focus on securing new business opportunities from Big Pharma companies to drive growth and enhance our market position.

WIDE GAMUT OF SERVICES ACROSS THE DEVELOPMENT CHAIN

Chemistry	Pre-clinical	Phase 1-Phase 3	Commercial
Hit-to-lead	Synthesis and purification	Process optimisation through process understanding	Process validation
Lead optimisation	Reference standard and impurities	cGMP production	Manufacturing
			Life-cycle management

Determined to Leverage Unique Capabilities

Solara boasts a unique set of API manufacturing facilities that are globally compliant, holding essential regulatory approvals and maintaining the highest quality standards. Our state-of-the-art facilities are designed to handle diverse requirements, ranging from large volume APIs to small-scale specialty APIs, drawing traction from our versatile manufacturing capabilities.

By integrating advanced technology, we deliver an unparallel competitive edge, offering a diversified product portfolio that mitigates single-product concentration risks. Deploying this strategic approach, we meet the varying demands of our clients, while consistently delivering exceptional quality and reliability.

OUR MANUFACTURING FACILITIES ADHERE TO STRINGENT QUALITY SYSTEMS TO ENSURE GLOBAL COMPLIANCE

Our priority focus on technology and production processes grants us a distinctive competitive edge.

Our expertise spans various chemistry techniques, encompassing high vacuum distillation, hydrogenation, halogenation, Grignard reactions, polymer chemistry, and lyophilisation, among others.

Our API facilities are diligently aligned with global regulatory requirements, adhering to the highest quality standards.

Our established capacity effectively mitigates the risks associated with over-reliance on specific product concentrations.

Our manufacturing capabilities are versatile, enabling us to handle both large and small volumes of APIs seamlessly.

Our team of highly skilled professionals with diverse manufacturing expertise ensure adept handling of various production requirements.

POLYMER

Insoluble therapeutic polymers, a subset of polymers, function by isolating specific toxic substances in the gastrointestinal tract, differing from small-molecule medications eliminated via urine. These medications are not absorbed in the GI tract or bloodstream, ultimately excreted via faeces, alleviating strain on the kidneys. Furthermore, our expertise in polymer-drug characterisation and manufacturing resulted in the development of a portfolio that includes Sevelamer Carbonate, Sevelamer HCl, Patiromer, Colesevelam and Colestipol.

Facilities Across India

1

AMBERNATH

Multi-purpose API and intermediate facility

2

MYSURU

Key intermediate manufacturing site

3

MANGALURU

Niche as well as large-volume APIs and advanced drug intermediates

4

VIZAG

State-of-the-art greenfield facility

5

CHENNAI

Research and innovation centre

6

PUDUCHERRY

One of the world's largest Ibuprofen manufacturing facilities

Highly flexible pilot plant with a broad range of equipment

7

CUDDALORE

Multi-purpose API and intermediate facility

Research & Development

Motivated to Lead Innovation-driven Progress

Solara thrives on robust in-house R&D capabilities, that play an instrumental role in significantly boosting our agility and effectiveness.

With cutting-edge technologies and advanced capabilities, including catalytic hydrogenation, hydride reductions, organometallic reactions, and hazardous reactions, we continuously push the boundaries of innovation in the dynamic pharmaceutical landscape.

Our focused dedication to regulatory compliance across the world positions us for accelerated growth in diverse markets.

R&D Operations

Technical Expertise
We consistently deliver pharmaceutical products of exceptional quality, guided by our seasoned technical leadership, offering strategic advantages to both our partners and customers.

Product Selection
We prioritise high-margin molecules with robust chemistry capabilities and employ rapid launch strategies for new molecules and market extensions. Our focus lies in strategic product selection to maximise value generation.

Regulatory Filings
We ensure seamless regulatory compliance worldwide, harnessing our adept intellectual property assessment skills and global regulatory expertise.

Development
We innovate new and superior technologies across the entire cycle at minimal cost by virtue of our R&D proficiency.

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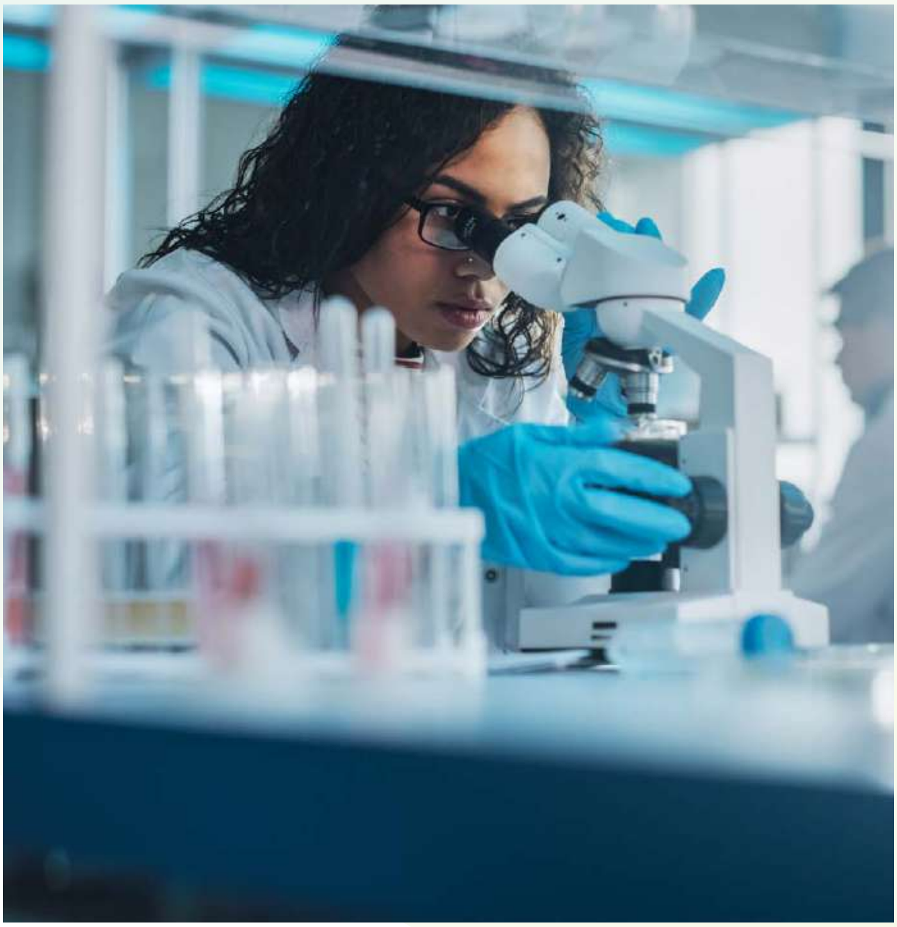
Synthetic Development Capabilities

- Infrastructure - 7 synthesis labs - 60 fume hoods - 7 walk-in FH - HPAPI lab - Flow chemistry lab - Process safety lab - Process engineering lab	- Technical staff - 140+ scientists - Passionate about chemistry/service - Highly qualified - Experienced in CRO - Excellent track record of delivery in full	- Equipment - Parallel synthesisers - Radley Reactors - Lyophiliser - Hydrogenation - Photo reactor - Flow reactors	- Compliance - Safety - IP owned by customer - Restricted entry access - Restricted mobile access



WAY FORWARD

Looking ahead, the outlook for innovation remains robust, fuelled by technological advancements, market dynamics, and evolving healthcare requirements. Our agile and forward-thinking nature positions us favourably to seize emerging opportunities and shape our future effectively.

Message from MD and CEO

"We are confident that with the course correction measures initiated, Solara is on the right track and is poised to return to its highs as we move ahead.

Focus and Perseverance are Driving our Journey Forward

Dear Shareholders,

We are pleased to share our latest annual report, which underscores our commitment to fostering growth through a clear, strategic vision for the future. Despite numerous challenges, our performance exemplifies resilience and determination. This steadfast 'never say die' spirit is a testament to Solara's proactive response to unprecedented market volatilities.

The growth narrative of India remains robust amidst the rapidly evolving industry environment, faced with several challenges, including stiff competition, limited R&D investments, price fluctuations, and stringent pollution control regulations. Fuelled by increased investments and government initiatives, the country's impressive ascent in the API sector showcases its immense potential & Its prominence in the global market is anticipated to strengthen further in the years ahead.

Solara as a pure-play API player, is well-positioned at the forefront of this growth journey to capitalise on the external landscape, advancing and solidifying its position as a leader.

ROUND UP OF FY24

Despite the headwinds of FY24, we have successfully implemented a course correction strategy designed to reposition our company for future growth. Several decisive, primarily one-off actions have been initiated to realign our focus. With these strategic endeavours, we aim to circle back to our pre-Covid position on being a predominantly regulated market player, prioritising customer engagement and cost leadership.

In line with our course correction strategy, we have discontinued several tail-end products, which led to losses due to provisions for those inventories and from their liquidation.

Additionally, we encountered a one-off impact due to inventory reduction, a result of our efforts to optimise existing inventory levels predominantly coming from provisions for the Covid-19 inventory. These products, manufactured under a valid voluntary license from the innovator, were viable only during the Covid-19 period. Although their residual shelf life extends beyond the patent expiry, we have taken a conservative approach in provisioning, acknowledging the shift in market demand.

Among the setbacks we faced during the year was the unfortunate fire incident at our Puducherry facility in November 2023. The fire caused injuries to 14 workers; 12 of them were treated and discharged, but tragically, 2 succumbed to their injuries despite all efforts to save them. Additionally, the fire resulted in a loss of ₹ 62.5 crores. Furthermore, there were additional pressures on our balance sheet, leading to a one-time provisioning of ₹ 202.6 crores, which includes COVID-19 inventory.

These adversities only strengthened our commitment to bounce back with more vigour, demonstrating our focus and perseverance to long-term goals. Given the backdrop of these unique challenges, we reported a revenue of ₹1,249.3 crores in FY24, with a reported gross margin of ₹487 crores and with a reported loss after tax of ₹ 566.96 crores for the same period.

As a testament to all time readiness, we navigated an unplanned US FDA inspection at our Vizag facility and are pleased to report a flawless outcome, with zero 483 observations, reflecting our commitment to abiding by stringent regulatory standards.

The Vizag facility is a fully integrated ibuprofen manufacturing facility which was being underutilised and we aim to retrofit the facility into a state-of-the-art multipurpose site to support our future growth plans.

COURSE CORRECTION STRATEGY

The foundation of our strategy is an aggressive focus on products with high profitability. We aim to identify and prioritise offerings that generate higher returns. This targeted approach has allowed us to discontinue less profitable products and enhance our overall profitability.

Enhancing our thrust towards greater operational efficiency, we stay dedicated to stringent cost improvement programmes, critical for achieving the cost leadership goals we have set for ourselves. Through initiatives such as supply chain derisking, portfolio wide process improvements and implementing austerity measures that safeguard business continuity, we effectively plan to reduce operating costs. This unique positioning enables us to strategically manage expenses and optimise our supply chain dynamics to ensure a more efficient and cost-effective operation.

Further, we are optimising our manufacturing network by consolidating assets and capacities. By streamlining our operations, boosting efficiency, and maximising resource utilisation, this strategic initiative positions us for stronger and more sustainable growth going forward.

Our objective is to increase operating cash flows on a quarterly basis to improve free cash flows. Additionally, optimising our working capital will be crucial in maintaining a Net Debt to EBITDA ratio below 3x, ensuring financial resilience through a robust balance sheet. We have announced a rights issue to strengthen our balance sheet, with the proceeds expected to significantly reduce our debt burden and create a more resilient financial foundation. With this enhanced capability, we will be well-positioned to focus on generating free cash flow and further deleveraging our balance sheet, thereby securing our long-term financial well-being and business success.

Finally, at the heart of our organisation, we prioritise our people as our greatest asset. We remain committed to empower them, striving to make a positive impact in their lives. Building an inclusive workplace is our priority, that fosters an environment where our colleagues thrive and grow through tailored professional development programmes. Our employee centricity ensures that we attract and retain talent with the right skill sets and values. Through a thorough focus on employee well-being, we enhance overall productivity, drive performance, and ensure sustainable growth.

SUSTAINABILITY EFFORTS

Aligned with our environmental commitments, we prioritise the optimisation of power and fuel usage. Furthermore, we are working on improving the processes in Zero Liquid Discharge (ZLD) and Effluent Treatment Plants (ETP) across our facilities. Through these concerted efforts, we uphold our dedication to sustainability and responsible resource management.

Our CSR initiatives aim to create an empathetic and inclusive society. We aim to make sustainable positive impact within the community we operate through our meaningful interventions in healthcare, education, and community development, thereby paving the way for a sustainable living.

Strong governance and a robust risk culture are crucial to our organisational success, value creation, and sustainability. By upholding the highest ethical and corporate governance standards, we strive to foster a culture of ownership and responsibility. Our resilient risk framework ensures that emerging threats are identified, assessed, escalated, and addressed promptly. By instituting and nurturing a framework of accountability and ethical conduct, we safeguard the long-term interests of our stakeholders and cultivate lasting value.

WAY FORWARD

We are confident that with the course correction measures initiated, Solara is on the right track and is poised to return to its highs as we move ahead.

Driven by renewed vigour, we are poised to return to our historical highs in both revenue and EBITDA in the coming quarters. Our focus on adding new products and acquiring new customers is fortifying our portfolio.

Drawing strength from a resilient order book and guided by a proficient leadership team, we are on the right path to achieve the ambitious outcomes and guidance we have set. We believe these strategic efforts will propel us on a higher trajectory of growth, and ensure sustainable momentum, thereby reaffirming our commitment to delivering enhanced value to our shareholders.

Warm regards,

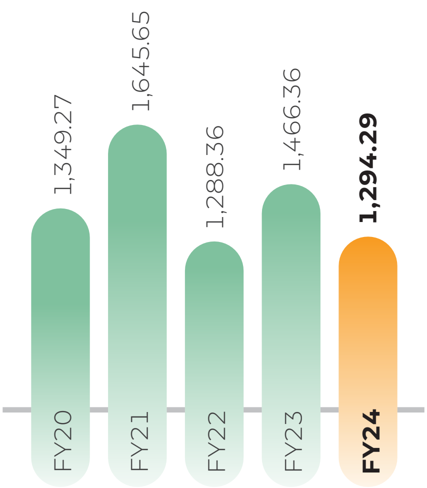
POORVANK PUROHIT

Managing Director & CEO

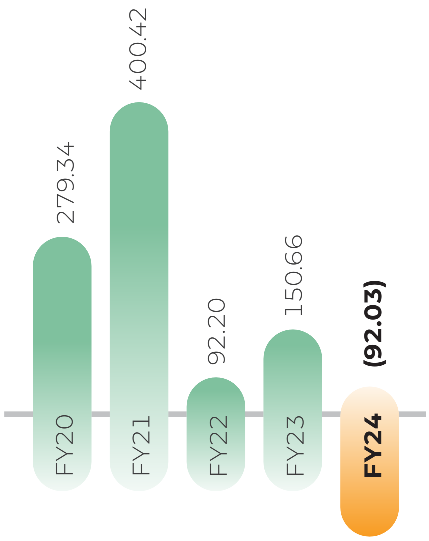
Key Performance Indicators

Persistent in Remaining Focused

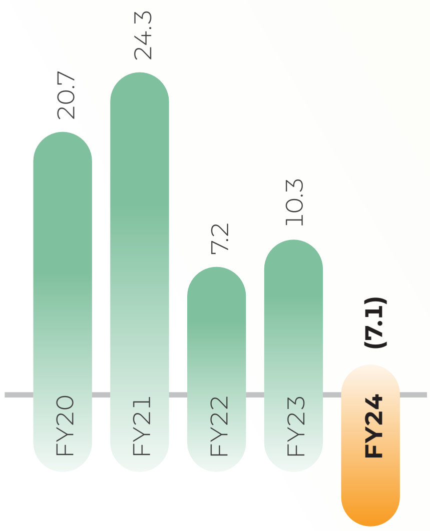
Revenue (₹ in Crores)



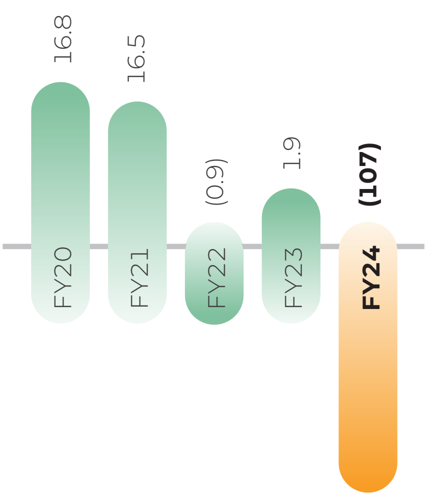
EBIDTA (₹ in Crores)



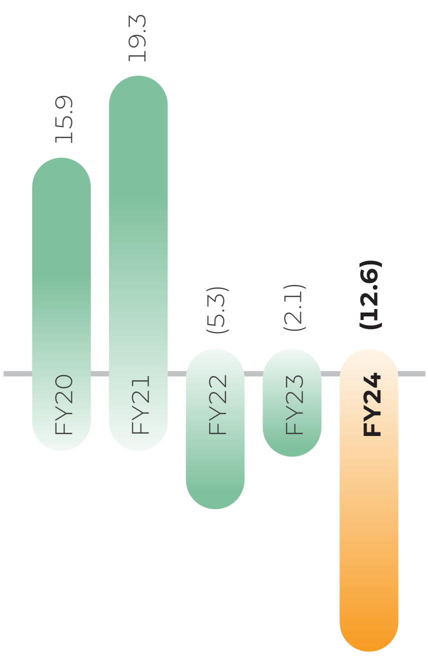
EBIDTA Margin (%)



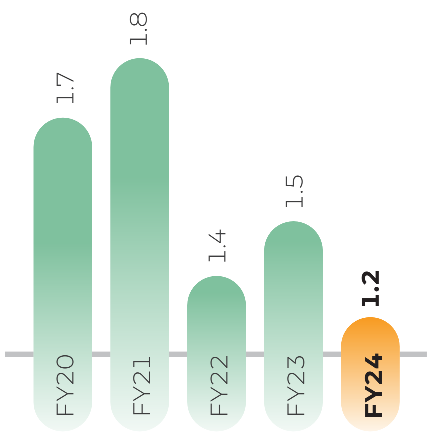
Return on Equity (ROE) (%)



Return on Capital Employed (RoCE) (%)



Fixed Asset Turnover (x)



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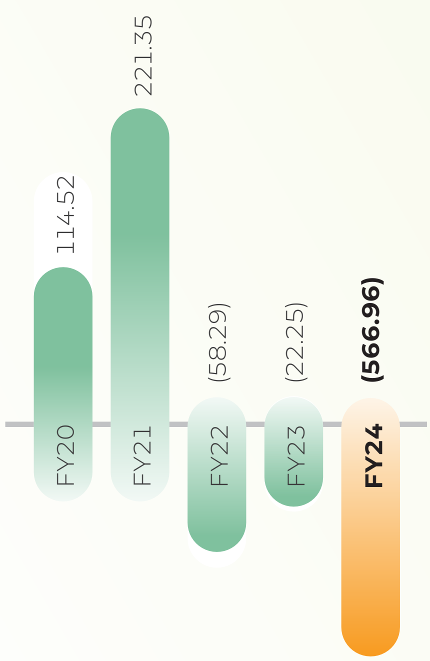
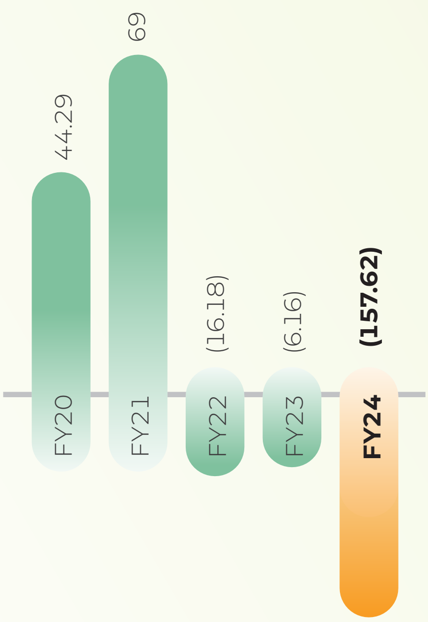
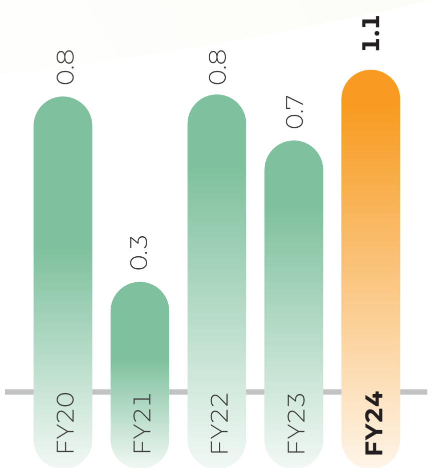
Profit After Tax (₹ in Crores)



Basic EPS (₹)



Net Debt/Equity (x)



Invested in Environmental Custodianship

We are committed to making a tangible difference through our green initiatives and have taken significant steps to reduce our environmental footprint. Our dedication to sustainable development is evident in our responsible use of resources, water recycling, and the promotion of clean energy in our manufacturing processes.

ENERGY EFFICIENCY

Energy efficiency is crucial for achieving a low-carbon economy by reducing energy demand and lowering emissions. To address global environmental challenges like climate change and global warming, we have initiated a process to increase our renewable energy usage from 27% to 40% by FY25, based on our FY21 baseline. Through these initiatives, we are committed to contributing to the UN Sustainable Development Goals 12 (Responsible Consumption and Production) and 13 (Climate Action), thereby reducing our GHG footprint and fostering a more sustainable future.

WATER MANAGEMENT

Water is essential to both the operation of our facilities and the daily lives of our communities. With the increasing importance of sustainable resource management, we are committed to safeguarding water for both present and future generations. At Solara, 5 out of our 8 units (including 6 manufacturing sites and 2 offices) have achieved Zero Liquid Discharge (ZLD) status. Our approach to water conservation is comprehensive, focusing on reducing, reusing, recharging, and recycling water across our operations. As part of our recycling efforts, we treat effluent water through tertiary processes, enabling its effective reuse as make-up water in cooling towers and for in-house gardening.

WASTE MANAGEMENT

Within our operations, we are committed to facilitating proper waste segregation and resource conservation by minimising waste generation. We carefully evaluate our products, selecting production routes that use less toxic chemicals and generate the least hazardous waste by-products. Our process development focuses on reducing the use of hazardous and toxic materials, continuously improving manufacturing processes, enhancing yields, and increasing solvent recovery. These efforts help us recycle materials more effectively and significantly reduce hazardous waste sent to landfills and incineration.

People

Fostering Continuous Engagement and Development

We prioritised strategic initiatives to boost our organisational capabilities and foster a positive work environment. Employee engagement is central to our approach, driving productivity and maintaining our competitive edge. Our efforts were focused on creating a supportive and inclusive workplace where employees feel valued, connected, and motivated to excel.

ENHANCED RECRUITMENT STRATEGIES

We revamped our recruitment process to attract top talent by leveraging advanced recruitment technologies, expanding our presence on professional and social networking platforms, and empowering employee referral channels. These efforts ensure that we onboard individuals who align with our Company values and objectives.

EMPLOYEE FEEDBACK AND COMMUNICATION

We implemented regular feedback mechanisms, including quarterly town halls with senior leaders, pulse surveys, and annual engagement surveys to gauge employee satisfaction and identify areas for improvement. This open communication channel ensures that employee voices are heard and concerns are addressed promptly. Based on feedback, we have completed several employee friendly initiatives.

EMPLOYEE DEVELOPMENT AND GROWTH

We are committed to continuous employee development. Our professional development programme includes on-the-job training, mentoring, and leadership development. Last year, we introduced customised training for female leaders and frontline managers through e-learning, allowing them to upskill at their own pace. Our new Learning Management System (LMS) now provides access to a wide range of development courses, organisational policies, and processes, enabling employees to enhance their knowledge and track their learning progress.

RECOGNITION AND REWARDS

Our recognition programmes have been enhanced to acknowledge the dedication of our employees. Categories like the CEO Excellence Award for Safety and Sustainability, Employee of the Month/Quarter, Living the Values, and Long Service Awards help boost morale and foster a culture of appreciation.

IMPACT AND FUTURE PLANS

Our efforts in employee engagement and development have resulted in a more motivated and committed workforce. Moving forward, our team remains dedicated to building a supportive and dynamic work environment that nurtures talent and promotes growth. We will continue to invest in our employees' development and well-being, refining our strategies by leveraging employee feedback and industry best practices to ensure our Company becomes a recognised Great Place to Work.

Community

Propelled by Holistic Social Advancement

Solara is dedicated to foster social advancement through community development by adeptly designing a range of impactful initiatives that extend beyond our operational footprint.

DISPENSARIES AND HEALTHCARE

Our dispensaries in Puducherry and Cuddalore continue to serve the community effectively, benefiting over 14,700 patients. The Cuddalore dispensary is undergoing renovation and refurbishment, with partial completion achieved, aiming to enhance healthcare services.

DRINKING WATER FACILITY

RO water plants in Puducherry are providing clean drinking water to nearly 4,800 people. Additionally, safe water is supplied to two villages in Kudikadu, Cuddalore, benefiting over 2,500 residents, significantly improving access to potable water in these areas.

COMMUNITY WELFARE & SUPPORT

We constructed a public restroom block at Baikampady Industrial Area, Mangaluru, to improve local sanitation. A health awareness camp in Puducherry benefited 50 participants, and over 2,500 cyclone-affected individuals in Puducherry and Cuddalore received packed food as part of our relief efforts.

EDUCATION

Infrastructure Improvement

We completed the construction of new classrooms for the Government Higher Primary School in Boragudde and the Government Higher Primary School in Karamburu, Mangaluru. This initiative has enhanced learning environments for 270 and 140 students in those two schools, respectively.

Board and Governance

Driven by Responsible Stewardship

Solara draws strength from a robust governance philosophy that prioritises conducting business with overarching objective of maximising long-term value for our shareholders, while adhering to highest standards of business ethics.

We uphold global best practices and continuously endeavour to elevate our corporate governance standards, exemplifying our unflinching commitment to integrity and responsible stewardship.

ROLE OF THE BOARD

Solara is led by a diverse team of professionals with extensive expertise and experience across various industries. Their collective knowledge provides invaluable guidance and strategic direction, shaping our overall approach. Through our robust governance structure, we assign specific roles and responsibilities to each member of our leadership team. This framework enables the effective implementation of our business strategy, fostering innovation, development, and exploration. Additionally, it ensures accountability and upholds robust control systems to mitigate risks effectively.

Our Board of Directors is the highest governing body, entrusted with upholding global standards of corporate governance. Serving as the central authority, it oversees and directs all business operations, requiring Board's approval for any deviations or changes from standard practices. Upholding stakeholder interests and steering Solara towards long-term objectives are among the pivotal responsibilities of our Board of Directors.

BOARD COMMITTEES

Our Board members have formed statutory committees to address critical issues, with each committee's creation formally approved by the Board and assigned distinct responsibilities. The Board monitors these committees to ensure their efficacy. Committee chairs regularly provide updates, progress reports, and stakeholder feedback to the Board, encouraging suggestions and observations.

Audit Committee

Nomination and Remuneration Committee

Stakeholders' Relationship Committee

Corporate Social Responsibility Committee

Risk Management Committee

CODE OF CONDUCT

Our firm commitment to the highest standards of corporate ethics and stakeholder interaction is enshrined in our Code of Conduct. This code articulates the core values and ethical principles to be followed by our entire management cadre.

In compliance with Listing Regulations and best practices of corporate governance, the Board has established a Code of Conduct for all Board Members and senior management, which is accessible on our website.

VIGIL MECHANISM

We pursue a Vigil Mechanism/ Whistleblower Policy for both Directors and employees of our Company. This policy empowers individuals to report genuine concerns or grievances regarding actual or suspected fraud, unethical behaviour, violations of our Company's Code of Conduct or Ethics Policy, and any other events that may adversely affect Solara's interests. By cultivating a culture of transparency and accountability, we ensure that all concerns are addressed swiftly and appropriately.

Board of Directors

MR. RAMAKRISHNAN R.
Independent Director and Chairman

Mr. Ramakrishnan is a highly experienced Chartered Accountant based in Bengaluru, specialising in direct tax, audit, and assurances, with an illustrious professional career spanning over four decades.

His leadership extends to serving as an Independent Director in publicly traded corporations and holding positions on the boards of several reputable firms for more than three decades. Furthermore, he serves as the Chairman of the Audit Committee and holds the role of Independent Director in his current company. His expertise and insights have made him a valuable asset in corporate governance and decision-making processes.

In addition to his professional commitments, Mr. Ramakrishnan is actively involved in philanthropic endeavours. He serves as the Managing Trustee of the RRK Foundation, a charitable organisation dedicated to provide financial assistance to economically disadvantaged students in upper secondary schools and implement various social projects for community upliftment. He holds a law degree from Bangalore University and is a Fellow Member of the Institute of Chartered Accountants of India.

DR. KAUSALYA SANTHANAM
Independent Director

Dr. Kausalya Santhanam, the founder of SciVista IP & Communication (www.scivistaip.com), is a registered patent attorney with the Indian Patent Office, the United States Patent and Trademark Office, and the Trademark Office.

She earned her PhD in Cell Biology and Immunology from Chandigarh's Post Graduate Institute of Medical Education and Research (PGIMER). Subsequently, she pursued post-doctoral research in Cancer Biology at the Centre for Cellular and Molecular Biology (CCMB) in Hyderabad, with her research findings being published in peer reviewed journals.

She continued her research journey as a National Research Council (NRC) Fellow at the Walter Reed Army Institute of Research in Washington, DC, focusing on molecular processes related to inflammation. Following this, she joined the Albert Einstein College of Medicine in New York to expand her knowledge of apoptotic molecule processes, which resulted in publications in reputable journals. Her professional journey also included a five-year tenure at CuraGen Corporation, a biopharmaceutical company in Connecticut, where she worked in the Intellectual Property Department.

MR. RAJENDRA KUMAR SRIVASTAVA
Independent Director

Mr. Rajendra Kumar Srivastava, Former Dean of the Indian School of Business (ISB) and Novartis Professor of Marketing Strategy and Innovation, has over 30 years of academic and administrative experience, including as Provost at Singapore Management University. His research in Marketing Strategy, Metrics, Brand/Customer Management, and Business Model Innovations in Services, B2B, Technology, and Emerging Markets is globally renowned.

A highly cited scholar with numerous awards, he has published in top marketing journals and developed key postgraduate and doctoral programmes. Mr. Rajendra Kumar Srivastava integrates academic and business perspectives, emphasising interdisciplinary research and cross-functional business processes, with prior distinguished roles at the University of Texas at Austin and Emory University.

Board of Directors

MR. RAJIV VIJAY NABAR
Independent Director

Mr. Rajiv has served as the Principal Chief Commissioner of Income Tax and has been a distinguished member of the Indian Revenue Service since 1986. With over 35 years of experience, he possesses expertise in Direct Taxes, International Taxation, Investigations, and Exemptions. He also served as the Member Secretary of the CBDT Committee for Speculative Transactions.

During his tenure at SEBI from 1992 to 1997, where he served as a Division Chief in its formative years, he achieved significant accomplishments. These include developing the Stock Watch System, playing a pivotal role in the creation of the Depositories Act, and setting up procedures in the Investigation arm. He presided as the Chairman of the SEBI Committee for Cash Flow Statement standards and Listing Agreement. He also served on the Boards of several stock exchanges.

Mr. Rajiv holds a Gold Medal in B.Sc. (Hons) from the University of Delhi. He earned an M.A. in Social Work from DSSW and holds a Diploma in Industrial Relations and Personnel Management from Bhartiya Vidya Bhavan, Delhi.

MR. ARUN KUMAR
Founder & Non-Executive Director

Mr. Arun Kumar is a remarkable first-generation entrepreneur known for his exceptional ability to identify and thrive in challenging business domains that possess high scarcity value. In 1990, he founded Strides Pharma Science Limited (Strides) and has since steered the company to global prominence with a distinctive business model that has created substantial value for its stakeholders. Mr. Arun Kumar's entrepreneurial skills extend beyond Strides. He played a pivotal role in co-founding and developing SeQuent Scientific Limited, which rapidly emerged as India's largest fully integrated animal health company within a span of just five years, owing to major investments. Subsequently, he strategically divested his ownership in SeQuent to the Carlyle Group in May 2020. As the promoter of Solara Active Pharma Sciences, a specialised API company, Mr. Arun Kumar is currently spearheading the organisation's rapid stride to emerge as India's second largest API business in less than four years.

His remarkable achievements are widely recognised. In 2000, he received the E&Y 'Entrepreneur of the Year' award in the healthcare sector. Furthermore, he was honoured with the Business Today 'India Best CEO Award (Mid-Sized Companies Category)' and named the 'Best CEO in the Pharma & Healthcare Industry' in 2014, highlighting his exemplary leadership skills and contributions to the industry.

MR. KARTHEEK CHINTALAPATI RAJU
Non-Executive Director

Mr. Kartheek brings over a decade of experience in investment and consulting to his role at iLabs. Focused on investments across pharma, power, and commercial real estate sectors, he is passionate about identifying opportunities.

He has worked closely with the Founders in scaling up the operations and driving the companies on a higher growth trajectory. Under Special Situations Platform of iLabs, Mr. Kartheek has played a pivotal role in acquiring distressed assets across sectors, including power, pharma, real estate and defence, and worked in close collaboration with the Management to transform them into profitable ventures.

He holds a Bachelor of Business Administration degree in Economics, Accounts and Finance from Claremont McKenna College. Prior to iLabs Group, Mr. Kartheek was a business analyst at McKinsey & Company's Dubai office.

Board of Directors

MR. MANISH GUPTA
Non-Executive Director

Mr. Manish is the Managing Director of Jagsonpal Pharmaceuticals Limited, a listed pharmaceutical company with a strong presence in India, and an Operating Partner at Convergent Finance, an India-focused private equity fund. He has over 30 years of corporate experience, with more than half of it in leading global businesses. Previously, he was the CEO and Managing Director of SeQuent Scientific for more than eight years, where he transformed the company into India's largest and one of the top 20 global animal health companies.

He also held leadership roles at Strides Pharma Science, Wockhardt, Pinewood Healthcare in Ireland, and Radiant Research in the USA. Manish has led over 25 M&A transactions globally, with a combined enterprise value exceeding US$3 billion. He holds a bachelor's degree in mechanical engineering and an MBA from S P Jain Institute of Management and Research.

MR. POORVANK PUROHIT
Managing Director & CEO

Mr. Poorvank brings over 21 years of strong B2B experience in both API and Finished Dosage Forms. Recognised as a transformational leader, he was honoured as the 'Person of the Year 2021' by Inner Review Magazine (March 2022 edition) and featured among 'Top 10 Chief Operating Officers 2021' across sectors by CEO Insights Magazine (September 2021 edition). His expertise lies in revitalising companies for exponential growth and ensuring sustainable organisational progress. He has successfully expanded business across diverse geographies, collaborating with top Innovator, Generic, and Dossier companies.

Mr. Poorvank is a Chemical Engineer from M. S. Ramaiah Institute of Technology, Bengaluru, and alumnus of IIM-B and Wharton Business School, reflecting his robust educational grounding. He has previously worked for leading pharma companies, including Hikal, Alembic, Jubilant, Ranbaxy (Sun Pharma), and R L Fine Chem (an API-focused company). Known for his strategic acumen, he continues to orchestrate business improvement programmes and provides visionary leadership throughout his tenure.

MR. MOHAN MUTHUNARAYANAN
Executive Director & COO

Mr. Mohan is a Chemical Engineering graduate from Annamalai University. In his professional career spanning over 20 years, he has held various leadership roles in Operations, heading the API & Formulations for Shasun and Solara.

He has also provided entrepreneur consulting to pharmaceutical companies in designing & implementing large projects on setting up manufacturing plants. Mohan has rejoined Solara in 2019 as Cluster Head for Puducherry and Vizag sites and has led operations through transformative growth. Mohan is currently working as Executive Director & COO of our Company.

Leadership Team

MR. POORVANK PUROHIT
Managing Director & CEO

MR. ARUN KUMAR BASKARAN
Chief Financial Officer

MR. MOHAN MUTHUNARAYANAN
Executive Director & COO

DR. HERO VELLADURAI
Chief Scientific Officer

MR. SUNDARA MOORTHY V.
Chief Quality Officer

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Active Pharma Sciences

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Management Discussion and Analysis

ECONOMIC OVERVIEW

In 2023, the global economy showcased resilience despite facing a series of significant challenges. The year began with supply chain disruptions due to the lingering effects of the pandemic, followed by surging inflation and a global energy and food crisis triggered by the geopolitical tensions between Russia and Ukraine. Despite these challenges, global growth experienced a turnaround, rising from a low of 2.3% in 2022 to 3.2% in 2023. This improvement was supported by several factors, including robust employment growth driven by supportive demand from government spending and resilient household consumption. Additionally, a surge in labor force participation boosted the supply side, further contributing to economic resilience. Fiscal stimulus measures and resilient household spending were instrumental in underpinning the upward trajectory of growth.

The early part of the year witnessed a considerable surge in inflation. At its peak, median headline inflation reached 9.4%, contributing to widespread concerns about rising living costs and economic instability. Central banks globally responded to the inflation surge with synchronised monetary policy tightening. However, as inflation began to moderate in the latter part of the year, expectations shifted towards a policy easing stance to support economic recovery. From mid-2023 onwards, there was a discernible trend of inflation gradually receding. By the end of the year, global headline inflation had declined, with median headline inflation averaging around 6.8% for the year. This decline, although gradual, provided some relief to households and businesses worldwide.

GLOBAL ECONOMIC GROWTH (IN %)

Regions	Estimate	Projections	
	2023	2024	2025
World	3.2%	3.2%	3.2%
Advanced Economies	1.6%	1.7%	1.8%
Emerging Market and Developing Economies	4.3%	4.2%	4.2%

Source: IMF, World Economic Outlook – April 2024

OUTLOOK

The global economic outlook for 2024 and 2025 is expected to remain steady, with growth hovering around 3.2%. This stability is underpinned by several key factors. The rebound in labour supply, fuelled by robust immigration flows in advanced economies, contributes to economic resilience. Additionally, the gradual fading of earlier energy price shocks alleviates pressure on inflation. Decisive monetary policy actions, coupled with improved frameworks, particularly in emerging markets, have been instrumental in stabilizing inflation expectations.

Looking ahead, certain actions are crucial for enhancing medium-term growth prospects globally. Rebuilding fiscal buffers is essential, as it helps lower funding costs and improves financial stability. Facilitating faster resource allocation can boost growth by enhancing efficiency and productivity. Addressing geoeconomic fragmentation is imperative to mitigate potential losses in efficiency and foster greater global cooperation. Moreover, intensifying efforts towards a green and climate-resilient future is critical for sustainable economic development, necessitating substantial investments in green technologies and initiatives. In navigating these challenges and seizing opportunities, multilateral cooperation is crucial for addressing complex global issues to drive progress and economic stability.

INDIAN ECONOMY

The Indian economy witnessed robust growth in FY24 with a GDP growth of 8.2%, building upon the previous year's growth of 7%. This growth was driven by robust private consumption, a continued government push for capital expenditure and an overall positive sentiment. Strong corporate profitability and improved balance sheets of banks and financial institutions facilitated sustained credit flow across various sectors, further bolstering economic activity. Key sectors such as construction and manufacturing played pivotal roles in driving economic expansion. The construction sector surged with a double-digit growth rate of 10.7%, while manufacturing registered substantial growth at 8.5%. India's external sector remained robust, with strong performances in merchandise and services exports. While merchandise exports moderated in growth due to global demand fluctuations, they still reached a significant milestone of USD 451.1 billion in FY23. Foreign investment inflows remained robust, affirming India's position as an attractive destination for investors.

Balancing energy needs with transitioning to cleaner sources, addressing skill gaps and ensuring healthcare access are crucial for sustainable growth. Short-term risks include volatile commodity prices and geopolitical tensions, while long-term challenges revolve around demographic shifts and technological disruptions.

While economic growth remained robust, inflation emerged as a concern. Despite moderation, with retail inflation easing to 5.09% in February 2024, the Reserve Bank of India maintained a cautious stance to ensure price stability and sustainable economic growth.

Looking forward, India's economic outlook remains promising, with the IMF projecting a growth rate of 6.8% for FY25. Private consumption and public investment, particularly in infrastructure, are expected to be primary drivers of growth. Inflation moderation is anticipated to support consumption, while fiscal discipline provides room for calibrated budgetary allocations.

However, risks from global uncertainties and domestic structural reforms need careful navigation to sustain growth momentum.

GLOBAL PHARMACEUTICAL INDUSTRY

The global pharmaceutical industry experienced a significant uptick in spending in 2023, with a shift in usage trends across geographies. This surge contributed to a substantial increase in the outlook for medicine spending through 2028, with a projected CAGR of 5-8%. This growth trajectory is expected to drive global spending on medicines at list prices to an impressive US$2.3 trillion. While the volume of medicine usage globally plateaued in 2023, projections indicate a steady growth rate of 2.3% annually through 2028. This growth will be primarily driven by robust expansion in emerging markets such as China, India, and other Asian regions, all poised to grow faster than 3%. Additionally, countries in Latin America are expected to continue their rapid growth trajectory, with an annual increase of 1.9% throughout the forecast period. However, North America, Western Europe and Japan are expected to exhibit slower growth in medicine usage, partly due to their already higher per capita use.

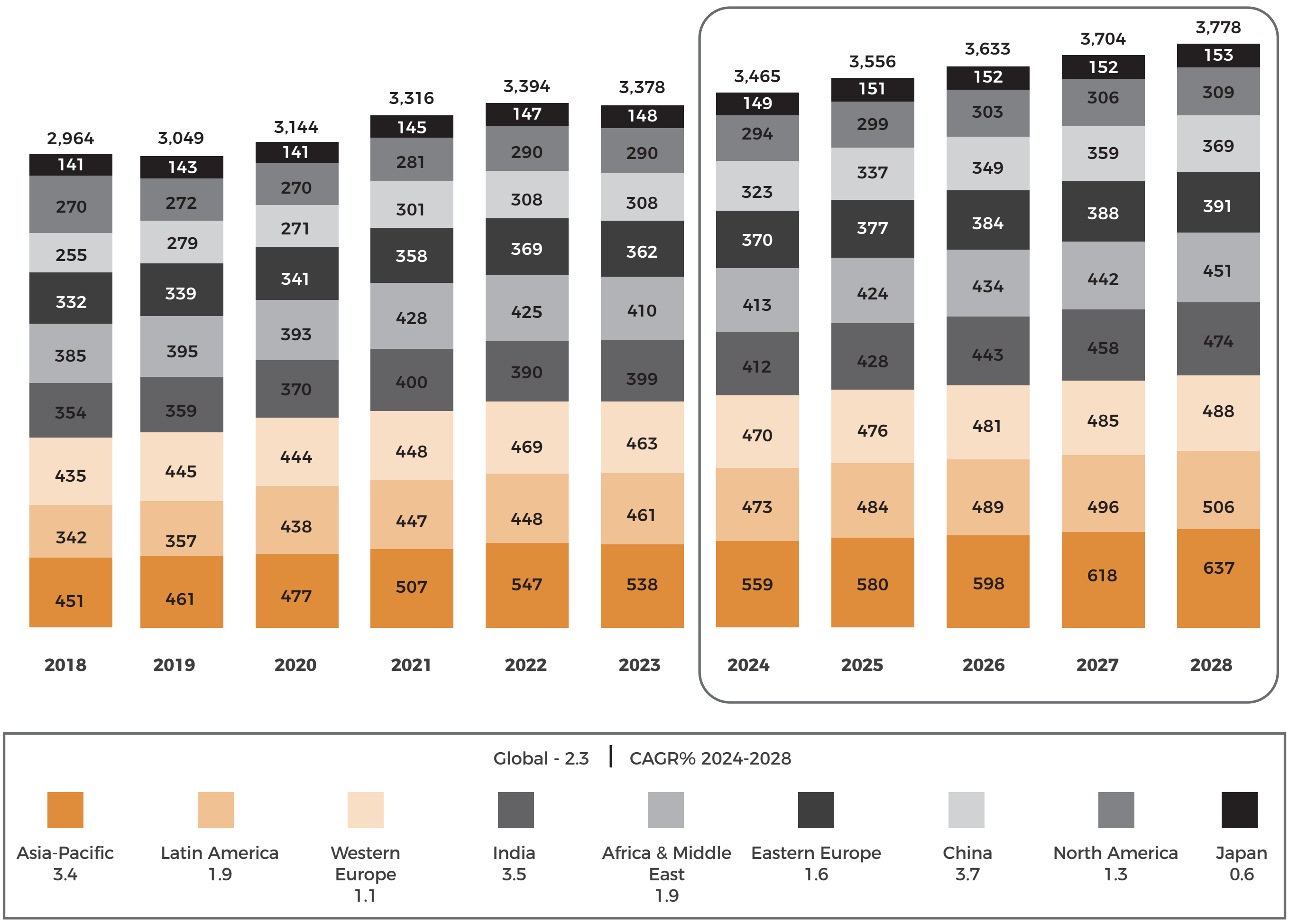
Therapy areas driving medicine usage have seen significant growth since 2018, particularly in immunology, endocrinology and oncology. Immunology treatments have witnessed a steady 12% rise in utilisation, with nearly half of immunology biologic volume facing biosimilar competition in developed markets, resulting in an incremental 5% increase in usage. Furthermore, GLP-1 agonist medicines, approved for both diabetes and obesity indications, have seen rapid uptake since 2021, coinciding with U.S. obesity approvals.

In conclusion, the global pharmaceutical industry is poised for continued growth and innovation, driven by emerging markets, therapeutic advancements and evolving healthcare needs. Despite challenges, the industry's resilience and adaptability ensure that it remains at the forefront of improving global health outcomes and accessibility to essential medicines.

Source: IQIVIA – Global Spending on medicine use 2024

PROJECTED GROWTH OF MEDICINE USE BY REGIONS

Historical an Projected use of medicines by region , 2018-2028, Defined Daily Doses (DDD) in billions



MARKET BY REGIONAL GROUP 2024 AND 2028

Global Pharmaceutical Market (US$ Billion)

Regions	2023	2019-2023 CAGR	2028	2024-2028 CAGR
Developed Markets	1,275.5	7.2%	1,775-1,805	5-8%
Pharmerging Markets	303.7	7.8%	400-430	10-13%
Other Markets	27.6	5.6%	33-37	3-6%
Global Pharmaceutical Market	**1,606.8**	**7.3%**	**2,225-2,255**	**6-9%**

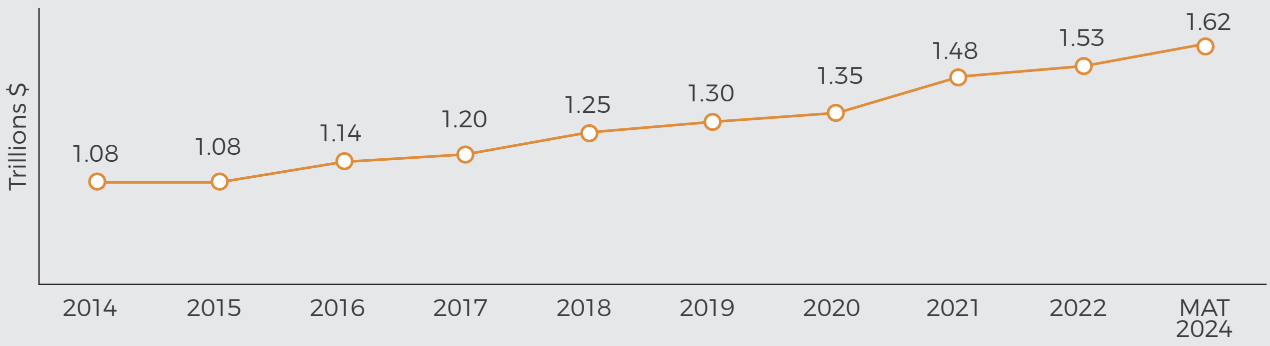
GLOBAL API INDUSTRY

The Active Pharmaceutical Ingredient (API) market stands as the cornerstone of the pharmaceutical industry, serving as the fundamental component driving therapeutic effects in pharmaceutical products. Whether derived from natural sources or synthesized chemically, APIs play an indispensable role in drug development and manufacturing processes globally. As the pharmaceutical landscape continues to evolve with advancements in therapeutics and innovative delivery systems, the demand for sophisticated APIs is poised to witness significant growth.

Global Molecule Market

The molecule market has demonstrated consistent growth over the years, with key players implementing strategic initiatives to sustain this upward momentum. According to IQVIA's MIDAS data, the global molecule market has experienced a notable surge in value between 2014 to MAT 2023. This sustained growth trajectory reflects the rising demand and value of APIs within the pharmaceutical supply chain.

Global molecule market growth[2]



Source : IQVIA MIDAS

GROWTH DRIVERS

Scaling Production Capacities: The expansion of manufacturing capabilities enables companies to meet increasing demand, introduce new products, and adopt technological advancements, fostering the overall development and sustainability of the API market.

Technological Advancements: Progress in drug discovery, development, and clinical innovations accelerates API market growth by facilitating the efficient manufacturing of novel therapeutic drugs utilizing APIs as essential raw materials.

Generics and Therapeutics Demand: The rising global burden of chronic diseases fuels pharmaceutical production, driving the demand for APIs. Generic drugs, offering equivalent efficacy to brand-name counterparts at lower costs, witness heightened demand, particularly in the treatment of chronic ailments.

Impact of Geriatric Population: The expanding global geriatric demographic serves as a significant driver for the API market, with age-related health issues contributing to elevated demand for pharmaceuticals, thereby influencing API market growth.

Global Health Crisis Impact: Recent global health crises, such as the COVID-19 pandemic, have underscored the critical role of the pharmaceutical sector, resulting in market expansion. Intensified efforts in vaccine discovery and development by pharmaceutical companies and biopharmaceutical businesses have further positively impacted the API market.

Forecast and Future Trends

The pharmaceutical API manufacturing market has witnessed robust growth in recent years and is projected to continue this upward trajectory. With a compound annual growth rate (CAGR) of 6.2%, the market size is expected to reach US$219.76 billion in 2024. Looking ahead, the forecast period anticipates even stronger growth, with the market projected to reach US$279.03 billion in 2028, driven by factors such as the aging population, rapid technological advancements, rising prevalence of cancer, and increasing mergers and acquisitions. Key trends in the forecast period include a focus on production facility expansion, the utilisation of artificial intelligence (AI), greener API manufacturing practices and increased investments.

Source: IQVIA: API Market Overview, The Business Research Company

GLOBAL CONTRACT RESEARCH AND MANUFACTURING SERVICES (CRAMS)

Contract Research and Manufacturing Services (CRAMS) include the outsourcing of product development and research services to external entities, offering cost-effective solutions for pharmaceutical and biotechnology companies. CRAMS encompass a spectrum of services, primarily manufacturing and research, catering to various stakeholders in the pharmaceutical industry, including pharmaceutical and biotechnology companies, medical device companies and academic institutes.

The CRAMS market has experienced robust growth in recent years, with the market size expected to reach US$145.37 billion in 2024, reflecting a compound annual growth rate (CAGR) of 9.5%. This growth can be attributed to the increasing trend of outsourcing, rising complexity in drug development, strategic focus on core competencies, regulatory pressures, and the globalization of the pharmaceutical industry. Looking ahead, the market is projected to witness rapid growth, reaching US$214.51 billion in 2028, at a CAGR of 10.2%. Factors such as increasing drug development pipelines, focus on time and cost efficiency, advancements in biopharmaceuticals, and customization of services are expected to drive this growth. Regionally, North America currently dominates the CRAMS market, with Asia-Pacific expected to witness faster growth in the forecast period.

GROWTH DRIVERS

Rising incidence of chronic diseases among the ageing population drives demand for pharmaceutical solutions.

Increasing geriatric demographic leads to higher prevalence of diseases like cancer, diabetes, Alzheimer's, and arthritis.

Expansion of drug pipelines propels demand for expertise in identifying and validating potential drug targets.

Growing number of medications undergoing clinical trials indicates a robust pipeline of new drugs in development.

Utilisation of artificial intelligence (AI) technologies enhances operational efficiency and predicts maintenance needs.

Source: The Business Research Company

INDIAN PHARMA INDUSTRY: A GROWING GLOBAL PLAYER

The Indian pharmaceutical industry has firmly established its position as a key player in the global pharmaceutical landscape. Renowned for its affordability and quality, India's pharmaceutical sector has garnered international recognition, serving as a vital supplier of generic drugs and vaccines to markets worldwide. The Indian pharmaceutical sector encompasses various segments, including generic drugs, over-the-counter medications, bulk drugs, vaccines, contract research & manufacturing, biosimilars, biologics and Active Pharmaceutical Ingredients (APIs). With its expansive portfolio and robust manufacturing capabilities, India has emerged as the third-largest pharmaceutical producer by volume globally. Additionally, India stands as a significant contributor to the global Active Pharmaceutical Ingredient (API) market, with around 500 API manufacturers, accounting for approximately 8% of the global API industry.

GROWTH DRIVERS

Government Initiatives: Government-led initiatives such as the Scheme for Promotion of Bulk Drug Parks and Production Linked Incentive (PLI) schemes have significantly boosted domestic manufacturing capabilities, fostered self-reliance and reduced import dependence.

Technological Advancements: Technological innovations in drug discovery, manufacturing processes, and quality control have propelled the industry forward, enhancing efficiency and productivity.

Rising Domestic Demand: With an expanding middle-class population and increasing healthcare awareness, domestic demand for pharmaceutical products continues to surge, driving market growth.

Expanding Global Market: India's pharmaceutical exports have witnessed steady growth, fuelled by increasing demand from both developed and emerging markets, further solidifying its position as the "pharmacy of the world."

Favourable Regulatory Environment: Favourable regulatory policies, coupled with compliance with international quality standards, have bolstered investor confidence and facilitated market expansion.

Outlook

The Indian pharmaceutical industry is poised for exponential growth, with market projections estimating a value of US$ 65 billion by 2024 and US$ 130 billion by 2030. Supported by favourable government policies, increasing demand for innovative therapies, and a burgeoning global market, India's pharmaceutical sector is set to scale new heights, solidifying its position as a global leader in healthcare innovation and accessibility.

INDIAN API INDUSTRY

The Indian Active Pharmaceutical Ingredients (API) market stands at the forefront of the global pharmaceutical industry, exhibiting robust growth and poised for further expansion. API is a crucial segment of the pharmaceutical industry, contributing to around 35% of the market. Post FY20-21, there has been a significant increase in production of APIs on account of introduction of PLI scheme in FY20. Under the PLI scheme, manufacturing of 35 APIs, representing around 67% of APIs for which India has 90% import dependence has already started. API's demand is expected to follow a growing trajectory as it is an essential substance to cure, mitigate, prevent a disease or impact in restoring, correcting, or modifying physiological functions in human beings. Further, the demand for such an essential ingredient is expected to continue on an upward trajectory.

Key Drivers

The market growth is further driven by factors such as the rising prevalence of infectious, genetic, and chronic diseases, including diabetes, cancer and neurological disorders. For example, India is witnessing a significant rise in diabetes cases, with statistics indicating an estimated increase from 74 million in 2021 to 92.9 million by 2030. This increase in disease burden requires the imperative for advanced and safe drugs, thereby driving demand for APIs.

Additionally, the growing geriatric population, susceptible to chronic ailments, contributes to market growth. As aging population are prone to cardiovascular, neurological, and other disorders, the demand for therapeutic drugs and treatments escalates, necessitating a corresponding increase in API production.

The adoption of biosimilars and biologic drugs, coupled with rising industry initiatives, further fuels market expansion. Collaborations and strategic agreements between Indian and international pharmaceutical companies.

Government Support and Infrastructure Development

The Indian government's commitment to fostering API production is evident through initiatives like the establishment of bulk drug parks and substantial financial outlays. For instance, plans to set up three bulk drug parks with an investment of USD 1.957 billion aim to bolster API manufacturing and reduce dependency on imports. Additionally, the allocation of USD 26.578 billion over five years towards the pharmaceutical PLI scheme showcases the government's focus on API development and related sectors.

Industry Collaboration and Strategic Partnerships

Collaboration among pharmaceutical firms, research institutions and global stakeholders' augments market growth and innovation.

Outlook

The Indian API market is poised for substantial evolution and expansion over the forecast period. While government initiatives and industry collaborations drive growth, challenges such as stringent regulations and competitive pressures persist. However, with a strategic focus on innovation, sustainability, and global competitiveness, the API industry in India is well-positioned to emerge as a key contributor to the global pharmaceutical supply chain and healthcare advancement worldwide.

Source: Mordor Intelligence

Indian CRAMS Industry

The Contract Research and Manufacturing Services (CRAMS) market encompasses a segment of the pharmaceutical industry specializing in contract services for the development and manufacture of pharmaceutical products, including small molecule drugs. These drugs, typically organic compounds with a molecular weight of fewer than 900 Daltons, represent a significant portion of the global biopharmaceutical market, accounting for over 50% of revenue and clinical pipelines.

Year	Market Size (USD Billion)	Growth Rate (CAGR)
2023	~48	~6.5%
2033	~90	

MARKET GROWTH DRIVERS

Increasing Demand: The market has experienced growth driven by rising demand for small molecule drugs across various therapeutic areas, particularly in oncology, immunology, and anti-diabetics.

Rising R&D Costs: Pharmaceutical companies face increasing research and development costs, driving them to seek cost-effective outsourcing solutions for drug development and manufacturing.

Specialized Expertise: There is a growing need for specialized expertise in drug development and manufacturing, leading pharmaceutical and biotech companies to engage with CRAMS providers for their advanced capabilities.

Increasing demand of small molecules: The market is witnessing a surge in small molecule projects under research and development pipelines, growing at a CAGR of approximately 16%.

Oncology therapeutics, in particular, are driving revenue growth, leading to increased demand for highly potent active pharmaceutical ingredients (HPAPIs) known for their efficacy in cancer treatment and other disease areas.

Industry Collaborations: Collaborating with established CRAMS partners offers pharmaceutical companies' multiple benefits, including expertise in developing highly potent products and navigating challenges such as containment, especially in the manufacture of HPAPIs.

Outlook

The Indian pharmaceutical industry (IPI) ranks 3rd globally in terms of volume and 13th in value, primarily due to its focus on generic medicines, which make up about 70% of its revenues and command lower prices.

Export growth is expected to be driven by increasing generic penetration in regulated markets, a focus on niche and complex product segments, patent expiries, licensing agreements through the medicine patent pool, and rising demand from semi-regulated markets. Long-term growth will be sustained by emerging markets such as Russia, Brazil, and South Africa.

The USA plays a significant role in Indian pharma trade, accounting for approximately 30% of exports and 40% of outbound shipments to the American continent as of FY23. Conversely, China holds about 75% of India's inbound shipments due to the low cost of APIs and bulk drugs, making Indian manufacturers dependent on Chinese imports. This dependence means any disruption in China's bulk drug market directly impacts the Indian pharma industry.

Business prospects in the US are expected to improve due to a shortage of drugs, subsiding pricing pressures, and rising drug prices. Additionally, the entry of pharmaceutical firms into untapped markets will further boost growth. The implementation of various Production Linked Incentive (PLI) schemes is expected to significantly increase API manufacturing, reducing import dependency. Trade agreements with countries like Australia and the United Arab Emirates (UAE) will enhance Indian exports.

India's prominence in the pharmaceutical industry is due to its cost-effective manufacturing capabilities, offering lower production costs compared to many developed nations, making it an attractive destination for outsourcing and contract manufacturing. India also boasts the largest number of USFDA-compliant pharma plants outside the USA. The focus on R&D aids in developing novel formulations and discovering new APIs, contributing to industry growth and competitiveness. In the next 2-3 years, patented products worth USD 240 billion are expected to go off-patent, presenting a significant opportunity for Indian pharma companies.

Active Pharmaceutical Ingredients (APIs), the chemical components responsible for the therapeutic effect of drugs, contribute around 35% to the Indian pharmaceutical market. With 500 API manufacturers, India contributes about 8% to the global API industry. Despite facing challenges such as competition, lower R&D investments, price volatility due to high dependence on one source, and pollution control regulations, the API industry is poised for growth with increased investments and government support.

BUSINESS REVIEW

Company Overview

With three decades of experience in pure-play API manufacturing, Solara Active Pharma Sciences has prioritized improving patients' lives. We blend technology, science, and innovation to create value-based products tailored to customer needs, guided by our dynamic and entrepreneurial spirit.

Solara Active Pharma prioritizes transparency and integrity in all collaborations. With a global presence spanning across key markets like North America, Europe, Japan, South Korea, the Middle East, and North Africa, our six API manufacturing facilities ensure we meet the needs of diverse markets worldwide.

6
API manufacturing facilities, serving more than 70 countries

1
State-of-the-art R&D centre, staffed with more than 140 scientists

OUR PILLARS OF PROGRESS

Active Pharmaceutical Ingredients (APIs)

We manufacture and supply high-quality commercial APIs across various therapeutic categories. Over the years, we have built a solid reputation for introducing complex products to the market, including polymer-based APIs and injectables.

60+
Commercial APIs in existing portfolio

CONTRACT RESEARCH AND MANUFACTURING SERVICES (CRAMS)

Our CRAMS business spans the entire spectrum of contract development and manufacturing services for new chemical entities, from preclinical stages to commercialisation.

Chemistry Services

From initial hits to refined leads, we offer comprehensive chemistry solutions

Preclinical Development

Our comprehensive pre-clinical services include synthesis, purification, and meticulous management of reference standards and impurities

Phase-1 to Phase-3

We optimise processes through deep understanding, ensuring seamless transitions from early-phase trials to large-scale production under cGMP standards.

From validation to full-scale manufacturing and lifecycle management, we ensure the seamless integration of product into the market, maintaining quality and compliance every step of the way.

FINANCIAL PERFORMANCE

During FY 23-24, the financial performance was impacted by the fire accident at our Puducherry facility and aggressive actions on our balance sheet including Covid 19 inventory provisioning.

KPI	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Total Income (₹ Cr)	1,349.27	1,645.65	1,288.36	1,466.36	1,294.29
EBITDA (₹ Cr)	279.34	400.42	92.23	150.66	(92.03)
EBITDA Margin (%)	20.7	24.3	7.2	10.3	(7.1)
Profit after tax (₹ Cr)	114.52	221.35	(58.29)	(22.25)	(566.96)
Basic EPS (₹)	44.29	69	(16.18)	(6.16)	(157.62)

FINANCIAL RATIOS

KPI	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Return on capital employed (ROCE) (%)	16.8	16.5	(0.9)	1.9	(12.6)
Return on equity (ROE) (%)	15.9	19.3	(5.3)	(2.1)	(107)
Net Debt/Equity (x)	0.8	0.3	0.8	0.7	1.1
Fixed Asset Turnover (x)	1.7	1.8	1.4	1.5	1.2

PEOPLE AND CULTURE

As of March 31, 2024, our workforce stands strong with 2,156 employees, serving as the backbone of our success. Comprising individuals from diverse backgrounds, each member contributes unique expertise and experience to achieve our collective objectives. We believe in harnessing the power of our people to drive innovation and growth.

Solara Leadership Council (SLC)

The Solara Leadership Council, alongside our highly competent senior management team, plays a pivotal role in providing guidance and direction to ensure the successful pursuit of our growth objectives. Their extensive knowledge, skills, and experience make them invaluable assets to our organization.

Fostering Employee Growth

We attribute the success of our organisation to the expertise and drive of our people. Our workforce consists of individuals with deep topic expertise, who remain abreast of industry trends and market developments. This expertise and drive are essential in converting opportunities into tangible value for our stakeholders.

We are dedicated to fostering a culture of continuous learning and development, empowering our people to realize their full potential. Through strategic investments in our workforce, we aim to sustain our legacy of delivering innovative solutions that create enduring value for our customers and stakeholders.

ENTERPRISE RISK MANAGEMENT

Ensuring our business success depends on effectively mitigating risks. To secure our long-term profitability and viability, we've devised a plan that involves identifying, assessing, and raising awareness about risks at all levels of the organization. Our risk management framework comprises a committee tasked with overseeing strategic, operational, and financial risks. We've detailed potential risks and outlined strategies to address them in our report. Our objective is to cultivate a risk-aware culture where risks are systematically factored into our business decisions, ultimately driving value for the company.

Principal Risk	What it Means	How We Mitigate It
External Environment Risk	Fluctuations in India's macroeconomic indicators, adverse global market conditions, and geopolitical events have the potential to exert a substantial influence on business operations.	Continuous investments to enhance the resilience of our supply chain. Diverse segments and operating in multiple locations reduce dependence on a single product or market.
Operational Risk	Any potential manufacturing or quality control issues have the potential to damage our reputation, leading to adverse consequences for our business, operating results, and financial position.	Regular inspections of manufacturing facilities to ensure compliance with quality and environmental standards. Audit methods are regularly updated to align with changes in international regulatory requirements. A systematic assessment procedure is in place to maximize the utilization of operational facilities.
Research and Development Risk	There is a risk associated with the timely development and commercialization of new Active Pharmaceutical Ingredients (APIs).	R&D efforts dedicated to developing new products and expanding our product line. Implemented a robust product selection process to avoid over-reliance on a single approach.
Suppliers Risk	Significant variations in raw material prices, operational costs, and other factors can potentially impact our profitability and margins.	Establish long-term contracts with approved suppliers after thorough vendor audits to ensure a steady supply of raw materials. Manufacture critical intermediates in-house to enhance control over the production process.

Principal Risk	What it Means	How We Mitigate It
Competition Risk	The pharmaceutical sector is highly competitive, and any inability to compete effectively in real time could have adverse effects on our business, operating results, and financial position.	Elevate and evaluate business operations in alignment with global standards. Actively implement cost-cutting programs while expanding the distribution of APIs worldwide. Undertake portfolio reorganization initiatives to optimize capacity utilization and drive greater efficiency.
Safety Risk	Unforeseen incidents have the potential to damage our reputation, leading to negative consequences for our business, operating results, and financial situation.	Regular inspections of facilities to ensure compliance with safety and environmental regulations. Implement risk-based process safety management systems to enhance safety protocols. Identify and address significant risks through preventive measures via the Risk Buckets program. Regularly evaluate safety performance to monitor progress and improve safety initiatives. Implement Corrective Action Preventive Action (CAPA) plans based on external third-party audit results.

Other risks and their mitigations

Patent Compliance
Ensuring compliance with patent protection is imperative during the development of active ingredients to uphold positive business relationships within the custom synthesis segment. Non-compliance may result in reputational damage, contract cancellations, and the loss of business from existing customers.

Concentration Risk
Presently, our top 10 molecules contribute to 84% of total sales, with a notable contribution from ibuprofen and its line extensions. To mitigate concentration risk, we are actively diversifying our product portfolio by adding new products to our pipeline and aiming to file new Drug Master Files (DMFs) this fiscal year. Additionally, we are expanding into new markets for existing products to reduce reliance on specific customers and markets.

USFDA Regulatory Compliance
Adverse observations during cGMP compliance inspections by the USFDA or other regulatory authorities pose the risk of escalating into Warning Letters or Import Alerts. Such occurrences can lead to sales delays, hinder the commercialization of our pipeline, and trigger supply penalties until outstanding issues are resolved.

API Market Pricing Risk
The evolving supplier base away from China may prompt Chinese companies, supported by low-cost suppliers, to reduce their prices, thereby exerting pricing pressure on Indian companies and potentially impacting API business margins.

Currency Volatility
With approximately 62.94% of our overall sales coming from exports, we are susceptible to sharp currency fluctuations in the external environment.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Solara takes internal controls seriously and has measures in place to ensure the integrity and reliability of our financial statements. Our Internal Auditors and Senior Management continuously evaluate the internal controls, and we have invested in advanced infrastructure to provide all-around control over business processes and practices. We have a strong in-house audit program that regularly reviews various operations. Additionally, the Audit Committee regularly reviews internal audit observations to ensure our internal control system provides reasonable assurance.

CAUTIONARY STATEMENT

The report includes some forward-looking statements that are required by law. However, it is important to note that actual results may differ from what is predicted due to various factors that could impact future performance.

Board's Report

Dear Members,

On behalf of the Board of Directors of the Company, it gives us immense pleasure in presenting the Seventh Board's Report along with the audited financial statements (standalone and consolidated) for the financial year ended March 31, 2024.

1. FINANCIAL PERFORMANCE

The Company has prepared the Standalone and Consolidated financial statements for the financial year ended March 31, 2024, in accordance with the Indian Accounting Standards (Ind AS) as prescribed under the Companies Act, 2013. Key highlights of financial performance of the Company for the financial year ended March 31, 2024, as compared to previous year is provided below:

	₹ in Crores		₹ in Crores	
	Standalone		Consolidated	
Particulars	2023-24	2022-23	2023-24	2022-23
Gross Revenue	1294.29	1465.95	1294.29	1466.36
Profit before interest, depreciation and tax	(91.91)	150.26	(92.03)	150.66
Profit before tax	(488.33)	(44.78)	(488.42)	(44.81)
Profit after tax	(566.87)	(22.21)	(566.96)	(22.24)
EPS (basic) on the basis of ₹ 10/- per share	(157.48)	(6.17)	(157.62)	(6.16)
EPS (diluted) on the basis of ₹ 10/- per share	(157.48)	(6.17)	(157.62)	(6.16)

2. BUSINESS OVERVIEW

We are a global, pureplay Active Pharmaceutical Ingredients (API) company engaged in the manufacturing and development of APIs and offering Contract Manufacturing and Development Services for global companies. We have a highly compliant manufacturing footprint spread over six large scale multi-product facilities supported by a team of 2100+ employees. Our business is spread across 70 countries with extensive operations in the key markets of North America, Europe, Japan, South Korea and the Middle East and North Africa. New programs were introduced for cost improvement, better capacity utilization, operating cost savings, inventory right sizing and talent development. The Company remains optimistic about accelerating all the levers of its strategy and is confident in delivering long term value to our stakeholders.

3. DIVIDEND

The Board of Directors of the company has not recommended dividend for the financial year 2023-24. During the year under review, your company has not made any transfer to the reserves.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company has adopted a Dividend Distribution Policy. The said Policy is available on the Company's website and can be accessed at investor page of our company's website https://solara.co.in/wp-content/uploads/2023/07/Dividend_Distribution_Policy.pdf

4. SHARE CAPITAL

The Authorized Share Capital of the Company as on March 31, 2024, stood at ₹ 120,00,00,000/- divided into 12,00,00,000 equity shares of ₹ 10/- each.

There has been no increase in the Paid-up share capital of the Company during the financial year.

The Issued, Subscribed and Paid-up Equity share capital of the Company as on March 31, 2024, stood at ₹ 35,99,62,670/- divided into 3,59,96,267 equity shares of ₹ 10/- each.

5. FUND RAISING

On May 9, 2024, the Rights Issue Committee of the Board at its meeting approved the issuance of 1,19,98,755 Equity Shares of face value of 10 each at a price of 375 per Equity Share (including a premium of ₹ 365 per Equity Share), to existing equity shareholders on the record date (May 15, 2024) on 'rights' basis for an amount aggregating to ₹ 449.95 Crores. The issue will be on partly paid-up basis with 3 calls, i.e., application money, first call and second call. The issue opened for subscription on May 28, 2024 and will close on June 11, 2024.

6. EMPLOYEES STOCK OPTION PLAN

The company has formulated an ESOP Scheme titled "Solara Employees Stock Option Plan 2018".

During the year under review, Nomination and Remuneration Committee of the Board (NRC) has granted 2,50,000 options convertible into equal number of equity shares of face value of ₹ 10/- each to the senior management personnel of the Company. Statement giving detailed information on stock options granted to Employees as required under the Companies Act and SEBI Regulations is enclosed as Annexure 8 to this Report. The details under Regulation 14 of SEBI (SBEB) Regulations, 2021 is available on the Company's website and can be accessed from the weblink: https://solara.co.in/investor-relations/general-meeting

7. 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. However, as stated in point 5 above, the Company is proposing to raise funds through a rights issue which is currently open for subscription.

8. 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 as Annexure-1 as part of this report. During the year under review the Company has divested its entire shareholding in Sequent Penems Private Limited to Symbio Generrics India Private Limited for a consideration of ₹ 12.50 crores and consequently, Sequent Penems Private Limited ceased to be a subsidiary of the Company with effect from April 25, 2024.

9. CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standard of Corporate Governance and adhere to Corporate Governance guidelines as laid out in the Listing Regulations.

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 along with a certificate from M/s. Mohan Kumar and Associates, Practicing Company Secretaries, confirming compliance with the requirements of Corporate Governance is attached with this report. There are no observations or adverse remarks in the said certificate.

As required by Listing Regulations, a certificate from M/s. Mohan Kumar and Associates, Practicing Company Secretary confirming that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the companies is attached to this report as Annexure 7.

Pursuant to the SEBI circular no. CIR/CFD/CMD1/27/2019 dated February 8, 2019, the Company has obtained an Annual Secretarial Compliance Report from M/s. Mohan Kumar and Associates, Practicing Company Secretaries confirming compliance of SEBI Regulations / Circulars / Guidelines issued thereunder and applicable to the Company.

10. MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Schedule V of Listing Regulations "Management Discussion and Analysis" is given separately and forms part of this Report.

11. NUMBER OF MEETINGS OF THE BOARD

During the financial year 2023-24, the Directors met eight times i.e., on May 12, 2023; July 5, 2023; August 14, 2023; October 19, 2023; November 14, 2023; February 14, 2024, February 23, 2024, and March 8, 2024

12. DIRECTORS & KEY MANAGERIAL PERSONNEL

As on date of this report, the Board has 9 directors comprising of 2 Executive Directors, 3 Non-Executive Directors and 4 Independent Directors. The Chairman of the Board is a Independent Director. The details of each member of the Board as on the date of this report forms part of Corporate Governance Report.

Retiring by Rotation:

a) Mr. Arun Kumar Pillai, Non-Executive Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Your directors recommend his reappointment.

b) Mr. Kartheek Raju Chintalapati, Non-Executive Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Your directors recommend his reappointment.

Detailed profile of the Directors retiring by rotation is attached as Annexure 5 to this report

Change in directors and key managerial personnel during the year:

1. Mr. Jitesh Devendra resigned from the post of Managing Director of the Company on July 5, 2023.

2. Mr. Poorvank Purohit was appointed as Managing Director & Chief Executive Officer of the Company on July 5, 2023, and he has been designated as Key Managerial Personnel.
3. Mr. Kartheek Raju Chintalapati was appointed as Non-Executive Director of the Company on July 5, 2023
4. Mr. S Hariharan resigned from the post of Executive Director & CFO on July 31, 2023.
5. Mr. Nirmal P Bhogilal resigned from the directorship of the Company on July 19, 2023.
6. Mr. Aditya Puri resigned from the directorship of the Company on August 5, 2023
7. Mrs. Vineeta Rai resigned from the directorship of the Company on August 5, 2023
8. Mr. P.V. Raghavendra Rao was appointed as Chief Financial Officer of the Company on October 26, 2023, and he has been designated as Key Managerial Personnel. Mr. P.V. Raghavendra Rao resigned from the post of Chief Financial Officer of the Company on February 15, 2024.
9. Mr. Rajendra Kumar Srivastava was appointed as Independent Director of the Company on November 14, 2023.
10. Mr. Rajiv Vijay Nabar was appointed as Independent Director of the Company on November 29, 2023.
11. Mr. M Mohan was appointed as Executive Director of the Company with effect from February 14, 2024, and he has been designated as Key Managerial Personnel
12. Mr. Arun Kumar Baskaran was appointed as Chief Financial Officer of the Company on March 8, 2024, and he has been designated as Key Managerial Personnel

The following are the Key Managerial Personnel (KMPs) as on the date of this report:

- Mr. Poorvank Purohit, Managing Director & Chief Executive Officer
- Mr. M. Mohan, Executive Director & COO
- Mr. Arun Kumar Baskaran, Chief Financial Officer
- Mr. S. Murali Krishna, Company Secretary

13. DECLARATION BY INDEPENDENT DIRECTORS

In accordance with Section 149(7) of the Companies Act, 2013 each Independent Director has confirmed to the Company that he / she meets the criteria of independence as laid down in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and that they are not aware of any circumstances or situations, which exists or may be reasonably anticipated that could impair or impact their ability to discharge duties with an objective independent judgement and without any external influence. In the opinion of the Board, all Independent Directors are independent of the management.

During the year under review, a meeting of Independent Directors was held on February 14, 2024. This meeting was conducted without the presence of other Non-Independent Directors and members of management. During the meeting, the Independent Directors evaluated the performance of the Non-Independent Directors, the Chairman, and the Board as a whole. They also assessed the quality, quantity, and timeliness of the information flow between the Company's management and the Board of Directors.

14. BOARD EVALUATION

The Companies Act and Listing Regulations relating to Corporate Governance contain provisions on evaluation of the performance of the Board and its Committees as a whole and Directors including Independent Directors, Non-Independent Directors, and Chairperson individually. In pursuant thereof, annual evaluation of performance of the Board, working of its committees, contribution and impact of individual directors has been carried out through a questionnaire for peer evaluation on various parameters.

Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for independent directors are determined by the NRC Committee. An indicative list of factors on which evaluation was carried out includes participation and contribution by a director in meetings, commitment, effective deployment of knowledge and expertise, integrity and maintenance of confidentiality and independence of behavior and judgment. Performance evaluation of the Independent Directors was done by the entire Board, excluding the Independent Director being evaluated. The Directors expressed their satisfaction with the evaluation process.

15. PARTICULARS OF EMPLOYEES

The statement containing particulars in terms of Section 197(12) of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report and is appended herewith as Annexure 6 to the Boards' report

The statement containing particulars in terms of Section 197(12) of the Companies Act, 2013 read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this report. Considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the aforesaid information, is being sent to the members of the Company and others entitled thereto. Any shareholder interested in obtaining a copy thereof, may write to the Company Secretary in this regard.

16. 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 2023-24 is enclosed as Annexure-2 to this Report.

17. RISK MANAGEMENT

The Company has a risk management framework for the identification and management of risks.

In line with the requirement under the SEBI Listing Regulations, the Company has constituted a Risk Management Committee (RMC), comprising of members of the Board and Senior Management personnel. Composition of RMC is provided in the Corporate Governance Report, which forms part of this Report.

RMC is entrusted with the responsibility of overseeing strategic, operational and financial risks that the organization faces, along with the adequacy of mitigation plans to address such risks.

Additional details relating to Risk Management are provided in the Management Discussion and Analysis report forming part of this Report.

18. RELATED PARTY TRANSACTIONS

All related party transactions or arrangements entered into by the company during the financial year were on an arm's length basis and were in the ordinary course of business. In Compliance with the provisions of the Act and Regulation 23(2) of the SEBI Regulations, 2015, all related party transactions had been placed before the Audit Committee for prior approval.

Pursuant to Section 134(3) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 information pertaining to related parties are given in Form AOC-2 as Annexure-9 of the report. The Policy adopted by the Company can be viewed at website of the Company at https://solara.co.in/wp-content/uploads/2023/07/Solara-Policy-on-Related-Party-Transactions.pdf

19. 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. 47 to the Standalone Financial Statements in the Annual Report.

20. 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. The transactions with related parties are disclosed in Note No. 40 to the Standalone Financial Statements in the Annual Report. The disclosure of contracts or arrangements with related parties for material transactions is furnished in Form AOC-2 as Annexure 9 as part of this 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.

21. 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.

22. AUDITORS AND AUDIT REPORTS

Statutory Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No.117366W/W-100018) was reappointed as Statutory Auditors of the Company at the Sixth Annual general meeting of the company held on September 15, 2023, for a period of 4 years and will hold the office till the conclusion of the 10th AGM of the Company. The Auditor's report to the shareholders on the standalone and consolidated financial statement for the year ended March 31, 2024, does not contain any qualification, observation or adverse comment.

Secretarial Audit Report

M/s. Mohan Kumar & Associates, Practicing Company Secretaries, Chennai, is the Secretarial Auditor for the Company.

The Secretarial Audit for the financial year 2023-24, inter-alia, included audit of compliance with the Companies Act, 2013, and the Rules made under the Act, Listing Regulations and applicable Regulations prescribed by SEBI amongst others.

The Secretarial Audit Report is enclosed as Annexure 4 to the Board's Report.

There are few observations in the Secretarial Audit Report and the following are the responses to the same.

The Company is in regular compliance with the regulations of SEBI (LODR), however in some occasions there was some delay due to some technical glitches in the Stock Exchange portal while uploading the documents.

Ms. Vineetha Mohanakumar Pillai (immediate relative of a designated person, belonging to the promoter group) had sold 25,000 shares during the closure of trading window without obtaining pre-clearance from the Compliance officer. With regard to said transaction the Company has reported the same to the Audit Committee and the Stock Exchanges.

Internal Auditors

M/s. Price Waterhouse Coopers, Chartered Accountants are the Internal Auditors of the Company. The Internal Auditors carry out audit as per the audit plan defined by the Audit Committee and regularly updates the committee on their internal audit findings at the Committee's meetings.

The Internal Auditors were satisfied with the management response on the observation and recommendations made by them during the course of their audit and have expressed satisfaction with the internal systems, controls and process followed by the Company.

Cost Auditors and Cost Records

Mr. K. Suryanarayanan, Cost Accountant (Membership No.24946) has carried out the Cost Audit for the applicable business for the year under review.

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 2023-24. Proposal for ratification of remuneration of the Cost Auditor is placed before the shareholders.

The company is maintaining cost records as specified under sub-section (1) of section 148 of the Companies Act, 2013.

Reporting of Frauds by Auditor

During the year under review, neither the Statutory Auditors nor the Internal Auditors has reported to the Audit committee under Section 143(12) of the Companies Act 2013, any instances or fraud committed against the company by its officers or employees, the details of which need to be mentioned in the Board's report.

23. INTERNAL FINANCIAL CONTROLS

The Company has in place well defined and adequate framework for Internal Financial Controls ("IFC") as required under Section 134 (5) (e) of the Companies Act, 2013.

During the year under review, such controls were tested and no material weaknesses in their design or operations were observed.

24. OTHER DISCLOSURES

Nature of Business of the Company

There has been no change in the nature of business of the Company during the year under review.

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.

Credit Rating

During the year under view, CRISIL has reaffirmed credit rating of CRISIL BBB / Negative for long term debt and CRISIL A3+ for short term debt.

Vigil Mechanism / Whistle Blower Policy

The Company in compliance with Section 177 of the Companies Act, 2013 and Regulation 22 of Listing Regulations has established 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 https://solara.co.in/wp-content/uploads/2023/07/Solara_Whistle-Blower-Policy-1.pdf

Policy on Directors Appointment and Remuneration

The policy of the Company on Directors' appointment and remuneration, including the criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under Section 178 of the Companies Act, 2013 is available on the Company's website at https://solara.co.in/wp-content/uploads/2023/07/Solara_Nomination_Remuneration-Policy.pdf

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.

Annual Return

Pursuant to Section 92 of the Companies Act, 2013 and the rules made thereunder, Annual Returns filed by the Company for the prior financial years has been uploaded on the website of the Company and can be accessed at https://solara.co.in/wp-content/uploads/2024/08/Draft-Annual-Return-FY-2023-24.pdf

Draft Annual Return for the financial year ended March 31, 2024, is also uploaded in the above section. Upon filing the same with Registrar of Companies, filed return shall be updated.

Other Confirmations

During the year under review, the Company has not made any application under the Insolvency and Bankruptcy Code, 2016 and no proceedings are pending under the Insolvency and Bankruptcy Code, 2016 during the year. During the year, there was no one-time settlement done with the Banks or Financial Institutions.

Secretarial standards issued by the Institute of Company Secretaries of India (ICSI)

The Directors state that the applicable Secretarial Standards have been followed during the Financial Year 2023-24.

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 - 3 to this Report.

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 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 2023-24.

The Internal Committee of the Company has filed annual return for the calendar year 2023. The following is the summary of the complaints received and disposed-off during FY24: (i) No. of complaints filed during the financial year: Nil (ii) No. of complaints disposed-off during the financial year: Nil (iii) No. of complaints pending as on the end of financial year: Nil. Further, the Company also organizes and conducts various training programmes, from time to time, for awareness on the provisions of POSH Act.

25. 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.

26. BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

As stipulated under the Listing Regulations, the Business Responsibility and Sustainability Report (BRSR) describing the initiatives taken by the company from environmental, social and governance perspective is provided separately and forms integral part of this Annual Report. BRSR as a part of Annual Report is available on the company's website.

27. CAUTIONARY STATEMENT

Statements in the Annual Report, particularly those that relate to Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward-looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

28. 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

	Poorvank Purohit	**M Mohan**
	Managing Director & CEO	Executive Director
Place: Bengaluru	DIN: 10158900	DIN: 03610282
Date: May 29, 2024		

Annexure I 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 Crores)

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	6.86	(2.47)	2.21	6.60	-	0.00	(0.01)	-	(0.01)	-	49%
2	Sequent Penems Private Limited	Apr-Mar	INR	4.53	(3.45)	11.60	12.68	-	0.00	(2.72)	0.00	(2.72)	-	100%
3	Shasun USA Inc	Apr-Mar	USD	0.05	(3.90)	3.97	0.13	-	0.00	(0.02)	0.00	(0.02)	-	100%
4	Solara Active Pharma Sciences LTDA	Apr-Mar	BRL	-	-	-	-	-	-	-	-	-	-	-

Part "B": Associates and Joint Ventures

(₹ in Crores)

S. No	Name of Associate / Joint venture	Latest Audited Balance Sheet date	Latest Audited Balance Sheet date			Significant Influence	Reason for not consolidation	Net worth	Profit / (Loss) for the year	
			No.	Investment Held	Holding %				Considered in consolidation	Not Considered in consolidation
					Associates and Joint Ventures					
	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

For and on behalf of Board of Directors

	Poorvank Purohit	**M Mohan**
Place: Bengaluru	Managing Director & CEO	Executive Director
Date: May 29, 2024	DIN: 10158900	DIN: 03610282

Annexure 2 to the Board's Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSBILITY (CSR) ACTIVITIES

1. **Brief outline on CSR policy of the Company**

At Solara, community development programmes are integral to our sustainability strategy. The company strives to go beyond compliance and create sustainable value for communities by improving their health, education and employability.

The policy encompasses our philosophy towards CSR and lays down guidelines and mechanisms for undertaking socially beneficial programmes for welfare and sustainable development of the community at large.

Vision:
To actively contribute to the community in which we operate and provides high quality solutions to the issues impacting their lives, which results in the overall development of the society.

Mission:
To innovate for our society, deliver high quality services and impactful interventions over a long period of time and ensure sustained relations with the society.

2. **Composition of CSR Committee:**

Name of the Director	Designation / Nature of directorship	No. of Meetings of CSR Committee held during the period in which the said member was on the Committee	Meetings attended
Dr. Kausalya Santhanam	Chairperson - Independent Director	1	1
Mr. R. Ramakrishnan	Member – Independent Director	1	1
Mr. Ankur Thadani	Member – Non-Executive Director	1	1
Mr. Poorvank Purohit Appointed w.e.f. July 5, 2023	Member – Executive Director	-	-
Mr. Jitesh Devendra Resigned w.e.f. July 5, 2023	Member – Executive Director	1	1

3. **Web-link relating to composition of CSR Committee, CSR Policy and CSR projects approved by the Board and disclosed on the Company's website:** https://solara.co.in/wp-content/uploads/2023/07/Solara-CSR-Policy-2.pdf

4. **Details of impact assessment of CSR projects carried in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy), Rules, 2014, if applicable (attach the report).**

Not applicable

5. **Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy), Rules, 2014 and amount required for set-off for the financial year, if any**

Amount set-off from the preceding financial year : Nil

6. **Average net profit of the Company as per Section 135(5)** – ₹27.92 crores

7. (a) **Two percent of average net profit of the company** – ₹0.56 crores

   (b) **Surplus arriving out of the CSR projects or programmes or activities of the previous financial year**
   Nil

   (c) **Amount required to set-off for the financial year, if any** – Nil

   (d) **Total CSR obligation for the financial year (7a+7b-7c)** – ₹0.56 crores

8. (a) **CSR amount spent or unspent for the financial year**

(₹ In Crores)

Total Amount Spent for the Financial Year.	Amount Unspent			
	Total Amount Transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per proviso to section 135(5)	
	Amount.	Date of Transfer	Name of the fund	Amount Date of transfer
₹1.27	....	....	....	....

(b) **Details of CSR amount spent against ongoing projects for the financial year**

(₹ In Crores)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local Area (Yes/No)	Location of the Project	Project Duration	Amount Spent for the project.	Amount spent in the current Financial year	Amount transferred to Unspent CSR account for the project as perSection 135(6)	Mode of Implementation Direct (Yes/No)	Mode of Implementation through Implementing Agency	
										Name	CSR Registration number
						Nil					

(c) **Details of CSR amount spent against other than ongoing projects for the financial year**

(₹ In Crores)

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	Health	Pondicherry and Cuddalore	0.27	0.27	Direct by the Company
2	Awareness program on Personal Hygiene, Waste Management & Health Camps	Health & Hygiene	Pondicherry	0.00	0.00	Direct by the Company
3	Providing sanitation and drinking water facilities	Health & Hygiene	Pondicherry Cuddalore and Bangalore	0.68	0.68	Direct by the Company
4	Infrastructure and sponsorship support for Education	Education	Mangalore and Pondicherry	0.30	0.30	Direct by the Company
5	Environment and Others	Livelihood	Pondicherry and Cuddalore,	0.02	0.02	Direct by the Company
	Total			**1.27**	**1.27**	

(d) **Amount spent in Administrative Overheads** - Nil

(e) **Amount spent on Impact Assessment, if applicable** – Not Applicable

(f) **Total amount spent for the Financial Year (8b+8c+8d-8e)** – ₹1.27 crores

(g) **Excess amount for set off, if any** – ₹ 0.71 crores

9. (a) **Details of Unspent CSR amount for the preceding three financial years:** Nil

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** Nil

10. **In case of creation of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:** (asset-wise details)

    (a) **Date of creation or acquisition of the capital asset(s)**. Not Applicable

    (b) **Amount of CSR spent for creation or acquisition of capital asset.** Not Applicable

    (c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.** Not Applicable

    (d) **Provide details of capital asset(s) created or acquired (including complete address and location of the capital asset.** Not Applicable

11. **Specify the reasons(s), if the company has failed to spend two per cent of the average net profits as per section 135(5).**

    The company was required to spend ₹0.56 crores towards CSR activities in financial year 2023-24 in terms of Section 135 of the Companies Act, 2013. The company has spent ₹1.27 crores towards CSR activities in the Financial Year 2023-24.

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director & CEO
DIN: 10158900

Dr. Kausalya Santhanam
Independent Director &
Chairperson of CSR Committee
DIN: 06999168

Place: Bengaluru
Date: May 29, 2024

Annexure 3 to the Board's Report

STATEMENT AS PER SECTION 134 (3)(M) OF COMPANIES ACT, 2013

A. POWER & FUEL CONSUMPTION

		Year ended 31.03.2024	Year ended 31.03.2023
Electricity			
a. Purchased Units	in 000's	63,333	56,477
Total amount paid	₹ in Cr	61.07	48.41
Rate per Unit	Rupees	9.64	8.57
b. Own generation by			
I. Diesel Generators (Units)	in 000's	943	1,384
Unit per Ltr. of Diesel Oil		3.57	3.29
Rate per unit	Rupees	37.89	26.24
II. Windmills (Units)	in 000's	19,939	16,742
Amount adjusted	₹ in Cr	12.07	8.38
Rate per Unit	Rupees	6.05	5.01
III. Third Party (IEX)	in 000's	68	675
Amount Adjusted	₹ in Cr	0.01	0.29
Rate per Unit	Rupees	0.87	4.34
IV. Solar (Units)	in 000's	12,661	15,488
Amount Adjusted	₹ in Cr	6.05	7.04
Rate per Unit	Rupees	4.78	4.55
Others			
Fuel Briquittees/Furnace Oil	Kgs in 000's	44,218	44,977
Total amount paid	₹ in Cr	36.02	36.91

(B) TECHNOLOGY ABSORPTION:

Efforts are being made to absorb the technology.

(C) BEST EHS PRACTICES

Company is following best EHS practices.

(D) EXPENDITURE ON RESEARCH AND DEVELOPMENT:

	Total as at 31st March 2024 ₹ in Cr	Total As at 31st March 2023 ₹ in Cr
Capital	1.89	3.89
Recurring	55.98	46.16

(E) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Total As at 31st March 2024 ₹ in Cr
Foreign exchange earned in terms of actual inflows	1,164.22
Foreign exchange outgo in terms of actual outflows	713.32

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director & CEO
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

Place: Bengaluru
Date: May 29, 2024

Annexure 4 to the Board's Report

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

[Pursuant to section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies

(Appointment and Remuneration Personnel) Rules, 2014]and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To,
The Members,
M/s. Solara Active Pharma Sciences Limited.

I have conducted the Secretarial Audit of the Compliances with regards to applicable statutory provisions and the adherence to good corporate practices followed by **M/s. Solara Active Pharma Sciences Limited** (hereinafter called "the Company") bearing Corporate Identification Number **L24230MH2017PLC291636**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s. Solara Active Pharma Sciences Limited'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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31stMarch 2024, 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31stMarch 2024 ("Review period") according to the provisions of:

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

(ii) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018-**During the financial year under review the Company has not issued any shares;**

d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021.

e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2021;

f) The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021 - **During the financial year under review the Company has not issued any Non-convertible securities and hence not applicable;**

g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993regarding the Companies Act and dealing with client- The Company is not registered as transferor to issue and Share Transfer Agent during the financial year under review and hence not applicable;

h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021- **Not applicable during the financial year under review as the Company has not delisted its equity shares from any stock exchange;**

i) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013- **Not applicable during the financial year under review as the Company has not issued any Non- Convertible and Redeemable Preference Shares from any stock exchange;**

a) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- The Company has not bought back any of its securities during the financial year under review and hence not applicable; and

b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

c) The Laws as applicable specifically to the Company

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

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

(ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited(NSE).

I further report that the applicable financial laws, such as Direct and Indirect Tax Laws, have not been reviewed under my audit as the same falls under the review of statutory auditor and by other designated professionals.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned as above, except as stated below:

1. Certain intimations for appointment of Directors or change in designation of Directors were intimated to stock exchanges after thirty minutes from the conclusion of the Board meeting.

2. The Company has sent a caution letter to Ms.Vineetha Mohanakumar Pillai (immediate relative of a designated person, belonging to the promoter group) for the sale of 25,000 shares (98,00,537) in value during the closure of trading window without obtaining pre-clearance from the Compliance officer. As per the information received from the Company, the Company has intimated this to BSE and NSE through mail dated August 14, 2023.

3. The Company has paid a penalty of ₹ 4,36,600 each to BSE and NSE for delay in filling the vacancy of Independent Directors during the period August 04, 2021 to October 16, 2021. The Fine pertains to the December 2021 quarter which was paid on 21.02.2023 to NSE and 26.10.2023 to BSE.

I further report that:

a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b) Adequate Notice is given to all Directors to Schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.

c) All decisions were carried through where there were no dissenting members of the Board.

I further report that there are adequate systems and process in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, rules, regulations and guidelines.

I further report that during the audit period, the following major transactions were identified:-

1. The shareholders in their Annual General Meeting held on 15th September 2023, approved the re-appointment of statutory auditors for a second term of four years and granted their prior approval for the material related party transactions to be carried on with M/s. Strides Pharma Science Limited upto a maximum limit of Rupees 300 crores.

2. The Board of Directors in their meeting dated July 5, 2023 accorded their approval for the issue of equity shares on rights basis to the existing equity shareholders for an aggregate amount, including premium, not exceeding Rupees 450 crores, for which the stock exchanges have granted their in-principle approval on 2nd May, 2024 and 6th May, 2024.

3. During the financial year under review there has been following sale of shares by the promoters/ promoter group:

Date of sale	Name of the Promoter/ Promoter group	Number of shares sold
05/07/2023	Ms. VineethaMohana Kumar Pillai*	25,000
07/12/2023	M/s. Karuna Ventures Private Limited	92,228
06/12/2023	M/s. Agnus Holdings Private Limited	2,72,181
23/06/2023, 26/06/2023, 27/06/2023	M/s. Karuna Business Solutions LLP	6,00,000
07/09/2023	M/s. Karuna Business Solutions LLP	7,36,253
06/12/2023	M/s. Karuna Business Solutions LLP	35,591
26/12/2023	M/s. Devicam Capital LLP	20,13,747

*Shares were traded without seeking pre-clearance from the Compliance officer and during the period when the trading window was closed, for which the Company has issued caution letter.

4. The company has granted stock options to the following employees/directors during the financial year under review as per Solara ESOP scheme, 2018.

Date of NRC Meeting	Name & Designation	Number of options granted	Exercise Price
19/10/2023	Mr. PoorvankPurohit, Managing Director& CEO	2,00,000	252
19/10/2023	Mr.P.V.RaghavendraRao, CFO	50,000	252

5. The Company on November 5, 2023 intimated the Stock Exchanges about the fire accident occurred in the Puducherry facility during the night hours of November 4, 2023.

6. The Board of Directors in their board meeting dated 14th November2023 had approved the proposal for the sale of Land & Building belonging to Sequent Penems Private Limited, Wholly Owned Subsidiary of the Company situated at Jigani, Bangalore.Further, the Board in their meeting held on March 25, 2024 approved the sale of 100% of the shareholding in Sequent Penems Private Limited. In this regard, share purchase agreement was entered with M/s. Symbio Generrics Private Limited, Bangalore for a consideration of ₹12.50 crores.

7. The details of changes in the Composition of the Board of Directors of the Company and KMP for the Financial Year 2023-2024 is given in "Annexure B".

For **Mohan Kumar & Associates**

A. Mohan Kumar
Practicing Company Secretary
Membership Number: FCS 4347
Certificate of Practice Number: 19145
Peer Review Certificate Number: 2205/2022
UDIN: F004347F000467359

Place: Chennai.
Date:29-05-2024

This Report is to be read with my testimony of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A

To,
The Members,
M/s. Solara Active Pharma Sciences Limited.

My 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. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and process 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. I believe that the process and practices, I have followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, I 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. My examination was limited to the verification of procedure 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 **Mohan Kumar & Associates**

A. Mohan Kumar
Practicing Company Secretary
Membership Number: FCS 4347
Certificate of Practice Number: 19145
Peer Review Certificate Number: 2205/2022
UDIN: F004347F000467359

Place: Chennai.
Date:29-05-2024

ANNEXURE B

Changes in the Composition of Board of Directors during the Financial Year 2023-2024:

S. No.	Name& Designation	Appointment/ Resignation	Date of Board's approval or Effective date	Date of Shareholders' approval
1.	Mr. Kartheek Chintalapati Raju, Non Executive Non Independent Director, Chairperson	Appointment	05.07.2023	15.09.2023
2.	Mr. Jitesh Devendra, Managing Director	Resignation	05.07.2023	Not Applicable
3.	Mr. Poorvank Purohit, Managing Director and CEO	Appointment	05.07.2023	15.09.2023
4.	Mr. Nirmal P Bhogilal, Non Executive Independent Director	Resignation	19.07.2023	Not Applicable
5.	Mr. S Hariharan, Executive Director & CFO	Resignation	31.07.2023	Not Applicable
6.	Mr. Aditya Puri, Non-ExecutiveDirector,Chairperson	Resignation	05.08.2023	Not Applicable
7.	Ms. Vineeta Rai, Non Executive Independent Director	Resignation	05.08.2023	Not Applicable
8.	Mr. Rajendra Kumar Srivastava, Non Executive Independent Director	Appointment	14.11.2023	18.01.2024
9.	Mr. Rajiv Vijay Nabar, Non Executive Non Independent Director	Appointment	14.11.2023	Not Applicable
10.	Mr. Rajiv Vijay Nabar, Non Executive Independent Director	Change in Designation	29.11.2023	18.01.2024
11.	Mr. Mohan, Executive Director-Whole Time Director	Appointment	14.02.2024	06.04.2024
12.	Mr. AnkurThadani, Non-Executive Director	Re-appointment of Director retiring by rotation	Not Applicable	15.09.2023

Details of changes in CFO during the Financial Year 2023-2024:

S. No.	Name	Date of Appointment	Date of Cessation
1.	Mr. Raghavendra Rao	26.10.2023	15.02.2024
2.	Mr. S. Hariharan	09.03.2022	31.07.2023
3.	Mr. Arun Kumar Baskaran	08.03.2024	-

Annexure 5

Details of Director seeking appointment and re-appointment at the forthcoming Annual General Meeting [Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standard 2 on General Meetings]

PROFILE OF THE APPOINTEE DIRECTOR

S No	Name of the Director and other particulars	Brief Profile and experience	Name of the other Listed entities holding Directorship / Designations	Committee Membership held
1	Name : Mr. Arun Kumar Pillai (DIN: 00084845) Age: 63 years DoB: 25.03.1961 Qualification: Graduate in Commerce. Terms and Conditions of appointment: As per the resolution at Item No. 2 of the Notice convening this meeting. Date of first appointment on the Board: 04.08.2021 Shareholding in the Company as on March 31, 2024: 16,68,463 Relationship between directors inter-se and other KMPs of the Company - None	Mr. Arun is Promoter of the Company. His leadership / ownership have a presence in 100+ countries with 7000+ employees with over 30 global manufacturing facilities. Mr. Arun Kumar is a recipient of E&Y Entrepreneur of the year award in the Healthcare sector in 2000. He has also been awarded the Business Today "India Best CEO Award (Mid- Sized Companies Category)" and the "Best CEO in the Pharma & Healthcare Industry" in 2014. Hailing from Kerala and brought up in Ooty, Mr. Arun Kumar graduated in Commerce and began his career in 1981 at the exports department of Bombay Drug House Limited, one of the earliest exporters of pharmaceuticals products from India. He later worked as General Manager-Exports with British Pharmaceuticals Limited, a Mumbai based Company.	Information provided in Corporate Governance report.	
	Name : Mr. Kartheek Chintalapati Raju (DIN 02921819) Age: 37 years DoB: 16.05.1987 Qualification : Bachelor of Business Administration Terms and Conditions of appointment: As per the resolution at Item 3 of the Notice convening this meeting. Date of first appointment on the Board: 05.07.2023 Shareholding in the Company as on March 31, 2024: Nil Relationship between directors inter-se and other KMPs of the Company - None	Mr. Kartheek Chintalapati Raju holds a Bachelor of Business Administration Degree in Economics, Accounts and Finance from Claremont McKenna College. Prior to iLabs Group, Mr. Kartheek Chintalapati Raju was a Business Analyst at McKinsey & Company's Dubai Office. He has over ten years of experience in Investment and Consulting. At iLabs, he focuses on investments across Pharma, Power, and Commercial Real Estate sectors. He is passionate about identifying opportunities and has worked closely with the Founders in scaling up the operations and putting the companies on a higher growth trajectory. Under Special Situations Platform of iLabs, he has played a pivotal role in acquiring distressed assets in Power, Pharma, Real Estate and Defence sectors, and worked with the Management in transforming them into profitable ventures.	Information provided in Corporate Governance report.	

Notes:

a) None of the Directors mentioned above are related with other Directors on the Board or Key Managerial Personnel of the company.

b) For other details such as number of meetings of the Board attended during the year, Remuneration drawn in respect of the aforesaid Directors, refer to the Corporate Governance Report which forms part of this Annual Report.

For and on behalf of Board of Directors

Place: Bengaluru
Date: May 29, 2024

Poorvank Purohit
Managing Director & CEO
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

Annexure 6 to the Board's Report

Details pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

S No	Particulars	Disclosure
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year ending March 31, 2024	As at March 31, 2024 the Board has 9 Directors - comprising of Two Executive Directors, four Independent Directors and three Non-Executive Directors. The Non-Executive & Independent Directors receive sitting fees of ₹ 100,000/- for attending each meeting of the Board and Audit Committee. The ratio of remuneration of the Executive Directors of the Company to the median remuneration of the employees of the Company for the financial year ended March 31, 2024, are as below: Mr Poorvank Purohit, Managing Director, and CEO – 1: 33.7 Mr Mohan M, Executive Director – 1: 17.7 The median remuneration for the period under review is ₹ 7,69,654/- per annum (without considering the Sitting Fees paid to Non-Executive & Independent Directors of the Company).
2	The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Company Secretary in the financial year ending March 31, 2024:	**Name** — **% of Increase** Jitesh Devendra — NA S Hariharan — NA Poorvank Purohit — NA Mohan — 4% Venkat Raghavendra Rao — NA Arun Kumar Baskaran — 38.88% S Murali Krishna — 5%
3	The percentage increase in the median remuneration of employees in the financial year ending March 31, 2024	9.11%
4	The number of permanent employees on the rolls of Company as at March 31, 2024	2,156 Employees
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average annual increase across the organisation was around 7.02%.

The Company affirms remuneration to the Directors and Key Managerial Personnel is as per the remuneration policy of the Company.

For and on behalf of Board of Directors

	Poorvank Purohit	**M Mohan**
Place: Bengaluru	Managing Director & CEO	Executive Director
Date: May 29, 2024	DIN: 10158900	DIN: 03610282

Annexure 7 to the Board's Report

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members,
Solara Active Pharma Sciences Limited,
201, Devavrata, Sector 17, Vashi, Navi Mumbai,
Mumbai – 400703.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Solara Active Pharma Sciences Limited having CIN:L24230MH2017PLC291636 and having registered office 201, Devavrata, Sector 17, Vashi, Navi Mumbai, Mumbai – 400703(hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2024 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs.

S. No.	Name of Director	DIN	Date of appointment at current designation	Original Date of appointment in Company
1.	Mr. Kartheek Chintalapati Raju	02921819	15/09/2023	05/07/2023
2.	Mr. Arun Kumar Pillai	00084845	17/10/2021	04/08/2021
3.	Mr. Ramakrishnan Rajagopal	00161542	11/04/2023	11/04/2018
4.	Mr. Rajendra Kumar Srivastava	07500741	18/01/2024	14/11/2023
5.	Mr. Ankur Nand Thadani	03566737	14/08/2019	16/05/2019
6.	Mr. Mohan Muthunarayanan	03610282	06/04/2024	14/02/2024
7.	Mr. Poorvank Purohit	10158900	05/07/2023	05/07/2023
8.	Ms. Kausalya Santhanam	06999168	11/04/2023	11/04/2018
9.	Mr. Rajiv Kumar Nabar	10383397	18/01/2024	14/11/2023

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Mohan Kumar & Associates**

A. Mohan Kumar
Practicing Company Secretary
Membership Number: FCS 4347
Certificate of Practice Number: 19145
Peer Review Certificate Number: 2205/2022
UDIN: F004347F000467480

Place: Chennai.
Date: 29-05-2024

Annexure 8 to the Board's Report

Disclosures in compliance with Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 are set out below:

ESOP DISCLOSURES

S No	Description	Disclosure
1	Name of the Scheme	Solara Employee Stock Option Plan 2018 (Solara ESOP 2018)
2	Date of approval of the ESOP Scheme by Shareholders	September 28, 2018
3	Options available under the Scheme	12,28,778
4	Pricing formula	Decided by the Nomination and Remuneration Committee from time to time
5	Outstanding options	2,88,840
6	Options granted during the year under review	2,50,000
7	Options vested during the year under review	NIL
8	Options exercised during the year under review	Nil
9	Total number of shares arising as a result of exercise of options	Nil
10	Options lapsed / surrendered during the year under review	3,35,760
11	Variation of terms of options	vesting schedule has been varied in certain cases.
12	Money realised by exercise of options	Nil
13	Total number of options in force at the end of the period ending March 31, 2024	2,88,840
14	Available for further grant	1,17,938
15	Employee-wise details of options granted during the year under review	Nil
	(i) Senior Managerial Personnel	
	(ii) Any other employee who received grant in any one year of option amounts to 5% or more of options during the year	
	(iii) Identified employees who were granted options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant	
16	Diluted Earnings Per Share (DEPS) pursuant to issue of shares on exercise of option calculated in accordance with Indian Accounting Standard (IND AS) - 33 – Earnings Per Share	
	(i) Continuing Operations	₹ (157.48)
	(ii) Discontinued Operations	Nil
17	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the option, shall be disclosed. The impact of the difference on profits and EPS of the Company shall be disclosed.	The Compensation cost has been accounted under fair value.
18	Weighted Average exercise price of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock	₹ 361.15/-
19	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information:	The fair value of options granted were estimated on the grant date using the Black Scholes method.

Scheme	ESOP 2018				
	Lot 1	Lot 2	Lot 3	Lot 4	Lot 5
Grant date	01-Oct-18	01-Oct-18	01-Oct-18	01-Nov-18	01-Nov-18
Exercise Price	₹ 205	₹ 205	₹ 205	₹ 205	₹ 205
Risk free interest rate	8.00%	8.00%	8.00%	8.00%	8.00%
Expected life	1 Years	2 Years	3 Years	1 Years	2 Years
Expected annual volatility of shares	39.13%	39.13%	39.13%	39.13%	39.13%
Expected dividend/ yield	0.00%	0.00%	0.00%	0.00%	0.00%
The price of the underlying share in market at the time of option grant	₹ 265.97	₹ 265.97	₹ 265.97	₹ 297.86	₹ 297.86

Scheme	ESOP 2018					
	Lot 6	Lot 7	Lot 8	Lot 9	Lot 10	Lot 11
Grant date	15-May-19	15-May-19	15-May-19	05-Feb-20	05-Feb-20	05-Feb-20
Exercise Price	₹ 332	₹ 332	₹ 332	₹ 374	₹ 374	₹ 374
Risk free interest rate	7.41%	7.41%	7.41%	5.43%	5.63%	5.80%
Expected life	1 Years	2 Years	3 Years	1 Years	2 Years	3 Years
Expected annual volatility of shares	39.53%	39.53%	39.53%	39.40%	39.40%	34.32%
Expected dividend/ yield	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%
The price of the underlying share in market at the time of option grant	₹ 443.98	₹ 443.98	₹ 443.98	₹ 498.65	₹ 498.65	₹ 498.65

Scheme	ESOP 2018					
	Lot 12	Lot 13	Lot 14	Lot 15	Lot 16	Lot 17
Grant date	30-Oct-20	30-Oct-20	30-Oct-20	31-Mar-21	31-Mar-21	31-Mar-21
Exercise Price	₹ 1137.15	₹ 1137.15	₹ 1137.15	₹ 1393.15	₹ 1393.15	₹ 1393.15
Risk free interest rate	4.55%	5.52%	5.77%	4.54%	4.93%	5.59%
Expected life	1 Years	2 Years	3 Years	1 Years	2 Years	3 Years
Expected annual volatility of shares	49.88%	44.36%	48.53%	44.24%	41.22%	39.44%
Expected dividend/ yield	0.44%	0.44%	0.44%	0.36%	0.36%	0.36%
The price of the underlying share in market at the time of option grant	₹ 414.17	₹ 475.47	₹ 556.99	₹ 493.88	₹ 567.31	₹ 634.26

Scheme	ESOP 2018					
	Lot 18	Lot 19	Lot 20	Lot 21	Lot 22	Lot 23
Grant date	11-Nov-21	11-Nov-21	11-Nov-21	15-Mar-22	15-Mar-22	15-Mar-22
Exercise Price	₹ 1030.00	₹ 1030.00	₹ 1030.00	₹ 516.00	₹ 516.00	₹ 516.00
Risk free interest rate	4.33%	4.55%	5.09%	6.95%	6.40%	6.90%
Expected life	1 Years	2 Years	3 Years	1 Years	2 Years	3 Years
Expected annual volatility of shares	42.74%	54.76%	52.10%	52.25%	59.11%	55.28%
Expected dividend/ yield	22.00%	22.00%	22.00%	0.51%	0.51%	0.51%
The price of the underlying share in market at the time of option grant	₹ 1,317	₹ 1,317	₹ 1,317	₹ 688.95	₹ 688.95	₹ 688.95

Scheme	ESOP 2018					
	Lot 24	Lot 25	Lot 26	Lot 27	Lot 28	Lot 29
Grant date	29-Apr-22	29-Apr-22	29-Apr-22	04-Aug-22	04-Aug-22	04-Aug-22
Exercise Price	₹ 516.00	₹ 516.00	₹ 516.00	₹ 292.00	₹ 292.00	₹ 292.00
Risk free interest rate	6.95%	6.40%	6.90%	6.23%	6.52%	6.85%
Expected life	1 Years	2 Years	3 Years	1 Years	2 Years	3 Years
Expected annual volatility of shares	52.25%	59.11%	55.28%	60.74%	46.35%	70.10%
Expected dividend/ yield	0.51%	0.51%	0.51%	90.00%	90.00%	90.00%
The price of the underlying share in market at the time of option grant	₹ 688.95	₹ 688.95	₹ 688.95	₹ 389.26	₹ 389.26	₹ 389.26

Scheme	ESOP 2018					
	Lot 30	Lot 31	Lot 32	Lot 33	Lot 34	Lot 35
Grant date	24-Jan-23	24-Jan-23	24-Jan-23	03-Feb-23	03-Feb-23	03-Feb-23
Exercise Price	₹ 411.25	₹ 411.25	₹ 411.25	₹ 309.00	₹ 309.00	₹ 309.00
Risk free interest rate	6.95%	6.40%	6.90%	6.90%	7.16%	7.19%
Expected life	1 Years	2 Years	3 Years	1 Years	2 Years	3 Years
Expected annual volatility of shares	59.64%	43.89%	64.91%	59.64%	43.89%	64.91%
Expected dividend/ yield	0.85%	0.85%	0.85%	0.87%	0.87%	0.87%
The price of the underlying share in market at the time of option grant	₹ 309.00	₹ 309.00	₹ 309.00	₹ 404.25	₹ 404.25	₹ 404.25

Scheme	ESOP 2018		
	Lot 36	Lot 37	Lot 38
Grant date	19-Oct-23	19-Oct-23	19-Oct-23
Exercise Price	₹ 252	₹ 252	₹ 252
Risk free interest rate	7.04%	7.18%	7.25%
Expected life	1 Years	2 Years	3 Years
Expected annual volatility of shares	36.91%	47.87%	49.32%
Expected dividend/ yield	1.04%	1.04%	1.04%
The price of the underlying share in market at the time of option grant	₹ 361.15	₹ 361.15	₹ 361.15

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director & CEO
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

Place: Bengaluru
Date: May 29, 2024

Annexure 9 to the Board's Report

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   All the contracts or arrangements or transactions entered into by the Company with related parties during the financial year 2023-24 were at arm's length basis.

2. Details of material contracts or arrangements or transactions at arm's length basis for the financial year ended March 31, 2024 are as under:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions	Monetary Value (₹in crores)	Date of approval by the Board / Audit Committee	Amount paid as advances, if any
Strides Pharma Science Ltd (Strides) – Enterprise owned by common promoters	Sale of API products, rendering / receiving of services, reimbursement of expenses and leasing of properties as per prevailing market prices	On going	The Company has entered into specific arrangements with Strides for long term API supplies. Transactions are in line with such arrangements.	131.12	Appropriate approvals have been taken for related party transactions.	Nil

Note : Above data excludes reimbursement of expenses incurred by / incurred on behalf of related party.

For and on behalf of Board of Directors

Place: Bengaluru
Date: May 29, 2024

Poorvank Purohit
Managing Director & CEO
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

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 following, in letter and spirit, high standards of corporate governance so that the company's performance will have a positive impact on its stakeholders – customers, shareholders, employees, vendor partners and business associates. It upholds the core tenets of corporate governance for sustained growth and financial performance.

In order to enhance and retain the trust of its stakeholders, your company is committed to ethical business conduct, integrity and commitment to values, transparency and accountability, essential features of effective corporate governance.

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.

2. BOARD OF DIRECTORS:

Composition of Board as on date of this report

As on the date of this Report, the Board comprises of 9 Directors - Two Executive Directors, Four Independent Directors and Three Non-Executive Directors. The Chairman of the Board is an Independent Director. All the directors on the Board are highly experienced in their respective fields.

1. Mr. R Ramakrishnan, Independent Director and Chairman of the Company
2. Dr. Kausalya Santhanam, Independent Director
3. Mr. Rajendra Kumar Srivastava, Independent Director
4. Mr. Rajiv Vijay Nabar, Independent Director
5. Mr. Ankur Nand Thadani, Non-Executive Director
6. Mr. Arun Kumar Pillai, Non-Executive Director
7. Mr. Kartheek Raju Chintalapati, Non-Executive Director
8. Mr. Poorvank Purohit, Managing Director & CEO
9. Mr. Mohan Muthunarayanan, Executive Director

The Board has an appropriate mix of executive, non-executive and independent directors to maintain its independence. The Board periodically evaluates the need for change in its size and composition.

Appointment / Cessation of Directors

1. Mr. Jitesh Devendra resigned from the post of MD of the Company on July 5, 2023.
2. Mr. Poorvank Purohit was appointed as Managing Director & Chief Executive Officer of the Company on July 5, 2023, and he has been designated as Key Managerial Personnel.
3. Mr. Kartheek Raju Chintalapati was appointed as Non-Executive Director of the Company on July 5, 2023
4. Mr. S Hariharan resigned from the post of Executive Director & CFO and directorship of the Company on July 31, 2023.
5. Mr. Nirmal P Bhogilal resigned from the position of Independent directorship of the Company on July 19, 2023 due to pre-occupation and confirming that there are no material reasons other than the reasons specified in his resignation letter.
6. Mr. Aditya Puri resigned from the directorship of the Company on August 5, 2023.
7. Mrs. Vineeta Rai resigned from the position of Independent directorship of the Company on August 5, 2023 due to personal reasons and confirming that there are no material reasons other than the reasons specified in her resignation letter.
8. Mr. P.V. Raghavendra Rao was appointed as Chief Financial Officer of the Company on October 26, 2023, and he has been designated as Key Managerial Personnel. Mr. P.V. Raghavendra Rao resigned from the post of Chief Financial Officer of the Company on February 15, 2024.
9. Mr. Rajendra Kumar Srivastava was appointed as Independent Director of the Company on November 14, 2023.
10. Mr. Rajiv Vijay Nabar was appointed as Independent Director of the Company on November 29, 2023

11. Mr. M Mohan was appointed as Executive Director of the Company with effect from February 14, 2024, and he has been designated as Key Managerial Personnel
12. Mr. Arun Kumar Baskaran was appointed as Chief Financial Officer of the Company on March 8, 2024, and he has been designated as Key Managerial Personnel

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 necessary declaration from each of the Independent Director that he/ she meets the criteria of independence as laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 25 of Listing Regulations as of March 31, 2024. All the Independent Directors of the Company have enrolled with Indian Institute of Corporate Affairs.

A formal letter of appointment as provided in the Companies Act, 2013 ("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 at https://solara.co.in/wp-content/uploads/2024/08/Draft-Letter-of-Appointment-of-Indepenedent-Director.pdf

Board Meetings held during the year

During the financial year 2023-24, the Directors met eight times i.e., on May 12, 2023; July 5, 2023; August 14, 2023; October 19, 2023; November 14, 2023; February 14, 2024, February 23, 2024, and March 8, 2024

Composition of the Board and other Directorships:

Name	Category	No. of other Directorship held in other public companies	Name of the other Listed entities holding Directorship / Designations	No. of Committee positions held in other public companies		No. of Board meetings during 2023-24		No. of shares held	Whether attended last AGM held on September 15, 2023
				Membership	Chairmanship	Held	Attended during their tenure		
Mr. R. Ramakrishnan	Independent Director	-	-	-	-	8	8	-	Yes
Dr. Kausalya Santhanam	Independent Director	2	Sequent Scientific Limited – Independent Director Strides Pharma Science Limited – Independent Director	2	1	8	8	-	Yes
Mr. Rajendra Kumar Srivastava	Independent Director	1	Happiest Mind Technologies Limited – Independent Director	-	-	8	2	-	NA
Mr. Rajiv Vijay Nabar	Independent Director	1	-	-	-	8	3	-	NA
Mr. Ankur Nand Thadani	Non-Executive Director	3	Campus Activewear Limited - Non Executive Director	3	2	8	3	-	No
Mr. Arun Kumar Pillai	Non-Executive Director	2	Strides Pharma Science Limited – Executive Chairman	1	-	8	6	16,68,463	No
Mr. Kartheek Raju Chintalapati	Non-Executive Director	-	-	-	-	8	3	-	Yes
Mr. Poorvank Purohit	Managing Director	-	-	-	-	8	6	-	Yes
Mr. Mohan Muthunarayanan	Executive Director	-	-	-	-	8	2	-	No

Note:
Number 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

Key Board qualifications, expertise and attributes

The Board comprises qualified members who bring in the required skills, competence and expertise that allow them to make effective contributions to the Board and its committees. The Board members are committed to ensuring that the Board is in compliance with the highest standards of corporate governance.

The table below summarizes the key qualifications, skills, and attributes which are taken into consideration while nominating candidates to serve on the Board.

Definitions of director qualifications

Financial	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation, and financial reporting processes, or experience in actively supervising a principal financial officer, principal accounting officer, auditor or person performing similar functions
Gender, ethnic, national, or other diversity	Representation of gender, ethnic, geographic, cultural, or other perspectives that expand the Board's understanding of the needs and viewpoints of our customers, partners, employees, governments, and other stakeholders worldwide
Global business	Experience in driving business success in markets around the world, with an understanding of diverse business environments, economic conditions, cultures, and regulatory frameworks, and a broad perspective on global market opportunities
Leadership	Extended leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning, and risk management. Demonstrated strengths in developing talent, planning succession, and driving change and long-term growth
Pharma	A significant background in pharma industry, resulting in knowledge, generate disruptive markets, and extend or create new business models
Strategy, Mergers, and acquisitions	Experience in developing, implementing, and challenging a plan of action designed to achieve the long-term goals of an organization, mergers & acquisitions and implementation, analyse the fit of a target with the Company's strategy and culture, accurately value transactions, and evaluate operational integration plans
Board service and Governance	Service on a public company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices
Sales and marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation

KEY BOARD QUALIFICATIONS.

Directors	Area of Expertise							
	Financial	Gender, ethnic, national, or other diversity	Global business	Leadership	Pharma	Strategy, Mergers and acquisitions	Board service and Governance	Sales and marketing
Mr. R. Ramakrishnan	#	#	#	#		#	#	
Mr. Rajendra Kumar Srivastava		#	#	#	#	#	#	
Mr. Rajiv Vijay Nabar	#	#	#	#		#	#	
Dr. Kausalya Santhanam		#		#	#	#	#	
Mr. Ankur Nand Thadani	#	#	#			#	#	
Mr. Arun Kumar Pillai		#	#	#	#	#	#	#
Mr. Kartheek Raju Chintalapati		#	#	#	#	#	#	#
Mr. Poorvank Purohit		#	#	#	#	#	#	#
Mr. Mohan Muthunarayanan		#	#	#	#	#	#	

Meetings of Independent Directors

Independent Directors of the Company met on February 14, 2024, without the presence of the Non-Independent and Executive Directors. The meeting of Independent Directors evaluates the performance of the Non-Independent Directors and Whole-time Directors, the Board as a whole, performance of the Chairperson of the Board and discuss aspects relating to the quality, quantity, and timeliness of the flow of information between the Company, the Management and the Board that is necessary for it to effectively and reasonably perform its duties.

Board Evaluation

As a part of the annual Board evaluation, detailed questionnaires were circulated to all the directors. The chairperson of the Board and the chairman of the Nomination and Remuneration Committee

(NRC) evaluated the Board's performance and that of its committees. The Board conducted evaluation of independent directors which included performance of directors and fulfilment of criteria as specified in SEBI (LODR) (Amendment) Regulations, 2018, and their independence from the management, where the independent directors did not participate.

Details of Remuneration to directors:

Remuneration to Non-Executive Directors

The Non-Executive Directors (NED) receive sitting fee of ₹1,00,000/- each for attending each meeting of the Board and Audit Committee.

Except sitting fee payable to Non-Executive Directors, for attending the Board and Audit committee meetings, there is no other pecuniary relationship or transaction of the Non-Executive Directors vis-à-vis the Company.

Details of remuneration paid / payable to Executive Directors during FY 2023-24 is as under:

S. No	Particulars of Remuneration	Name of MD / WTD / Manager				
		Poorvank Purohit	M Mohan	Jitesh Devendra	S Hariharan	Total
		July 5, 2023, to Mar 31, 2024, (₹ in Cr)	February 14, 2024, to Mar 31, 2024, (₹ in Cr)	April 1, 2023, to July 5, 2023 (₹ in Cr)	April 1, 2023, to July 31, 2023 (₹ in Cr)	
1	Gross Salary	-	-		-	
	Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961*	2.90	0.36	2.18	1.48	6.92
	Value of perquisites under section 17(2) of the Income Tax Act, 1961	-	-	-	-	-
	Profit in lieu of Salary under section 17(3) of the Income Tax Act, 1961					
2	Perquisite value of Stock Options	1.08	0.02	-	-	1.10
3	Sweat Equity	-	-		-	-
4	Commission as percentage of profit	-	-		-	-
5	Others (Bonus)**	-	-		-	-
	Total	**3.98**	**0.38**	**2.18**	**1.48**	**8.02**

* includes Company's contribution towards Provident Fund.

**includes previous year bonus paid during the year.

Details of remuneration paid / payable to Non-Executive Directors during FY 2023-24 is as under:

S. No	Name of Directors	Particulars of Remuneration			
		Fee for attending board / committee meetings	Commission	Others	Total
		₹ Cr	₹ Cr	₹ Cr	₹ Cr
1	Aditya Puri	0.02	-	-	0.02
2	Nirmal P Bhogilal	0.03	-	-	0.03
3	Vineeta Rai	0.03	-	-	0.03
4	R. Ramakrishnan	0.15	-	-	0.15
5	Kausalya Santhanam	0.15	-	-	0.15
6	Rajendra Kumar Srivastava	0.02	-	-	0.02
7	Rajiv Vijay Nabar	0.04	-	-	0.04
	Total	**0.44**			**0.44**

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 at https://solara.co.in/wp-content/uploads/2023/07/Familiarisation-Programme_Non-Executive-Directors-1.pdf

3. COMMITTEES OF THE BOARD

The Board has constituted the following Committees as prescribed under the Companies Act, 2013 and Listing Regulations:

a) Audit Committee

b) Nomination and Remuneration Committee

c) Stakeholders' Relationship Committee

d) Corporate Social Responsibility Committee

e) Risk Management Committee

3. A. AUDIT COMMITTEE

The Composition of the Committee and the details of the meetings attended by its members during the financial year are given below: -

Name	Designation	Category of Directorship	No. of Meetings held during the period in which the said member was on the Committee	Meetings attended
Mr. R. Ramakrishnan	Chairman	Independent Director	7	7
Mr. Rajendra Kumar Srivastava	Member	Independent Director	2	1
Mr. Rajiv Vijay Nabar	Member	Independent Director	2	2
Dr. Kausalya Santhanam	Member	Independent Director	7	7
Mr. Ankur Nand Thadani	Member	Non-Executive Director	7	2

The Committee met seven times during the period under review i.e., on May 12, 2023; August 14, 2023; October 19, 2023; November 14, 2023; February 14, 2024, February 23, 2024, and March 8, 2024. Attendance of members at the Committee Meeting is provided at above table. The meetings of the Audit Committee are also attended by Managing Director, Executive Director & Chief Financial Officer, Statutory Auditors and Internal Auditors. 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 covers the areas mentioned in Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II to the SEBI Listing Regulations.

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

- 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 for approval.
- Review of Management Discussion and Analysis of financial condition and results of operations.
- 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 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 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 with the management, statutory and internal auditors, the adequacy of internal control systems and related matters.
- Review of management letters / letters of internal control weaknesses issued by Statutory Auditors / Internal Auditors.
- Review the appointment, removal, and terms of remuneration of the Cost Auditor.
- Evaluation of internal financial controls and risk management systems.
- Scrutiny of Inter-Corporate loans and Investments.
- Consider and comment on rationale, cost-benefits and impact of schemes involving Merger, Demerger, Amalgamation, etc., on the company and its shareholders.
- Review and approval of Related Party Transactions.
- Reviewing the function of the Whistle Blower mechanism.
- Review compliance of provisions of Insider Trading Regulations and verify that systems for internal control are adequate and operating effectively, at least once in a financial year.

In addition, the Committee is also required to discharge such other roles / functions as envisaged under the Companies Act, 2013 and Listing Regulations.

3. B. NOMINATION AND REMUNERATION COMMITTEE

The Composition of the Committee and the details of the meetings attended by its members during the financial year are given below: -

Name of the Director	Designation	Category of Directorship	No. of Meetings held during the period in which the said member was on the Committee	Meetings attended
Mr. Rajendra Kumar Srivastava	Chairman	Independent Director	1	-
Mr. R. Ramakrishnan	Member	Independent Director	5	5
Dr. Kausalya Santhanam	Member	Independent Director	5	5
Mr. Rajiv Vijay Nabar	Member	Independent Director	1	1
Mr. Kartheek Raju Chintalapati	Member	Non-Executive Director	4	2

The Committee met five times during the period under review i.e., on July 5, 2023; October 19, 2023; November 14, 2023; February 14, 2024; and March 8, 2024. Attendance of members at the Committee Meeting is provided at above table. Mr. S. Murali Krishna, Company Secretary is the Secretary of the Committee.

Terms of reference of the Nomination and Remuneration Committee:

Terms of reference of the Nomination and Remuneration Committee covers the areas mentioned in Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D (A) of the Schedule II to the SEBI Listing Regulations.

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

- To periodically review the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the company as a whole.
- 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.
- To devise a policy on Board diversity and assist the Board in ensuring Board nomination process addresses diversity of gender, knowledge, experience and perspective.
- Identify persons who are qualified to become directors and who may be appointed as senior management personnel in accordance with the criteria laid down in the policy.
- 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 recommend to the Board, a policy relating to remuneration of directors, key managerial personnel and senior management personnel.
- To establish and review plans relating to orderly succession for appointment of the Board, key managerial personnel, and senior management personnel.
- To assist the Board of Directors in the Board's overall responsibility relating to Employee Stock Options Plans, including the administration of the company's ESOP and other incentive plans and the interpretation and adoption of rules for the operation thereof.
- To carry out any other function as may be 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 calibre talent. The Policy is available at the company's website at https://solara.co.in/wp-content/uploads/2023/07/Solara_Nomination_Remuneration-Policy.pdf

3. C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Composition of the Committee and the details of the meetings attended by its members during the financial year are given below: -

Name of the Director	Designation	Category of Directorship	No. of Meetings held during the period in which the said member was on the Committee	Meetings attended
Dr. Kausalya Santhanam	Chairperson	Independent Director	1	1
Mr. Kartheek Raju Chintalapati	Member	Non-Executive Director	1	1
Mr. Poorvank Purohit	Member	Executive Director	1	1

The Committee met once during the period under review i.e., on August 14, 2023. Attendance of members at the Committee Meeting is provided at above table. Mr. S. Murali Krishna, Company Secretary is the Secretary of the Committee.

Terms of reference of the Stakeholders' Relationship Committee:

Terms of reference of the Stakeholders' Relationship Committee covers the areas mentioned in Section 178(5) of the Companies Act, 2013 and Regulation 20 read with Part D (B) of the Schedule II to the SEBI Listing Regulations.

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

- To look into various aspects of interest of shareholders and other security holders of the company.
- To monitor and resolve grievances of securities holders of the company including but not limited to complaints related to transfer/ transmission of shares, issue of new / duplicate share certificates, non-receipt of annual reports, non-receipt of declared dividends, general meetings, etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Share Transfer Agent.
- Review of various measures and initiatives taken by the Company relating to unclaimed dividend (including reducing the quantum of unclaimed dividend) and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the company.
- To act as delegated authority of the Board of Directors to expedite the process of security transfers, transmission, transposition, deletion of name of the deceased holder and noting of the same upon completion of the process.
- To act as delegated authority of the Board of Directors to approve issue of duplicate share certificates / other certificate of documents issued in respect of any other securities of the Company.
- To note the issue of share certificates or any other certificates issued in respect of any securities of the Company, in relation to dematerialization, re-materialization, splitting and consolidation of shareholding.
- Printing of share certificates or any other certificate of documents issued in respect of any other securities of the Company.
- To seek information from Share Transfer Agent from time to time.

In addition, the Committee is also required to discharge such other roles / functions as envisaged under the Companies Act, 2013 and SEBI Listing Regulations. Mr. S Murali Krishna, Company Secretary is the Compliance Officer of the Company.

Shareholder Complaint details: No complaints were received from shareholders of the Company during the year ended March 31, 2024. The Company do not have any pending compliants or unsolved compliants during the Financial year.

3. D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Composition of the CSR Committee and the details of the meetings attended by its members during the financial year are given below: -

Name of the Director	Designation	Category of Directorship	No. of Meetings held during the period in which the said member was on the Committee	Meetings attended
Dr. Kausalya Santhanam	Chairperson	Independent Director	1	1
Mr. R. Ramakrishnan	Member	Independent Director	1	1
Mr. Ankur Thadani	Member	Non-Executive Director	1	1
Mr. Jitesh Devendra (Resigned w.e.f July 5, 2023)	Member	Executive Director	1	1
Mr. Poorvank Purohit	Member	Executive Director	-	-

The Committee met once during the period under review i.e., on May 12, 2023. Attendance of members at the Committee Meeting is provided at above table. Mr. S. Murali Krishna, Company Secretary is the Secretary of the Committee.

Terms of reference of the CSR Committee:

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

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy ("CSR Policy") which shall indicate the activities to be undertaken by the Company in areas / subject as specified in Schedule VII of the Companies Act, 2013 and shall monitor the CSR Policy from time to time.
- Formulate and recommend to the Board an Annual Action Plan for the identified CSR Projects and recommend the amount of expenditure to be incurred on such activities.
- To ensure the disbursed funds are utilized for the purposes and in the manner approved. In this regard, Chief Financial Officer of the Company to provide confirmation to the Committee.
- Ensure that the Company is taking appropriate measures to undertake and implement CSR Projects successfully.
- The Committee, at its sole authority, may seek the advice of outside experts or consultants at the company's expense were judged necessary, to discharge its duties and responsibilities.
- The Committee to seek services of independent agency to carry out impact assessment of CSR Projects as may be required.

At Solara, CSR initiatives help address socio-economic challenges in the realms of Health, Education and Employability. A detailed report on the CSR activities undertaken during the year, together with monitoring and spending is annexed to the Board's Report as Annexure 2.

3. E. RISK MANAGEMENT COMMITTEE

The purpose of the risk management committee is to assist the Board in fulfilling its responsibilities with regard to the identification, evaluation, and mitigation of operational, strategic and environmental risks. The risk management committee has the overall responsibility of monitoring and approving the risk policies and associated practices of the Company.

The Composition of the Committee is as follows: - , at its sole authority, may seek the advice of outside experts or consultants at the company's

Name of the Director	Designation	Category of Directorship	No. of Meetings held during the period in which the said member was on the Committee	Meetings attended
Mr. Rajiv Vijay Nabar	Chairman	Independent Director	-	-
Dr. Kausalya Santhanam	Member	Independent Director	4	4
Mr. R. Ramakrishnan	Member	Independent Director	4	4
Mr. Rajendra Kumar Srivastava	Member	Independent Director	-	-
Mr. Poorvank Purohit	Member	Executive Director	3	3

The Committee met four times during the period under review i.e., on May 12, 2023; August 14, 2023, and November 14, 2023, and February 14, 2024. Attendance of members at the Committee Meeting is provided at above table. Mr. S. Murali Krishna, Company Secretary is the Secretary of the Committee.

Terms of reference of the Risk Management Committee, inter alia, includes the following:

- To advise the Board in identification and managing the full range of risks the enterprise faces.
- Provide oversight during the design and implementation of a comprehensive risk management framework and common-sense approach to manage risks across the entire organization.
- Establish and communicate risk vision and philosophy, approve risk strategy, and establish risk appetite.
- Review and approve the Enterprise Risk Management framework of company on a periodic basis. The Committee shall review and approve the risk management culture, processes, and practices of the company.
- Monitor and review the exposures of the material risks and assess management preparedness to deal with the risk and associated events.

- Review and approve the enterprise risk management (ERM) working plan and utilize risk for the enterprise's competitive advantage.
- Overseeing key risks, including strategic, financial, operational, cyber and compliance risks.
- Oversee and guide the development and implementation of ERM policies, procedures, guidelines.
- Advice the Board on all matters related to ERM. Engage other stakeholders in the risk management process when the need is identified. Facilitate communication of ERM information.
- Disseminate to the enterprise the upside of risk and the opportunities it can present, rather than the traditional perspective of "risk as hazard".
- Risk Management Committee may form and delegate authority to a sub-committee, which shall assist the Committee to project manage the ERM.
- To carry out any other functions as prescribed under the SEBI Listing Regulations and other Applicable Laws.

4. SENIOR MANAGEMENT PERSONNEL(S) ("SMPS")

The Company identified following under category of SMPs, pursuant to the provisions of Regulation 16(1)(d) and Schedule V of the SEBI Listing Regulations. Details of SMPs as on March 31, 2024, and the changes thereunder during the year under review are as follows:

S. No.	Name of SMP	Designation	Changes if any (Yes/No)	Nature of change and effective date
1.	Mr. S. Hariharan	Chief Financial Officer	Yes	Resigned w.e.f. 31.07.2023
2.	Mr. Rajeev Singh	Chief Human Resource Officer	Yes	Resigned w.e.f. 31.07.2023
3.	Mr. Pagadala Srinivasan	Chief Human Resource Officer	Yes	Appointed w.e.f. 01.08.2023 and resigned w.e.f. 26.02.2024
4.	Mr. P.V. Raghavendra Rao	Chief Financial Officer	Yes	Appointed w.e.f. 26.10.2023 and resigned w.e.f. 15.02.2024
5.	Dr. Sudhir Nambiar	Chief Scientific Officer	Yes	Resigned w.e.f. 22.12.2023
6.	Dr. Hero Velladurai	Chief Scientific Officer	Yes	Appointed w.e.f. 15.12.2023
7.	Mr. Arun Kumar Baskaran	Chief Financial Officer	Yes	Appointed w.e.f. 08.03.2024
8.	Mr. S. Murali Krishna	Company Secretary	No	N.A.
9.	Mr. V. Sundara Moorthy	Chief Quality Officer	No	N.A.
10.	Ms. Neeta Dani	Vice-President - Marketing	No	N.A.
11.	Mr. Ganesh Mukundan Sasikala	Vice President - Marketing	No	N.A.

5. GENERAL MEETINGS AND TRIBUNAL CONVENED MEETINGS HELD DURING THE PRECEDING THREE YEARS

The details of the General Meetings and Tribunal Convened Meetings held during the preceding three years and Special Resolutions passed therein are summarized as under:

S No	AGM / EGM	Date / Time	Venue	Special Resolutions passed
1.	AGM for FY ending March 31, 2021	August 25, 2021, at 10.30 am	Video Conference	Appointment of Mr. Bharath R Sesha as Managing Director and CEO. Appointment of Mr. Subhash Anand as Executive Director and CFO.
2.	AGM for FY ending March 31, 2022	August 25, 2022, at 9.30 am	Video Conference	Nil
3.	AGM for FY ending March 31, 2023	September 15, 2023, at 9.30 am	Video Conference	Appointment of Mr. Poorvank Purohit as Managing Director and CEO.

6. POSTAL BALLOT AND E-VOTING

During the year under review i.e., FY 2023-24, the Company conducted two Postal Ballot in which 3 (three) Special Resolutions were approved by the members of the Company.

Mr. Preetham Hebbar (CoP No. 21431) of M/s. Preetham Hebbar & Co., Company secretaries was appointed as Scrutinizer for conducting the Postal Ballot/ e-voting process in a fair and transparent manner.

Notice of Postal Ballot was dated November 29, 2023, and February 14, 2024, and the consolidated results of the same was approved on January 19, 2024, and April 8, 2024, respectively.

Sr. No.	Particulars of the Resolution	Type of Resolution	No. of votes polled No. of votes polled	Votes Cast in Favor (% to total votes polled)	Votes Cast against (% to total votes polled)	Invalid Votes (% to total votes polled)
1	Approval for Appointment of Mr. Rajendra Kumar Srivastava (DIN: 07500741) as a Non-Executive Independent Director of the Company for a consecutive term of five years commencing from November 14, 2023, to November 13, 2028, and for his continuation after attaining 75 years of age during such tenure.	Special	2,12,05,758	2,12,05,242 constituting 99.99 %	516 constituting 0.01 %	-
2	Approval for Appointment of Mr. Rajiv Vijay Nabar (DIN: 10383397) as a Non-Executive Independent Director of the Company for a consecutive term of five years commencing from November 29, 2023, to November 28, 2028.	Special	2,12,05,763	2,12,05,111 constituting 99.99 %	652 constituting 0.01 %	-
3	Approval for Appointment of Mr. Mohan Muthunarayanan (DIN: 03610282) as an Executive Director of the Company.	Special	1,83,43,479	1,69,90,171 constituting 92.62 %	13,53,308 constituting 7.38 %	-

7. RECONCILIATION OF SHARE CAPITAL AUDIT

The Company conducts a share capital audit on a quarterly basis in accordance with requirements of Securities and Exchange Board of India (Depositories and Participants) Regulations 2018.

The Reconciliation of Share Capital Audit Report obtained from a Practicing Company Secretary, which has been submitted to the Stock Exchanges within the stipulated period, certifies that the equity shares of the Company held in the dematerialized form and in the physical form confirms to the issued and paid-up equity share capital of the Company.

8. SECRETARIAL COMPLIANCE CERTIFICATE

As per provisions of the Listing Regulations, the Company has obtained the Secretarial Compliance Certificate from a Practicing Company Secretary to the effect that all transfer/ transmission of shares is effected within stipulated time. The said certificate has also been submitted to the Stock Exchanges within the prescribed time.

9. OTHER AFFIRMATIONS AND DISCLOSURES

a) The Company has complied with all the mandatory requirements as prescribed under Listing Regulations including regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Listing Regulations and 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 post of Chairperson and Managing Director.

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

The Company has formulated a policy for transacting with related parties, which is uploaded on the website of the Company. 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 the requirements of the Stock Exchanges, SEBI and other statutory authorities on matters relating to capital markets during the last 3 years. However, the Company has paid a penalty of ₹ 4,36,600 each to BSE and NSE for delay in filling the vacancy of Independent Directors during the period August 04, 2021, to October 16, 2021. The fine pertains to the December 2021 quarter which was paid on 21.02.2023 to NSE and 26.10.2023 to BSE.

e) The company has formulated the policy for determining "Material Subsidiaries" which is uploaded on the website of the company. The Policy is available at the following link: https://solara.co.in/wp-content/uploads/2023/07/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.

g) During the year under review, the Board has accepted all the recommendations made by various committees of the Board, which is mandatorily required.

h) The company has formulated the policy for transacting with the related parties which is uploaded on the website of the company.

10. MEANS OF COMMUNICATION

(a) The quarterly results are forthwith communicated to BSE Ltd. ("BSE") and National Stock Exchange of India Ltd. ("NSE") as soon as they are approved and taken on record.

(b) The results are published generally in Business Standard (English) and Pratahkal (Marathi) newspapers.

(c) The results and shareholding pattern of the company are displayed on the website of the Company . i.e. https://solara.co.in/investor-relations/shareholding-pattern

(d) The official news releases are intimated to Stock Exchanges (BSE and NSE) and displayed on the website of the Company. i.e. https://solara.co.in/investor-relations/disclosures-to-stock-exchanges-under-regulation-30-of-sebi-lodr

(e) The presentations made to analysts and investors are displayed on the website of the Company i.e., https://solara.co.in/investor-relations/investor-update

(f) The Company conducts an earnings call to interact with Investors / Analysts every quarter after the financial results are declared. The invite for the earnings call is notified in advance to the Stock Exchanges.

(g) All periodical compliance filings including shareholding pattern, corporate governance report, media releases, among others are filed electronically on NSE Electronic Application Processing System (NeAPS) and BSE Corporate Compliance & Listing Centre.

(h) Investors' complaints are also being processed through the centralized web base complaint redressal system of SEBI (SCORES). SCORES enables speedy and effective resolution of complaints filed therein.

(i) The Ministry of Corporate Affairs (MCA), Government of India and the Securities Exchange Board of India (SEBI) have permitted companies to conduct Annual General Meeting (AGM) through video conferencing (VC) or other audio-visual means (OAVM), subject to compliance of various conditions mentioned therein. Further, Companies are also permitted to share notices and reports only through electronic mode to those Members whose email ids are available with the Company/ Depositories/ RTA.

In compliance with the provisions of MCA and SEBI Circulars, Notice of the Seventh AGM along with the Annual Report for FY 2023-24, are being sent only through electronic mode to those Members whose email ids are registered with the Company/ Depositories/ RTA. Solara's' annual report is also available at www. solara.co.in.

General Shareholder's information

1. Annual General Meeting 2024

The Seventh Annual General Meeting of the Shareholders of the company will be held on Friday, September 20, 2024, at 10.00 a.m. through Video Conferencing (VC) / Other Audio-Visual Means as prescribed by the Ministry of Corporate Affairs and SEBI Listing Regulations. The details for participation in the meeting are detailed in the Notice convening the AGM.

2. Book Closure

The Company's Register of Members and Share Transfer Books will remain closed from September 18, 2024, to September 20, 2024 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2023-24.

3. Financial Calendar for the year 2024-25

Financial reporting for	Month / year
Quarter ending June 30, 2024	July 2024
Quarter ending September 30, 2024	November 2024
Quarter ending December 31, 2024	February 2025
Quarter ending, March 31, 2025	May 2025

4. Unpaid / Unclaimed Dividends

In accordance with the provisions of Sections 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) dividends not encashed / claimed within seven years from the date of declaration are to be transferred to the Investor Education and Protection Fund (IEPF) Authority.

The IEPF Rules mandate companies to transfer shares of Members whose dividends remain unpaid / unclaimed for a continuous period of seven years to the demat account of IEPF Authority. The Members whose dividend / shares are transferred to the IEPF Authority can claim their shares / dividend from the Authority.

The Company has appointed Mr. S. Murali Krishna, Company Secretary as the Nodal Officer of the Company under the provisions of IEPF, the details of which are available on the website of the Company.

Disclosures with respect to demat suspense account/ unclaimed suspense account

(a) aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year; - 1,109 shareholders and 11,440 shares.

(b) number of shareholders who approached listed entity for transfer of shares from suspense account during the year; - 0

(c) number of shareholders to whom shares were transferred from suspense account during the year; - 0

(d) aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year; – 1,109 shareholders and 11,440 shares.

(e) that the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

Due date for transfer of unpaid / unclaimed dividend to IEPF is as follows:

Financial Year Ending	Type of Dividend	Dividend Rate	Date of Declaration	Due date for transfer to IEPF
March 31, 2021	Final	30%	25.08.2021	01.09.2028
March 31, 2021	Interim	40%	11.11.2020	18.12.2027
March 31, 2020	Final	20%	04.08.2020	11.09.2027
March 31, 2019	Final	50%	14.08.2019	21.09.2026
Fractional Shares amount* August 14, 2018	NA	NA	NA	21.09.2025

*Arising on account of sale of fractional shares pursuant to the scheme of demerger of Strides and Sequent.

5. Registered Office:

No. 201, Devavarata, Sector 17, Vashi

Navi Mumbai – 400 703

Tel/Fax : 91-22-27892924 / 91-22-27892942

6. Corporate Office & Address for Correspondence:

2nd Floor, Admin Block, No. 27, Vandaloor Kelambakkam Road

Keelakottaiyur Village, Melakottaiyur PO, Chennai 600 127,

Tel/Fax : 91-44-47406700 / 91-44-47406190

7. The Company's designated email id for investor complaints is:

E- mail : investors@solara.co.in

Website : www.solara.co.in

8. Company Secretary & Compliance Officer:

S. Murali Krishna

2nd Floor, Admin Block, No. 27, Vandaloor Kelambakkam Road

Keelakottaiyur Village, Melakottaiyur PO, Chennai 600 127

Tel/Fax : 91-44-47406700 / 91-44-47406190 E- mail : investors@solara.co.in

9. Registrars & Share Transfer Agents:

Cameo Corporate Services Limited

Subramaniam Building, No.1 Club House Road, Chennai – 600 002

Tel/Fax : 91-44-28460390

E- mail : investor@cameoindia.com

Contact Persons: Mrs. Sreepriya K, Head-RTA & Company Secretary / Mr. Nagaraj V, Manager.

10. Share Transfer System

All queries and requests relating to share transfers/ transmission may be addressed to Cameo. The share transfers lodged are being processed on a day-to-day basis and Memorandum of Transfers is generated on a fortnightly basis.

11. Dematerialization of Shares

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: Cameo Corporate Services Limited.

As on the date of this report, 99.93% of the paid-up share capital of the Company representing 3,59,71,206 shares are in dematerialized form and balance 0.07% representing 25,061 shares of the Company is in physical form.

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

12. Shareholding Pattern

Category	No. of Shares	% to total shareholding
Promoters	10973804	30.49
Mutual Funds	615224	1.71
Banks, Financial Institutions, Insurance Companies	15209	0.04
Foreign Portfolio Investors / FIIs	5688094	15.80
Non-resident Indians/Foreign Nationals/OCBs	305622	0.85
Bodies Corporates / NBFC	6065842	16.85
Others (including Indian Public, Clearing Members, Trusts, Funds - IEPF, AIF, Central & State Govt., etc.)	12332472	34.26
Total	**35996267**	**100.00**

13. Distribution of shareholding

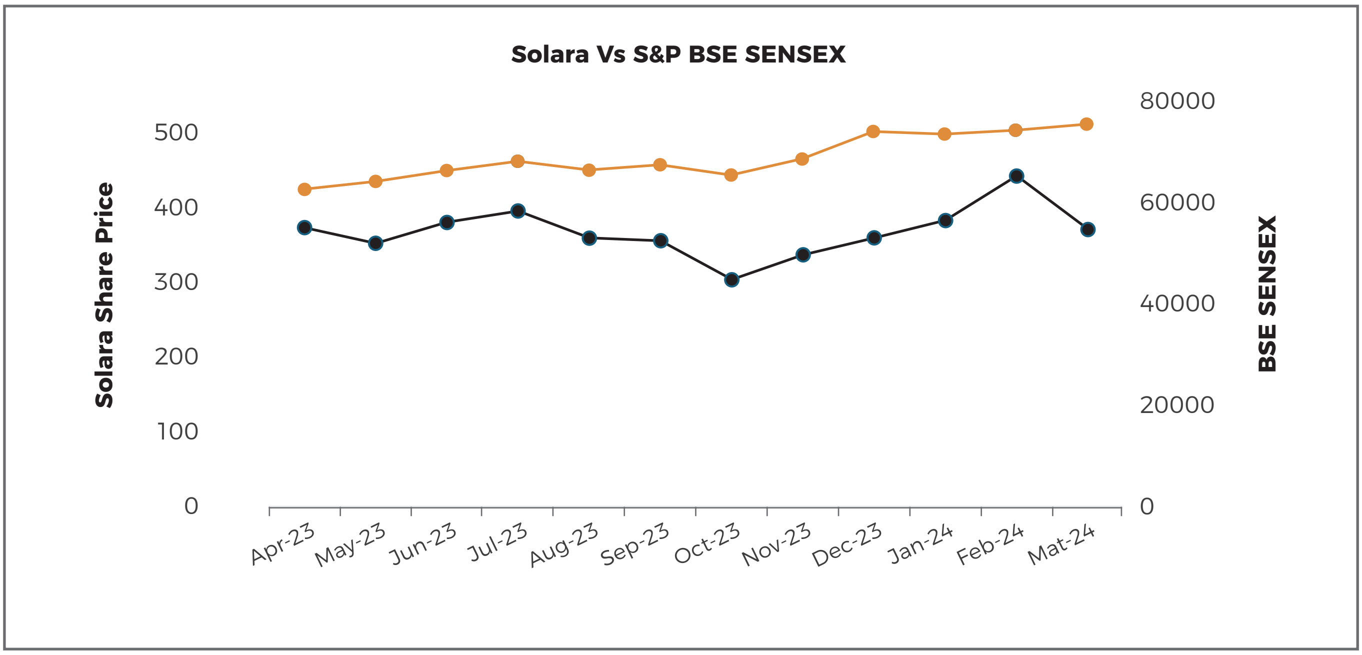
Sl. No.	CATEGORY	No. of Holders	% of Total Holders	Shares
1	Between 10 - 5000	71665	96.9599	3076191
2	Between 5001 - 10000	1130	1.5288	859876
3	Between 10001 - 20000	523	0.7076	748408
4	Between 20001 - 30000	175	0.2368	443473
5	Between 30001 - 40000	86	0.1164	308118
6	Between 40001 - 50000	78	0.1055	361421
7	Between 50001 -100000	123	0.1664	880729
8	> 100000	132	0.1786	29318051
	Overall Total:	**73912**	**100**	**35996267**

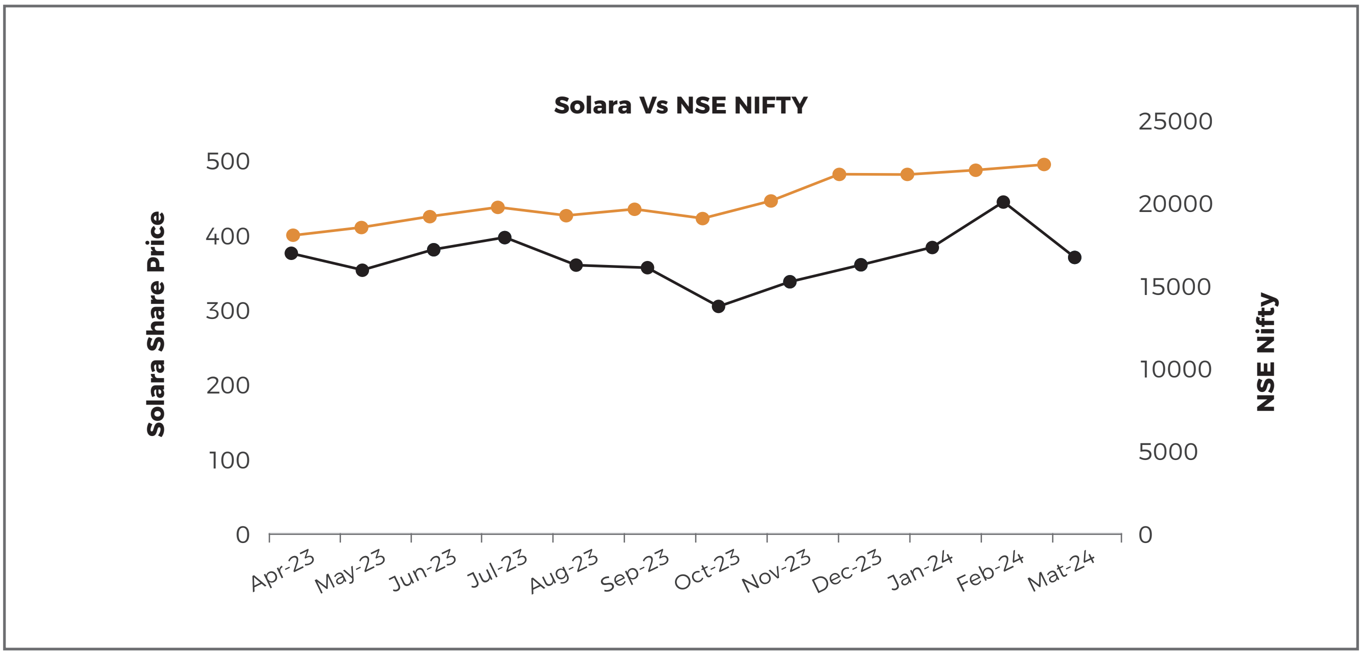
14. Market Price Data

The High and Low prices of the shares of the Company at National Stock Exchange of India Limited, Mumbai (NSE) and BSE Limited, Mumbai (BSE) for the period under review is as under:

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2023	394.70	333.00	21,34,000	394.00	330.90	7,83,260
May 2023	439.95	353.15	36,89,000	439.95	351.60	14,08,215
June 2023	395.50	350.20	42,37,000	395.00	350.00	12,67,099
July 2023	418.30	371.80	28,33,000	417.75	372.00	3,01,927
August 2023	414.50	350.05	27,15,000	414.70	350.00	5,65,132
September 2023	375.40	349.20	17,35,000	375.25	346.05	9,65,544
October 2023	357.25	300.15	14,10,000	356.60	300.10	1,23,976
November 2023	357.40	286.00	50,56,000	354.80	287.00	2,72,272
December 2023	384.00	317.55	65,28,000	384.05	317.00	8,11,652
January 2024	449.80	356.45	1,15,90,000	449.70	357.00	11,17,247
February 2024	506.50	350.00	1,06,38,000	507.20	349.30	9,72,759
March 2024 - BSE	466.15	355.10	31,95,000	468.00	355.30	4,61,112

Performance of Company's Share Price to Broad Based Index (BSE Sensex and NSE Nifty)





15. 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 - 575011
Mysore	:	Plot Nos. 253 & 254, Thandya Industrial Area, Thandavapura, Mysore – 571 302
Ambernath	:	Plot No. N-39/ N-39-1, Anand Nagar, MIDC, Additional Ambernath, Ambernath (East), Mumbai – 421506.
Vizag	:	Plot No.3B & 3C, APIIC, APSEZ, Atchutapuram, Vishakapatnam - 531011

Research & Development Centre

Chennai	:	No. 27, Vandaloor Kelambakkam Road, Keelakottaiyur Village, Melakottaiyur PO, Chennai 600 127

16. 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.

17. Details of total Fees paid to Statutory Auditor

The details of total fees for all the services paid by the company to the Statutory Auditor are as follows

Type of Service	Fees paid for the year 2023-24 (₹ In crores)	Fees paid for the year 2022-23 (₹ In crores)
Statutory audit fees	0.66	0.66
Others	0.10	0.07
Total	**0.76**	**0.73**

18. Certification from practicing Company Secretary

The company has obtained a certificate from Mr A. Mohan Kumar, Practicing Company Secretary as required under Listing Regulations confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

19. Declaration regarding compliance by Board Members and Senior Management Personnel with the Company's Code of Conduct

This to inform that for the financial year ended March 31, 2024, all members of the Board and the Senior Management Personnel have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

Place: Bengaluru
Date: May 29, 2024

Poorvank Purohit
Managing Director & CEO

Corporate Governance Compliance Certificate

To
The Members,
Solara Active Pharma Sciences Limited.

I have examined the compliance of conditions of Corporate Governance by Solara Active Pharma Science Limited [CIN: L24230MH2017PLC291636] (hereinafter referred to as 'the Company'), for the year ended March 31, 2024 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Regulations, as applicable.

For **Mohan Kumar & Associates**

A. Mohan Kumar
Practicing Company Secretary
Membership Number: FCS 4347
Certificate of Practice Number: 19145
Peer Review Certificate Number: 2205/2022
UDIN: F004347F000467359

Place: Chennai.
Date:29-05-2024

Business Responsibility and Sustainability Report

SECTION A: GENERAL DISCLOSURES

I. Details of the listed entity

1	Corporate Identity Number (CIN) of the Listed Entity	L24230MH2017PLC291636
2	Name of the Listed Entity	Solara Active Pharma Sciences Limited
3	Year of incorporation	2017
4	Registered office address	201, Devavrata, Sector 17, Vashi, Navi Mumbai, Mumbai, Maharashtra, India, Pin code: 400703
5	Corporate address	2nd Floor, Admin Block,27 Vandaloor Kelambakkam Road, Keelakottaiyur Village, Melakottaiyur Post, Chennai, Tamil Nadu, India, Pin code: 600127
6	E-mail	investors@solara.co.in
7	Telephone	+91 44 47406200
8	Website	www.solara.co.in
9	Financial year for which reporting is being done	2023-2024
10	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
11	Paid-up Capital	INR 35,99,62,670/-
12	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mr. Murali Krishna Ph: +91 9841810190 E-mail: muralikrishna@solara.co.in
13	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e., only for the entity) or on a consolidated basis (i.e., for the entity and all the entities which form a part of its consolidated financial statements, taken together).	The reporting boundary includes Indian Operations of Solara Active Pharma Sciences Limited on standalone basis. This consists of 6 manufacturing plants and 2 offices (1 office in Chennai which includes the R&D center and 1 office in Bangalore). Select disclosures in Principle 6 exclude Sales & Marketing Office at Bangalore, which has minimal environment footprint and is considered non-material from environmental impact perspective.
14	Name of assurance provider	Not Applicable
15	Type of assurance obtained	Not Applicable

II. Products/services

16. Details of business activities (accounting for 90% of the turnover):

Sl. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
2.	Active Pharmaceutical Ingredients	Design and manufacture commercial APIs across therapeutic categories, complex products, including polymer-based APIs and injectables	100.0%

17. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1	Active Pharmaceutical Ingredients	21001	100.0%

I. Operations

18. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	6	3*	9
International	0	0	0

* The 3 offices include a registered office in Mumbai which has not been considered as part of the reporting boundary since the environmental and social footprint is negligible relative to other locations.

19. Markets served by the entity:

a	**No. of Locations**	
	Location	**Number**
	National (No. of States)	Pan-India
	International (No. of Countries)	75 countries worldwide
b	**What is the contribution of exports as a percentage of the total turnover of the entity?**	62.94%
c	**A brief on type of customers**	Generic pharma companies and innovator pharma companies are our customers, and our core business is Active Pharma Ingredients (API).

IV. Employees

20. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
EMPLOYEES						
1.	Permanent (D)	1756	1609	91.6%	147	8.4%
2.	Other than Permanent (E)	11	8	72.7%	3	27.3%
3.	**Total employees (D + E)**	**1767**	**1617**	**91.5%**	**150**	**8.5%**
WORKERS						
4.	Permanent (F)	705	704	99.9%	1	0.1%
5.	Other than Permanent (G)	1100	998	90.7%	102	9.3%
6.	**Total workers (F + G)**	**1805**	**1702**	**94.3%**	**103**	**5.7%**

Note: All off-role workforce is classified as other than permanent workers

b. Differently abled Employees and workers:

Sl. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
1.	Permanent (D)	5	4	80.0%	1	20.0%
2.	Other than Permanent (E)	0	0	0.0%	0	0.0%
3.	**Total differently abled employees (D + E)**	**5**	**4**	**80.0%**	**1**	**20.0%**
DIFFERENTLY ABLED WORKERS						
4.	Permanent (F)	0	0	0.0%	0	0.0%
5.	Other than Permanent (G)	0	0	0.0%	0	0.0%
6.	**Total differently abled workers (F + G)**	**0**	**0**	**0.0%**	**0**	**0.0%**

21. Participation/Inclusion/Representation of women

Particulars	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9*	1	11.1%
Key Management Personnel	4	0	0.0%

*The Board of Directors include two Key Management Personnel: Mr. Poorvank Purohit, Managing Director & Chief Executive Officer, and Mr. Mohan Muthunarayanan, Chief Operations Officer

22. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)

	FY 2023-24 (Turnover rate in current FY)			FY2022-23* (Turnover rate in previous FY)			FY 2021-22* (Turnover rate in the year prior to the previous FY)		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	21.0%	28.1%	21.6%	21.9%	21.5%	21.9%	27.4%	28.3%	27.4%
Permanent Workers	3.8%	0.0%	3.8%	1.9%	0.0%	1.9%	2.5%	0.0%	2.5%

*The values for turnover rate for FY 2021-22 and FY 2022-23 have been restated due to change in calculation methodology.

V. Holding, Subsidiary and Associate Companies (including joint ventures)

23. (a) Names of holding / subsidiary / associate companies / joint ventures

Sr. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Chemsynth Laboratories Private Limited	Subsidiary	49.0%	No
2	Sequent Penems Private Limited	Subsidiary	100.0%	No
3	Shasun USA Inc	Subsidiary	100.0%	No
4	Solara Active Pharma Sciences LTDA	Subsidiary	100.0%	No

VI. CSR Details

	Response
24. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)	Yes
(ii) Turnover (in ₹)	1,294 Crores
(iii) Net worth (in ₹)	937 Crores

Note: 1 Crore = 10 Million

VII. Transparency and Disclosures Compliances

25. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link	Current Financial Year (FY 2023-24)			Previous Financial Year (FY 2022-23)		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	• Yes, the following policies have been developed and implemented for grievance redressal - Community-Grievance-Policy.pdf (solara.co.in), Solara_Whistle-Blower-Policy-1.pdf • Yes, there is a strong grievance redressal mechanism for shareholders & investors. The complaints are attended promptly by the Registrar & Share Transfer agent (RTA) and secretarial team. Stakeholder Relationship Committee of the Board oversees and looks into grievances not resolved in the specified time frame. Further, systems introduced by SEBI viz. SCORES AND Online Dispute Resolution (ODR) Mechanism has been put in place to ensure redressal of grievances of shareholders	0	0	-	0	0	-
Investors		0	0	-	0	0	-
(other than shareholders) Shareholders		0	0	-	0	0	-
Employees and workers		0	0	-	0	0	-
Customers		34	5	-	28	10	
Value Chain Partners		0	0	-	0	0	-
Other (please specify)		0	0	-	0	0	-

26. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Energy Management	O	Efficient Energy Management measures and transitioning to renewable energy sources facilitates reduction of operational expenses, a decreased environmental footprint and improved operational sustainability in the long run.	Not Applicable	**Positive:** Non-Renewable to renewable energy substitution and energy efficiency helps in reducing long-term energy costs.
2	Water Availability	O	Uninterrupted water availability is a critical requirement for API manufacturing and Solara treats it as an opportunity to continuously work towards optimizing fresh water consumption through goals setting, robust governance systems and investment in water recycling technology.	Not Applicable	**Positive:** Efficient water management practices can help avoid high operational costs for water procurement, and potential production downtime due to water shortages
3	Waste Management	R	Waste Management in API manufacturing units is a critical aspect considering the hazardous nature of waste generated. Improper disposal of these materials can lead to extensive damage to the ecosystem. The growing number of waste management regulations has made the process more complex and costly	1. Undertaken a commitment to reduce disposal to landfill by 20% and to reduce incinerable waste by 15% from the baseline year FY 2021- 22 and utilize it for coprocessing by 2025. 2. Established internal targets and periodic monitoring system to improve year on year efficiency of waste management systems.	**Negative:** Effective waste management and recycling programs requires significant investment. Non-compliance with waste disposal regulations can result in hefty fines, legal costs, and environmental cleanup expenses.
4	Health and safety	R	Material handling of hazardous chemicals can result in workplace accidents. Unhealthy, unsafe and hazardous work conditions may prove detrimental to the physical and mental well-being of the employees. This also poses a risk to the company's reputation and can lead to significant fines and legal liabilities.	1. Company commitment to maintain a robust health and safety system by identification and elimination of the causes of injuries and accidents. 2. Period monitoring mechanism and investigation procedures 3. Robust systems for hazard identification and mitigation to promote efficiency and higher productivity	**Negative:** There can be legal liabilities and substantial fines in case of an accident involving the company. A poor safety record can lead to higher insurance premiums and difficulty retaining and attracting talent due to fear of safety.

S. No.	Material issue identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
5	Policy Influence & regulatory compliance	R	Pharmaceutical business is a stringently regulated industry which is constantly evolving. Even a minor non-compliance to regulations can risk loss of reputation and business. It is critical to conduct proactive checks which is vital for adherence to regulatory requirements.	A robust control mechanism and stringent checks & balances in place to ensure adherence to all policies and regulatory requirements	**Negative:** Non-compliance to regulatory requirements may result in significant fines and high legal costs. Such non-compliances can also lead to reputational damage, affecting customer and investor relations and potentially losing business opportunities
6	Employee Recruitment, Development & Retention	O	The Pharmaceutical industry relies on highly skilled employees to develop new products, manage government regulations and commercialize new products. Companies that attract and retain employees despite a constrained talent pool may be better positioned to protect and enhance shareholder value	Not Applicable	**Positive:** Employee retention may result in saving costs for recruitment & training, and a low turnover rate can boost employee productivity.
7	Supply Chain Management	R/ O	**Risk:** Management of the supply chain quality is essential for protecting consumer health and corporate value. Biotechnology and pharmaceuticals entities that fail to ensure quality throughout their supply chains may be susceptible to lost revenue, supply disruptions and reputational damage. **Opportunity:** Disclosure of supply chain audit programs can provide investors with an understanding of how the company is protecting shareholder value	Created a Supplier Code of Conduct and committed to collaborate with Tier-1 suppliers in order to foster sustainable performance	**Negative:** Non-compliance, disruptions or violations in may lead to fines/penalties, delays in supply or increase in operational cost. **Positive:** The company's adherence to its responsible sourcing increases its environmental and social performance, and improvement in brand reputation due to sustainable supply chain management.
8	Business Ethics	O	Pharmaceutical business is subjected to various jurisdictional laws and regulations pertaining to bribery, corruption and health care fraud and abuse. Adherence to compliance requirements throughout global & domestic operational footprint and corporate disclosure of legal / regulatory fines & codes of ethics that govern their interactions with health care professionals may allow investors to monitor performance and instill trust.	Not Applicable	**Positive:** By ensuring compliance and following best practices, the company can avoid fines and build trust within customers. and stakeholders.

SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
Policy and management processes									
1.a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	https://solara.co.in/investor-relations/policies-and-guidelines								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	N	Y	Y	N	N	N
4. Name of the national and international codes/certifications/labels/ standards (e.g., Foresat Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	International certifications ISO 45001:2018 and ISO 14001:2015 adopted by our Company at 4 sites (Cuddalore, Puducherry, Mangaluru and Ambernath)								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	o Improve usage of electricity generated from renewable sources from 27% to 40% by 2025 over 2021-22 baseline. o Reduced Fresh Water usage across all operations by 15% in 2025 over 2021-22 baseline. o Reduce waste disposal to landfill by 20% in 2025 over 2021-22 baseline. o Reduce Incinerable waste by 15% in 2025 over baseline of 2021-22 and put to good use in co-processing. o Zero accident target o Partnering for Sustainable Performance with 100% Tier-1 suppliers for engagement on sustainability by 2025: Tier-1 suppliers committing to supplier code of conduct and sustainable performance								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	o Renewable electricity contributed to 39% of Solara's total electricity consumption. o The company achieved a 3.1% reduction in freshwater consumption in FY 2023-24 over FY 2021-22 baseline. o Through continuous focused efforts, Solara has achieved the established targets for waste management by reducing waste disposal to landfill to 69.2% and incinerable waste to 49.7% in FY 2023-24 from the FY 2021-22 baseline. o Company performance social initiatives and sustainability in supply chain are aligned to the established target for the year 2025.								

Governance, leadership, and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

Solara places the highest priority to sustainability with a core belief that sustainable performance would be a strong business enabler and would bring competitive advantage. This report is a testimony of the Company's commitment to Sustainability in areas of Environment, Social, Governance (ESG). Sustainability has been an integral part of the business ever since the Company was formed as a separate Pure Play API company from the group company in year 2018. Solara believes in balanced growth in all aspects of business with the context of building a sustainable business and a sustainable world at large.

Solara places a strategic priority to integrate ESG into business operations through a systematic approach of identifying ESG priorities and establishing a sustainability roadmap for the company. The company is committed to consistently improve ESG performance and have developed medium term goals for 2025.

The Company continues to invest in renewable sources of energy and partner with companies undertaking group captive solar power projects. Solara is committed to reducing / compensating GHG emissions with renewable sources or other means of fuels and undertaking ZLD projects. The Company has also undertaken cost improvement programs such as increasing product yields and solvent recovery to boost efficiency and sustainability. A significant improvement in Diversity & Inclusion agenda has been noted by achieving gender diversity ratio of 8.4% in permanent employee category.

Besides sustainable performance within the sites, Solara has started to look beyond its operational sites at the supply chain performance. The Company has engaged supply chain partners for sustainability and take its commitment covering environmental, social and governance. Solara has been assessing the company sustainability performance with world renowned sustainability rating agency Eco Vadis from past 4 years and continue to show improvement in sustainability performance with significant increase in score for labor and human rights, maintaining good position in environment, sustainable procurement and ethics.

Solara aims to integrate sustainability and sustainable performance into the business model as a business enabler and a core to way of work in line with the Company RITE values (Respect, Integrity, Transparency and Efficiency). The Company is committed to taking our sustainability performance to top quartile among all companies on EcoVadis platform and aim for silver medal rating in near term. Solara aims to be a leading pure play API company and contributing immensely for sustainability in the interest of future and future generation.

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	DIN: 10158900 Mr. Poorvank Purohit Managing Director & CEO
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	No Note: All sustainability activities are overseen by the CEO.

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y	A	A	A	A	A	A	A	A	A

Subject for Review	P1	P2	P3	P4	P5	P6	P7	P8	P9
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	P1	P2	P3	P4	P5	P6	P7	P8	P9
	N	N	N	N	N	N	N	N	N

12. If answer to question (1) above is "No" i.e. not all Principles are covered by a policy, reasons to be stated:

Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

SECTION C: PRINCIPLE WISE PERFORMANCE

This section is aimed at helping entities demonstrate their performance in integrating the Principles and Core Elements with key processes and decisions. The information sought is categorized as "Essential" and "Leadership". While the essential indicators are expected to be disclosed by every entity that is mandated to file this report, the leadership indicators may be voluntarily disclosed by entities which aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

Essential Indicators

1. **Percentage coverage by training and awareness programmes on any of the principles during the financial year**

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	%age of persons in respective category covered by the awareness programmes
Board of Directors	1	Code of Conduct which includes business ethics, guidelines on conflicts of interest, equal employment opportunity, PoSH, health and safety, among others	100.0%
Key Management Personnel	13	• Human Rights Policy • Code of Conduct • Child Labour policy • Anti bribery policy • Business Ethics & Integrity • Equal opportunity policy • Diversity & Inclusion • Employees Grievance and Escalation Management • Employees Disciplinary Action • Whistle blower • POSH • CSR	100.0%
Employees other than BoD and KMPs			100.0%
Workers			100.0%

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format:**

(Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity's website):

Category	Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Penalty/Fine	Principle 1	BSE Limited	4,36,600 INR	Composition of the Board under Regulation 17(1) of SEBI (LODR), 2015 for the period August 4, 2021, to October 16, 2021. Payment of Fine was made on 26-10-2023	Yes. A waiver request was made to the exchange. The waiver committee waived the fine for Regulation 18 and 19 of SEBI (LODR).
Settlement	-	-	-	-	-
Compounding Fee	-	-	-	-	-

	Non-Monetary				
	NGBRC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Amount (in INR)	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	-	-	-	-	-
Punishment	-	-	-	-	-

3. **Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.**

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Composition of the Board under Regulation 17(1) of SEBI (LODR), 2015 for the period August 4, 2021, to October 16, 2021. A waiver request was made to the exchange. The waiver committee waived the fine for Regulation 18 and 19 of SEBI (LODR).	BSE Limited

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

Yes, the anti-corruption and anti-bribery policy serves as a guiding document for our workforce and is available on our website in the following link: https://solara.co.in/wp-content/uploads/2023/07/Anti-Bribery-Curruption-Policy.pdf

5. **Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:**

Category	FY 2023-24 (Current Financial year)	FY 2022-23 (Previous Financial year)
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

6. **Details of complaints with regard to conflict of interest**

Category	FY 2023-24		FY 2022-23	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	0	-	0	-
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	-	0	-

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

8. **Number of days of accounts payables ((Accounts payable *365) / Cost of goods/services procured) in the following format:**

Category	FY 2023-24 (Current Financial year)	FY 2022-23 (Previous Financial year)
Number of days of accounts payable	148	142

9. **Open-ness of business. Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:**

Parameter	Metrics	FY 2023-24 (Current Financial year)	FY 2022-23 (Previous Financial year)
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	0	0
	b. Number of trading houses where purchases are made from	0	0
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	0	0

Parameter	Metrics	FY 2023-24 (Current Financial year)	FY 2022-23 (Previous Financial year)
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	6.0%	4.0%
	b. Number of dealers / distributors to whom sales are made	5	6
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	100.0%	100.0%
Share of RPTs in	Purchases (Purchases with related parties/ Total Purchases)	0.02%	0.08%
	Sales (Sales to related parties/ Total Sales)	9.5%	13.9%
	Loans & Advances (Loans & Advances given to related parties/ Total Loans & Advances) *	7.5%	2.9%
	Investments (Investments in related parties/ Total Investments) *	88.1%	89.4%

*The share of RPT reported is as on 31st March 2024

Leadership Indicators

2. **Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If Yes, provide details of the same.**

Yes. The Code of Conduct (the "Code") sets forth legal and ethical standards of conduct for Directors and employees constituting senior management (comprising all members of the core management team one level below the Executive Directors and all functional heads). Code is designed to determine wrongdoing and to promote:

- Honest, fair and ethical conduct, including ethical handling of conflicts of interest between personal and professional relationships.
- Protection and proper use of corporate assets & confidential information.
- Compliance with applicable laws, rules and regulations.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.

Essential Indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2023-24	FY 2022-23	Details of improvements in environmental and social impacts
R&D	22.9%	35.0%	Expenses related to process improvements to reduce carbon footprint
Capex	14.4%	4.0%	Capital expenditure towards process improvement to reduce carbon footprint and towards health & safety measures.

2. **A. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

   B. If yes, what percentage of inputs were sourced sustainably?

   A. Yes, Solara promotes sustainable sourcing and encourages its suppliers and vendors to embrace moral, accountable, and sustainable practices in their operations. The Company has developed a Responsible Supply Chain Management policy that sets out fundamental values and integrity levels of business conduct and a Vendor Code of Conduct which covers various aspects of ESG, such as compliance with all applicable environmental laws and regulations, labor and human rights & antibribery, anti-corruption, data protection and data privacy.

   B. In FY 2023-24, 61% of inputs were sourced sustainably through suppliers complaint to Solara's Vendor Code of Conduct.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling, and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

Waste Type	Waste management procedure in place
Plastic waste (including packaging)	Plastic waste is disposed off to authorized recyclers as per the norms laid by Pollution Control Board (PCB) at respective sites. All details for the disposal and generation of plastic waste is tracked.
E-waste	E-waste is safely disposed off to authorized recyclers after entering into an agreement and collection of all the legal documents.
Hazardous Waste	Hazardous waste is safely disposed by sending to authorized agencies only after assessment and collection of all the legal document to ensure safely disposal.
Other Waste	All other wastes are sent to authorized waste disposal agencies.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

   Yes, as per the Extended producer guideline our company falls under Importer category. However, majority of Solara sites are Exported Oriented Units and same are exempted from fulfilling EPR obligations. Regarding DTA units' company has taken up with local authorities on clarifications for registration requirement and awaiting their response.

Leadership Indicators

1. **Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of the product/service	% of total turnover contributed	Boundary for which the life cycle perspective/ assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link
21001	Ibuprofen	34.1%	Cradle to Grave	Yes	No
	Gabapentin	8.2%	Cradle to Grave	Yes	No

2. **If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**

Name of Product/Service	Description of the risk/concern	Action Taken
Ibuprofen	The life cycle assessment of product Ibuprofen is conducted to assess impact categories like global warming, ozone depletion, acidification, eutrophication, water consumption, land use, ecotoxicity, etc. considering cradle-to-product distribution boundary. In Ibuprofen, the emissions due to raw material extraction are 79%, raw material transportation are 1%, manufacturing process are 20% and in product distribution is 0%. The highest emissions occur during the raw material extraction of the product where, Aldehyde has maximum impact followed by sodium di-chromate, sulphuric acid, acetone, and activated carbon.	Process development to replace conventional drug synthesis, processing, and manufacturing techniques with greener ones that are cost-effective, sustainable, environment-friendly, and profitable is underway.
Gabapentin	The life cycle assessment of product Gabapentin is conducted to assess impact categories like global warming, ozone depletion, acidification, eutrophication, water consumption, land use, ecotoxicity, etc. considering cradle-to-grave system boundary. The highest emissions occur during the raw material extraction of the product. Upon studying the raw materials, sodium hypochlorite and tributyl amine are found to have the maximum impact on the environment.	Process development is a work under progress

Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

Essential Indicators

1. a. Details of measures for the well-being of employees:

Category	Total (A)*	% Of employees covered by									
		Health insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care Benefits	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
Permanent Employees											
Male	1609	1609	100.0%	1609	100.0%	-	-	1609	100.0%	0	0.0%
Female	147	147	100.0%	147	100.0%	147	100.0%	-	-	0	0.0%
Total	**1756**	**1756**	**100.0%**	**1756**	**100.0%**	**147**	**8.3%**	**1609**	**91.7%**	**0**	**0.0%**
Other than Permanent Employees											
Male	8	0	0.0%	0	0.0%	-	-	0	0.0%	0	0.0%
Female	3	0	0.0%	0	0.0%	0	0.0%	-	-	0	0.0%
Total	**11**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**

b. Details of measures for the well-being of workers:

Category	Total (A)	% Of workers covered by									
		Health insurance		Accident insurance		Maternity benefits		Paternity benefits		Day care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	704	704	100.0%	704	100.0%	-	-	704	100.0%	0	0.0%
Female	1	1	100.0%	1	100.0%	1	100.0%	-	-	0	0.0%
Total	**705**	**705**	**100.0%**	**705**	**100.0%**	**1**	**0.1%**	**704**	**99.9%**	**0**	**0.0%**
Other than Permanent Employees											
Male	998	0	0.0%	0	0.0%	-	-	0	0.0%	0	0.0%
Female	102	0	0.0%	0	0.0%	0	0.0%	-	-	0	0.0%
Total	**1100**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**	**0**	**0.0%**

c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format

Parameter	FY 2023-24	FY 2022-23
Cost incurred on well being measures as a % of total revenue of the company	1.5%	1.4%

2. Details of retirement benefits, for Current FY and Previous Financial Year.

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100.0%	100.0%	Y	100.0%	100.0%	Y
Gratuity	100.0%	100.0%	Y	100.0%	100.0%	Y
ESI*	3.5%	0.0%	Y	14%	7%	Y
Others- please specify	-	-	-	-	-	-

*The percentage coverage includes only those employees and workers who are covered or entitled under ESI.

3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Yes. Solara ensures that its employees with disabilities are treated at par with other employees and also ensures non-discrimination, provides equal opportunity and ensures their accessibility to the work locations. Company premises are accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016.

4. **Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

Yes, the company provides equal opportunity to disabled employees both at the time of hiring and during their careers. The Equal Opportunity, Diversity and Inclusion Policy promotes a fair and transparent work environment to ensure diversity and inclusion of all people, including people with disability. Weblink to the policy: https://solara.co.in/wp-content/uploads/2023/06/DEI-Policy.pdf

5. **Return to work and Retention rates of permanent employees and workers that took parental leave.**

	Permanent Employees		Permanent Workers	
Gender	**Return to work rate**	**Retention rate**	**Return to work rate**	**Retention rate**
Male	100.0%	100.0%	100.0%	100.0%
Female	100.0%	100.0%	-	-
Total	100.0%	100.0%	100.0%	100.0%

6. **Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

Category	Yes/ No (If yes, then give details of the mechanism in brief)
Permanent Workers Other than Permanent Workers Permanent Employees Other than Permanent Employees	Yes, Solara has the following grievance redressal mechanism - • Representation through recognized union representatives • Standing Order • Whistle Blower mechanism • Reporting mechanism under POSH • Grievance redressal system

7. **Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

Category	FY 2023-24			FY 2022-23		
	Total employees/ workers in respective category (A)	No. of employees/ workers in respective category, who are part of associations or Union (B)	% (B/A)	Total employees/ workers in respective category (C)	No. of employees/ workers in respective category, who are part of associations or Union (D)	% (D/C)
Total Permanent Employees	1756	0	0.0%	1632	0	0%
Male	1609	0	0.0%	1494	0	0%
Female	147	0	0.0%	138	0	0%
Total Permanent Workers	705	705	100.0%	729	729	100%
Male	704	704	100.0%	728	728	100%
Female	1	1	100.0%	1	1	100%

8. **Details of training given to employees and workers:**

Category	FY 2023-24 (Current Financial Year)					FY 2022-23 (Previous Financial Year)				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
Employees										
Male	1609	954	59.0%	1392	86.1%	1502	402	26.8%	1289	85.8%
Female	150	68	45.3%	103	68.7%	140	30	21.4%	114	81.4%
Total	**1767**	**1022**	**57.8%**	**1495**	**84.6%**	**1642**	**432**	**26.3%**	**1403**	**85.4%**
Workers										
Male	1702	1573	92.4%	1682	98.8%	1716	1586	92.4%	1680	97.9%
Female	103	103	100.0%	103	100.0%	106	106	100.0%	105	99.1%
Total	**1805**	**1676**	**92.9%**	**1785**	**98.9%**	**1822**	**1692**	**92.9%**	**1785**	**98.0%**

Note: As a part of our procedures, all the other than permanent employees and workers are trained in all safety-related and skill-related trainings before deployment in their respective roles.

*The values for FY 2022-23 have been restated to include the other than permanent workforce covered under trainings from previously reported data for only permanent workforce.

9. **Details of performance and career development reviews of employees and worker**

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
Employees						
Male	1609	1551	96.4%	1494	1263	85%
Female	147	137	93.1%	138	88	64%
Total	**1756**	**1688**	**96.1.%**	**1632**	**1351**	**83%**
Workers*						
Male	704	704	100.0%	728	728	100.0%
Female	1	1	100.0%	1	1	100.0%
Total	**705**	**705**	**100.0%**	**729**	**729**	**100.0%**

Note: The above data has been reported for only permanent employees and workers since performance reviews are not applicable for other than permanent employees and workers.

*For the permanent workers, performance and related reviews are covered under the Long Term Settlement Agreements.

10. **Health and safety management system:**

a. **Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes, occupational health and safety management system has been implemented by at all our locations.

4 manufacturing sites (Cuddalore, Puducherry, Mangaluru and Ambernath) of Solara are certified for ISO 45001 and ISO 14001.

b. **What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

The Company has a process for Risk Management which is essential for preventing incidents, injuries, occupational disease, emergency control & prevention and business continuity.

- Considering the hazards associated with operations and hazardous chemicals used, sites have deployed structured Hazard Assessment by HAZOP and What-if method and Risk Assessment via ISO 31000. They are carried out on or before start-up of manufacturing process. What if analysis is done for the products before transfer to manufacturing sites
- On a day-to-day basis unsafe conditions and hazards are also identified by employees and notified through the drop box placed at various locations in the plant. It is also extended to contractors working on sites to ensure their concerns are captured.
- The closure of the same is tracked to ensure risk control at the workplace. Storing and handling of toxic chemicals like ammonia, chlorine, flammable materials like fuel, etc. are identified as the critical hazard process hazards at the site for which the Company has carried out Quantitative Risk Assessment; HAZOP study and engineering review by external/internal experts as appropriate.
- Safety training is conducted for employees as per the schedule.
- Contractor Safety management system is in place.

c. **Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes, The Company has well-established Standard Operating Procedures (SOP) for employees to identify and report on work-related hazards and the subsequent steps to mitigate them. In addition, the Company trains all its employees and workers with occupational health and safety modules. The training modules cover aspects of the methodology to identify work-related hazards, analyse the risks associated with it and take subsequent steps to mitigate them. During the safety and emergency evacuation drills, employees are trained in dealing with emergency equipment such as fire hydrant, firefighting system, leak and spill control procedures, safety alarms among others. In addition, the proficiency of employees is periodically tested in dealing with the emergency situations. The practical trainings and online safety modules equip the employees with right procedures of reporting work-related hazards and the steps to remove themselves from such situations. There are drop boxes at various locations in the site, so that employees can immediately report unsafe act, unsafe working condition, and near miss.

d. **Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

Yes, the Company provides non-occupational medical and healthcare services to its employees and workers. Further, the Company ensures the provision of medical insurance to all its employees and workers. With the endeavor to promote physical and mental wellbeing for all the employees, the Company designs comprehensive health programs which promote healthy lifestyle practices. Some of the examples of health programs and services offered to the employees are:

1. Wellness sessions
2. Annual Health check-up
3. Distribution of health drinks

11. Details of safety related incidents, in the following format

Safety Incident/Number	Category	FY 2023-24	FY 2022-23*
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0.29	0.30
	Workers	2.93	0.42
Total recordable work-related injuries	Employees	1	1
	Workers	14	2
No. of fatalities	Employees	0	0
	Workers	2	2
High consequence work-related injury or ill-health (excluding fatalities)	Employees	1	0
	Workers	1	0

*The values for FY 2022-23 have been restated to include safety incidents of other than permanent workforce and incidents at the Sales & Marketing office in Bangalore.

12. Describe the measures taken by the entity to ensure a safe and healthy workplace.

- The Company embeds the guidelines and principles of ISO 45001:2018, OSHA standards, Factories Act and other state-level regulatory requirements within its Environment Health and Safety (EHS) management systems.
- The EHS policy advocates the provision of a safe working environment to all the employees, contractors, sub-contractors, visitors, and the neighboring communities. The Company undertakes periodic internal and external audits to assess the safety practices and procedures in alignment with the EHS management system and the ISO 45001:2018 guidelines.
- As part of the auditing procedure, the Company recognizes the critical areas which require immediate corrective action. The safety incidents and hazards are investigated to determine the root cause, and subsequently, corrective action plans are laid out to prevent the occurrence of similar incidents in the future. Further, as part of the EHS management system, the Company provides safety trainings through modules and safety drill practices to all its employees and workers. The safety training programs enable the development of a strong foundation among the workforce, in terms of their ability to identify, mitigate and prevent risks pertaining to Occupational Health and Safety.
- Safety committee meeting is periodically conducted with management employees and workers to identify the workplace issues and to mitigate the risk of workplace injuries and illnesses.
- Adequate safety signages, caution boards, Do's & Don'ts and safety instruction boards are displayed in all locations. The Company endeavors to prevent negative health impact on the employees through various health awareness sessions, provision of medical facilities and medical insurance benefits. Additionally, the Company provides voluntary health promotion services such as lifestyle counselling, stress management sessions, nutritional awareness campaigns among others for inculcating healthy lifestyle practices.

13. Number of Complaints on the following made by employees and workers:

Category	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working conditions	0	0	-	0	0	-
Health and Safety	0	0	-	0	0	-

14. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	87.5%
Working conditions	87.5%

15. **Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**
The following are the corrective actions were taken on significant risks.

- Hazard identification and Risk assessment and Job safety analysis has carried out for all critical activities.
- All locations has identified the significant risk activities, concerns arising from assessment of Health & safety practices are addressed accordingly control measures has been taken by implementing necessary Engineering & Administrative controls.
- Training needs for employees has been identified, and annual training calendar has been prepared.
- Risk Based Process Safety Management has been implemented and monitored at all the locations to prevent intended release of chemical.
- Corporate EHS guideline and Procedures is established for all activities and is reviewed periodically.
- Periodic audit and inspection is carried out on all critical equipment and potable tools & equipment.
- Preventive maintenance is performed for all equipment, and testing and calibration is performed for all safety devices such as pressure/ vacuum gauge, safety relief valve, NRV, control / ON/Off valves, Pressure reducing valves etc.,
- Management of Change process is in-place to assess the hazard associated with the change.
- Leadership rounds are regularly performed by site leadership team to identify the unsafe acts & conditions.
- Identification & Reporting of Near miss by Employees is in place and 100% investigation of all near miss is conducted.
- Investigation of all incidents and 100% implementation of all corrective action. Investigation reports and its learnings are shared across all Solara sites for deployment of corrective action to prevent similar incident. Also, effectiveness is checked during the safety inspection / audit.
- Personal Protective equipment (PPE) compliance is monitored through strict supervision.
- Internal audits of Solara Units at site level are conducted on a periodic basis. Corrective and preventive measures are taken based on the findings.
- Detailed investigations are carried out for all accidents to identify the root causes and to understand the measures required to prevent recurrence.
- Accident investigation findings with corrective and preventive measures form part of the report presented to the Safety Committee on monthly basis, site ORM and to the Board each quarter. The learnings from all accidents are disseminated across the organization at periodic intervals and formal compliance is obtained.

Leadership Indicators

1. **Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).**

   A. Employees – Yes

   B. Workers – Yes

2. **Provide the measures undertaken by the entities to ensure that statutory dues have been deducted and deposited by the value chain partners.**

   To ensure that the statutory dues as applicable within its remit, are deducted and deposited by the value chain partners in accordance with relevant regulations through constant monitoring of available tools and the documentary proofs from the value chain partners. The Company expects its value chain partners to uphold business responsibility principles and values of transparency and accountability.

3. **Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

   Yes

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Essential Indicators

1. **Describe the process for identifying key stakeholder groups of the entity.**

   Any individual or group of individuals or institutions that adds value to the business or is materially affected by entity's decision is identified as a core stakeholder. Solara has recognized both, internal stakeholder (which includes employees and leadership), and external stakeholder (which includes regulators, investors, suppliers, customers and community) as an integral part of our operations.

2. **List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as vulnerable and marginalized group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (annually, half yearly, quarterly, others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	• Intranet Portal • Functional and cross-functional committees • Leader's talk • Regular Employee Communication Forums	On a regular basis	• Employee benefits • Learning and development • Safety and well-being • Performance review and career development • Business update
Customers	No	• Customer Satisfaction Survey • Customer meets • Digital/ telephonic Interactions	On a regular basis	• Customer feedback • Resolution of their open issues
Suppliers and Vendors	No	• Supplier and Vendor meets • Face-to-face and electronic correspondence • Digital/ • telephonic Interactions	Half yearly	• Resolving open issues • Assessing performance • Recognition and • engagement activities • Undertaking discussion on Sustainability Parameters
Investors / Shareholders	No	Email, newspaper advertisement, website, Annual General Meetings, disclosures to stock exchanges and investor meetings / calls / conferences	Need based and Quarterly calls	To update them about important developments (performance, strategy, growth and opportunities) in the Company and address their grievances
Community	No	• Physical meetings • Digital interactions	Concurrent /need basis	• Community development through various initiatives of CSR • Community grievance redressal
Regulatory and government bodies	No	• Physical meetings • Digital communications • Through submissions	On a need basis	• Policy Advocacy with concerned authorities • Deliberations and inputs on regulations and policies that have bearing on our operations and businesses. • For our core business activities of development, manufacturing, and sales

Leadership Indicators

1. **Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

   Regular consultation happens with the various stakeholder on a need basis. These consultations happen through our various functional as well as plant heads, wherein feedbacks concerning economic, environmental, and social topics are raised. Critical feedbacks are reported to the board for further assessment and action

2. **Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

   Yes, we have a policy concerning stakeholder management. No instances have been recorded in the reporting period.

3. **Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

   There have been no concerns raised from vulnerable/ marginalized stakeholder groups.

Principle 5: Businesses should respect and promote human rights.

Essential Indicators

1. **Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:**

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. of employees/ workers covered (B)	% (B / A)	Total (C)	No. of employees/ workers covered (D)	% (D/C)
Employees						
Permanent	1756	1756	100.0%	1632	1632	100%
Other than permanent	11	11	100.0%	10	0	0%
Total Employees	**1767**	**1767**	**100.0%**	**1642**	**1632**	**99%**
Workers						
Permanent	705	705	100.0%	729	729	100%
Other than permanent	1100	1100	100.0%	1093	1093	100%
Total Workers	**1805**	**1805**	**100.0%**	**1822**	**1822**	**100%**

Note: Solara ensures human rights training of all the employees and the employees are aware of the human rights policy which is available on Company website.

2. **Details of minimum wages paid to employees and workers, in the following format:**

Category	FY 2023-24					FY 2022-23*				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F/ D)
Employees										
Permanent	**1756**	**0**	**0.0%**	**1756**	**100.0%**	**1632**	**321**	**20%**	**1311**	**80%**
Male	1609	0	0.0%	1609	100.0%	1494	297	20%	1197	80%
Female	147	0	0.0%	147	100.0%	132	24	17%	114	83%
Other than Permanent	**11**	**0**	**0.0%**	**11**	**100.0%**	**10**	**0**	**0%**	**10**	**100%**
Male	8	0	0.0%	8	100.0%	8	0	0%	8	100%
Female	3	0	0.0%	3	100.0%	2	0	0%	2	100%
WORKERS										
Permanent	**705**	**0**	**0.0%**	**705**	**100.0%**	**729**	**138**	**19%**	**591**	**81%**
Male	704	0	0.0%	704	100.0%	728	138	19%	590	81%
Female	1	0	0.0%	1	100.0%	1	0	0%	1	100%
Other than permanent	**1100**	**1100**	**100.0%**	**0**	**0.0%**	**1093**	**1093**	**100%**	**0**	**0%**
Male	998	998	100.0%	0	0.0%	988	983	100%	0	0%
Female	102	102	100.0%	0	0.0%	105	105	100%	0	0%

*Minimum wage details for other than permanent employees and workers were not reported in FY 2022-23, which have been disclosed in this report.

3. **Details of remuneration/salary/wages, in the following format:**

a. **Median remuneration / wages:**

	Male		Female	
	Number	**Median remuneration/ salary/ wages of respective category**	**Number**	**Median remuneration/ salary/ wages of respective category**
Board of Directors (BoD)	2	INR 1,83,26,346*#	0	0*
Key Management Personnel	2	INR 48,79,844	0	-
Employees other than BoD and KMP	1617	INR 6,01,644	150	INR 5,25,000
Workers	1702	INR 4,60,997	103	INR 5,49,426

*The median remuneration pertains to Executive Directors.

#The value of remuneration highlights the remuneration paid to 4 Directors. Out of the 4 members, Mr. Jitesh Devendra, Managing Director & Mr. S Hariharan, Executive Director & CFO ceased to be a Director in Solara on July 05, 2023, & July 31, 2023, respectively and Mr. Poorvank Purohit, Managing Director, and CEO & Mr. Mohan Muthunarayanan, Executive Director undertook the responsibilities of directorship in Solara on July 05, 2023, & February 14, 2024, respectively.

@ Key Managerial Personnel mentioned above excludes Board of Directors

b. **Gross wages paid to females as % of total wages paid by the entity, in the following format:**

Safety Incident/Number	FY 2023-24	FY 2022-23*
Gross wages paid to females as % of total wages	4.3%	4.8%

4. **Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

Yes. the CHRO is the designated person for addressing human rights impacts or issues.

5. **Describe the internal mechanisms in place to redress grievances related to human rights issues**

Process for grievance redressal has been detailed in Employee Disciplinary Action Policy

6. **Number of Complaints on the following made by employees and workers:**

Category	FY 2023-24			FY 2022-23		
	Filed during the year	**Pending resolution at the end of year**	**Remarks**	**Filed during the year**	**Pending resolution at the end of year**	**Remarks**
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced Labour/ Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

7. **Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

Safety Incident/Number	FY 2023-24	FY 2022-23*
Total complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	0	0
Complaints on POSH as a % of female employee/ workers	0	0
Complaints on POSH upheld	0	0

8. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**
Solara is committed to ensuring that no employee who brings forward a harassment concern is subject to any form of reprisal. Any reprisal will be subject to disciplinary action. Through the Code of Conduct and defined polices, Solara ensures that the victim or witnesses are not victimized or discriminated against while dealing with complaints of sexual harassment.

9. **Do human rights requirements form part of your business agreements and contracts? (Yes/No)**
No, human rights requirements are not explicitly included in our business agreements and contracts. However, it is clearly stated that all parties involved in our business dealings are expected to comply with all relevant laws, including human rights obligations.

10. **Assessments for the year:**

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100.0%
Forced/involuntary labour	100.0%
Sexual harassment	100.0%
Discrimination at workplace	100.0%
Wages	100.0%
Others – please specify	-

11. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above.**
Not Applicable

Leadership Indicators

1. **Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.**

   Not Applicable

2. **Details of the scope and coverage of any Human rights due- diligence conducted.**

   Not Applicable

3. **Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?**

   Yes, Solara has an Equal Opportunity, Diversity and Inclusion Policy that promotes a fair and transparent work environment based on diversity and inclusion of all people, including people with disability and our premises are also accessible to differently abled visitors as per the requirements of the Rights of Persons with Disabilities Act. The offices include disabled friendly lifts, washrooms and ramps, etc. to provide an accessible and comfortable work environment to persons with disabilities.

Principle 6: Businesses should respect and make efforts to protect and restore the environment

Essential Indicators

1. **Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:**

	FY 2023-24	FY 2022-23*
From renewable sources		
Total electricity consumption (A)	14,00,05,515	12,38,89,685
Total fuel consumption (B)	72,02,87,457	70,82,87,151
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	86,02,92,972	83,21,76,836
From non-renewable sources		
Total electricity consumption (D)	21,93,27,807	19,78,86,024
Total fuel consumption (E)	15,40,72,727	13,34,70,276
Energy consumption through other sources (F)	0	0
Total energy consumed from non-renewable sources (D+E+F)	37,34,00,534	33,13,56,300
Total energy consumed (A+B+C+D+E+F)	1,23,36,93,506	1,16,35,33,136
Energy intensity per rupee of turnover (Total energy consumption/ revenue from operations)	0.095	0.079
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumption/ revenue from operations adjusted for PPP)	2.14#	1.76#
Energy intensity in terms of physical output (MJ/MT)	1,74,283	1,89,377
Energy intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

* The data includes energy consumption from a discontinued R&D center in Bangalore, till March 2024.

For the purpose of calculation of intensity, conversion factor @22.40 ₹INR/USD for FY 2023-24 and conversion factor @22.17 ₹INR/USD for FY 2022-23 as per IMF has been considered to calculate turnover adjusted for Purchasing Power Parity (PPP).

2. **Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.**

Not applicable. There are no sites/facilities that have been identified as Designated Consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India.

3. **Provide details of the following disclosures related to water, in the following format:**

	FY 2023-24	FY 2022-23*
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	43,878	42,771
(iii) Third party water (Municipal water supplies)	3,40,105	3,17,546*
(iv) Seawater / desalinated water	0	0
(v) Others	13,297	14,784
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	3,97,280	3,75,101*
Total volume of water consumption (in kilolitres)	3,88,020	3,71,607*
Water intensity per rupee of turnover (Water consumed / revenue from operations) (in Milli Litres/ Rupees)	29.98	25.35
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Water consumed / revenue from operations adjusted for PPP) (in Milli Litres/ Rupees)	671.54#	561.99#
Water intensity in terms of physical output (KL/MT)	54.82	60.48
Water intensity (optional) – the relevant metric may be selected by the entity	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

* The data also includes water withdrawal and consumption from a discontinued R&D center in Bangalore for April 2023 & May 2023.

For the purpose of calculation of intensity, conversion factor @22.40 ₹INR/USD for FY 2023-24 and conversion factor @22.17 ₹INR/USD for FY 2022-23 as per IMF has been considered to calculate turnover adjusted for Purchasing Power Parity (PPP).

4. **Provide the following details related to water discharged:**

	FY 2023-24	FY 2022-23*
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) To Groundwater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) To Seawater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties	9,260	10,035
- No treatment	9,260	10,035
- With treatment – please specify level of treatment	0	0
(v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	**9,260**	**10,035**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. – No

* The data includes water discharge from a discontinued R&D center in Bangalore for April 2023 & May 2023.

5. **Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

5 units out of 8 units (6 manufacturing locations and 2 offices) in the Solara active Pharma Sciences Limited are Zero Liquid Discharge (ZLD). The Company implements water conservation through reduce, reuse, recharge and recycle approach within its manufacturing locations. As part of recycle initiative, the Company provides tertiary treatment to its effluent, the treated effluent water is then effectively recycled and reused as make-up water in cooling towers and in-house gardening.

6. **Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:**

Parameter	Please specify unit	FY 2023-24	FY 2022-23*
NOx	Metric tonne	103*	Solara was in the process of measuring emissions for reporting in the next financial year (FY24).
Sox	Metric tonne	28*	
Particulate matter (PM)	Metric tonne	84*	
Persistent organic pollutants (POP)	Metric tonne	0	
Volatile organic compounds (VOC)	Metric tonne	0	
Hazardous air pollutants (HAP)	Metric tonne	0	
Ozone Depleting Substances	CFC-11 Equivalent	70	41

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

*The details for air emissions excludes the NOx, SOx and PM emissions from Sales & Marketing office located in Bangalore which has minimal environment footprint and is considered non-material from environmental impact perspective.

7. **Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:**

Parameter	Unit	FY 2023-24	FY 2022-23*
Total Scope 1 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	33,489*	11,168
Total Scope 2 emissions (Break-up of the GHG into CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3, if available)	Metric tonnes of CO_2 equivalent	43,622**	43,425
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover (Total scope 1 and scope 2 GHG emissions/ revenue from operations)		0.0000060	0.0000037^
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover adjusted for Purchasing Power Parity (Total scope 1 and scope 2 GHG emissions/ revenue from operations adjusted for PPP)		0.00013#	0.00008#
Total Scope 1 and Scope 2 emission intensity in terms of physical output	(tCO_2e/MT)	10.89	8.89
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

* The total Scope 1 emissions have increased in FY 2023-24 as it includes the emissions from Ozone Depleting Substances which were not accounted for computation of Scope 1 emissions in FY 2022-23 due to unavailability of information

** The data includes scope 2 emissions from a discontinued R&D center in Bangalore, till March 2024.

^ The value of Scope 1 and Scope 2 emission intensity for FY 2022-23 are restated to report intensity per rupee of turnover from previously reported intensity per crore rupees of turnover

For the purpose of calculation of intensity, conversion factor @22.40 ₹INR/USD for FY 2023-24 and conversion factor @22.17 ₹INR/USD for FY 2022-23 as per IMF has been considered to calculate turnover adjusted for Purchasing Power Parity (PPP).

8. **Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.**
Solara has initiated a process to increase renewable energy from 27% to 40% by FY25 (from the base year FY21) to address global environmental issues such as climate change and global warming and to thereby reduce the GHG footprint. Through these initiatives, Solara aims to contribute to the UN Sustainable Development Goal 12 - Responsible Consumption and Production and SDG 13 - Climate Action.

9. **Provide details related to waste management by the entity, in the following format:**

Parameter	FY 2023-24	FY 2022-23*
Total Waste generated (in metric tonnes)*		
Plastic waste (A)	22	0
E-waste (B)	1	1.6
Bio-medical waste (C)	2	2.4
Construction and demolition waste (D)	0	0
Battery waste (E)	0	4.4
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	33,723	32,976
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	523	531
Total (A+ B + C + D + E + F + G + H)	34,272	33,515
Waste intensity per rupee of turnover (Total waste generated / revenue from operations)	0.0000026	0.00000229
Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total waste generated/ revenue from operations adjusted for PPP)	0.000059#	0.000051#
Waste intensity in terms of physical output (MT)	4.84	5.45
Waste intensity (optional) – the relevant metric may be selected by the entity	-	-

Parameter	FY 2023-24	FY 2022-23*
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)*		
Category of waste		
(i) Recycled	28,125	27,127^
(ii) Re-used	0	0^
(iii) Other recovery operations	4,591	3,125^
Total	**32,716**	**30,252^**
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	120	114^
(ii) Landfilling	1,399	3168^
(iii) Other disposal operations	0	0^
Total	**1,519**	**3,282^**

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency - No

*The details for waste generated and waste disposed excludes the waste at Sales & Marketing office located in Bangalore which has minimal environment footprint and is considered non-material from environmental impact perspective.

^ The values for waste directed from disposal and waste diverted from disposal in FY 2022-23 have been restated due to revised classification of waste from 'other disposal operations' to 'recycled' and 'other recovery operations'. The waste recycled includes all waste sent to authorized recyclers and waste recovered through other recovery operations includes waste sent for co-processing.

#For the purpose of calculation of intensity, conversion factor @22.40 ₹INR/USD for FY 2023-24 and conversion factor @22.17 ₹INR/USD for FY 2022-23 as per IMF has been considered to calculate turnover adjusted for Purchasing Power Parity (PPP)

10. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

1. Evaluation of product through literature and select the route with less toxic chemicals and least hazardous waste by-product.
2. Process development of the manufacturing products to reduce usage of hazardous and toxic.
3. We continuously work on process improvement, yield improvement and improving solvent recoveries, recycling, reducing hazardous waste to landfill and incineration.

11. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

Sr No	Location of operations/ offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
1	Research & Development and General administration	Solara Active Pharma research centre and corporate office situated at Keelakottaiyur Village, Melakottaiyur (PO) Chennai – 600127, which is 7.00 Km from Vandaloor Zoo.	Yes, site is complying to consent to Operate (CFO/ CTO) conditions

12. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable since no expansion projects nor change in product mix was executed in this financial year					

13. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S. No	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Yes, we are compliant with all the applicable environmental law/ regulations/ guidelines				

Leadership Indicators

1. **Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

   For each facility / plant located in areas of water stress, provide the following information:

   (i) Name of the area - Puduchery, Chennai and Bangalore

   (ii) Nature of operations: API manufacturing site in Puducherry, corporate office in Chennai, and sales & marketing office and a discontinued R&D centre in Bangalore

   (iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2023-24	FY 2022-23*
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	35,319	35,803*
(iii) Third party water	480	0
(iv) Seawater / desalinated water	0	0
(v) Others	13,297	14,784*
Total volume of water withdrawal (in kilolitres)	49,096	50,587*
Total volume of water consumption (in kilolitres)	49,096	50,587
Water intensity per rupee of turnover (Water consumed / turnover) (milli litres / rupees)	3.79	3.45
Water intensity (optional) – the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment (in kilolitres)		
(i) Into Surface water	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(ii) Into Groundwater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iii) Into Seawater	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(iv) Sent to third-parties	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
(v) Others	0	0
- No treatment	0	0
- With treatment – please specify level of treatment	0	0
Total water discharged (in kilolitres)	0	0

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. - No

* The values of water withdrawal for FY 2022-23 have been restated due to re-classification of water withdrawn under groundwater from previously reported category as third-party water and revised reporting of water withdrawn under others category.

4. **If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:**

Sr No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
1	Reduce carbon emissions	Using energy-efficient equipment and energy-efficient lighting in our offices	75% less energy than conventional lighting
2	Measures to conserve water	Use of sensor-based taps and use of aerators in taps to reduce water flow	Reduction of Water Consumption
3	Waste reduction	Installation of paddle dryer	Reduction in moisture content of waste resulted in reduction of waste quantity generated hence quantity disposed also reduced.

5. **Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

   Yes, the Company has a business continuity and on-site emergency plan for all its locations. This business continuity plan enables the Company to adapt in situations arising from any natural calamity or an unprecedented event that may disrupt the business operations. The Company continuously enhances its existing plan by incorporating interferences and observations from disruptions faced in unprecedented situations such as the pandemic. Further, the Company's risk management plan enables the minimization of disaster-linked losses, by assessing the potential for major disruption and its consequent risks to the business, and by providing the appropriate mitigation action plans.

6. **Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.**
   No significant adverse impact to the environment, arising from the value chain has been identified.

7. **Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**
   6% of value chain partners (by value of business done with such partners) were assessed for environmental impacts.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Essential Indicators

1. **A. Number of affiliations with trade and industry chambers/ associations.**
   Solara is affiliated with 4 industry chambers and associations.

   B. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sr No	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Pharmaceuticals Export Promotion Council of India	National
2	Federation of Indian Export Organisations	National
3	Southern Indian Chamber of Commerce & Industry	National
4	Export Promotion Council for EOUs & SEZs	International

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

Name of authority	Brief of the case	Corrective action taken
No case was filed by any stakeholder against Solara regarding unfair trade practices and anti-competitive behavior		

Principle 8: Businesses should promote inclusive growth and equitable development.

Essential Indicators

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
Not Applicable					

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:**

S. No	Name of Project for which R&R is ongoing	State	District	No. of Project Affected Families (PAFs)	% of PAFs covered by R&R	Amounts paid to PAFs in the FY (In INR)
Not Applicable						

3. **Describe the mechanisms to receive and redress grievances of the community.**
   1. Quarterly meeting with the representatives of the community to understand the requirements and the support needed from our end.

   2. Third party assessment

   3. Government notifications

4. **Percentage of input material (inputs to total inputs by value) sourced from suppliers:**

Parameter	FY 2023-24	FY 2022-23*
Directly sourced from MSMEs/ small producers	11%	7%
Directly from within India	81%	65%*

*The value for percentage of input material sourced directly from suppliers within India has been restated owing to change in data consolidation approach.

5. **Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost:**

Parameter	FY 2023-24	FY 2022-23*
Rural	0.0%	0.0%
Semi urban	5.2%	4.8%
Urban	59.4%	62.2%
Metropolitan	35.4%	33.0%

Leadership Indicators

1. **Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective action taken
Not Applicable	

2. **Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

Sr No	State	Aspirational District	Amount Spent (in INR)
Not Applicable			

3. **Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:**

S. No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/ No)	Benefit shared (Yes / No)	Basis of calculating benefit share
Not Applicable				

4. **Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.**

Name of the authority	Brief of the Case	Corrective action taken
Not Applicable		

5. **Details of beneficiaries of CSR Projects:**

Sr No	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
1	Health	14,700	100.0%
2	Safe Drinking Water	7,300	100.0%
3	Community Welfare & Support	2,550	100.0%
4	Education	664	100.0%

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.

Essential Indicators

1. **Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**
   We have QMS in place and the customer complaints are dealt with in accordance with the SOPs in place.

2. **Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:**

	As a percentage to total turnover
Environmental and social parameters relevant to the product	100.0%
Safe and responsible usage	100.0%
Recycling and/or safe disposal	100.0%

3. **Number of consumer complaints in respect of the following:**

Category	FY 2023-24			FY 2022-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data Privacy	0	0	-	0	0	-
Advertising	0	0	-	0	0	-
Cyber Security	0	0	-	0	0	-
Delivery of essential services	0	0	-	0	0	-
Restrictive Trade Practices	0	0	-	0	0	-
Unfair Trade Practices	0	0	-	0	0	-
Other: Quality	20	5	3 complaints were closed in April & May 2024. Final Investigation has been shared with customer for other 2 complaints and customer feedback for final closure is awaited.	20	8	-
Other: Packing issue	8	0	-	3	1	-
Other: Other category	6	0	-	5	1	-

4. **Details of instances of product recalls on account of safety issues:**

	Number	Reasons for recall
Voluntary recalls	0	-
Forced recalls	0	-

5. **Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Solara upholds the Information Security Policy and ensures that all staff members receive training on the policy. The policy outlines the procedures for safeguarding and managing the Company's information and assets. Additionally, it establishes clear roles and responsibilities for information protection and managing cyber incidents.

Web link to the policy: https://solara.co.in/wp-content/uploads/2023/07/Information-Technology-Security-Policy.pdf

6. **Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

Active monitoring of cyber security for Solara Pharma Ltd is handled both internally and by third-party experts. Routine reviews are carried out, and necessary steps are taken to enhance the cyber security measures. Employees are educated on data privacy awareness, and new procedures for data privacy requirements are being reviewed and prepared for implementation.

7. **Provide the following information relating to data breaches:**

a. Number of instances of data breaches - No data breach for the financial year 2023-24

b. Percentage of data breaches involving personally identifiable information of customers - No data breach for the financial year 2023-24

c. Impact, if any, of the data breaches – Not Applicable

Financial Statements

Independent Auditor's Report

To The Members of

Solara Active Pharma Sciences Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of Solara Active Pharma Sciences Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2024, and the Statement of Profit and Loss (including Other Comprehensive Loss), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and notes to the standalone financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Revenue Recognition** Refer note 2.1 (iii) and note 26 of the standalone financial statements The Company's sales revenue mainly arose from sale of pharmaceutical products, which are in the nature of API (i.e. Active Pharmaceutical Ingredient). The Company recognises sales revenue based on the terms and conditions of transactions, which vary with different customers. For sales transactions in a certain period around balance sheet date, it is essential to ensure whether the transfer of control of the goods by the Company to the customer occurs before the balance sheet date or otherwise. Considering that there are significant volume of sales transactions close to the year end, involving material amounts and such revenue recognition is subject to whether transfer of control to the customer has occurred before the balance sheet date or otherwise, we consider the risk of revenue from sale of goods being recognised in the incorrect period, a key audit matter.	**Principal audit procedures performed:** We evaluated the design of internal controls over recognition of revenue in the appropriate period on accordance with the Company's accounting policy. On a sample basis, we tested the operating effectiveness of the internal control relating to the determination of point of time at which the transfer of control of the goods occurs. We tested the relevant information technology systems used in recording the revenue including company's system generated reports, based on which selection of samples was undertaken. On sample basis, we performed test of details of sales recorded close to year end through following procedures: - Analysed the terms and conditions of the underlying contract with the customers and - Verified the evidence for the transfer of control of the goods prior to the balance sheet date or otherwise, from relevant supporting documents.

Sr. No.	Key Audit Matter	Auditor's Response
2.	**Impairment assessment in respect of carrying value of the assets of the Cash Generating Unit's (CGUs) as at 31 March 2024** The carrying value of the CGUs are tested by the Management atleast annually for impairment, or more frequently if the events or changes in circumstances indicate that the asset might be impaired. The evaluation requires a comparison of the estimated recoverable value of the CGU to the carrying value of the assets in the CGU. The Management has involved external specialist to carry out impairment assessment. As stated in note 7 of the standalone financial statements, the Management of the Company has assessed the annual impairment of CGUs based on the impairment indicators identified during the year. The Carrying value of CGU's will be recovered through future cash flows and there is a risk of impairment loss where the actual cash flows are less than expected. The impairment assessment performed by the Management contained a number of significant judgements and estimates including short and long term growth rates and discount rate. We focused on this area because of the significance of the balance and the significant judgements and assumptions involved in impairment assessment carried out by the Management about based on the future results	**Principal Audit Procedures performed:** • We assessed the management's process for identification of cash generating units within the Company and process for impairment assessment of the carrying value of assets of the CGUs • Evaluated the design and implementation of the management's internal control around identifying impairment indicators at CGU level and carried out testing of the impairment assessment of relevant CGUs including the approval of forecasts and valuation models. • We inquired with Management to understand the factors considered when performing the impairment assessment including the rationale for the events and circumstances considered based on strategic plans of the entity (business revenue projections, cost reduction plans etc.), consideration of economic and industry matters and the factors considered regarding the overall value in use conclusion. • Evaluated the competence of the Management's expert and understood the key assumptions considered in the management's estimates of future cash flows. • Involving our valuation specialists, to assist in evaluating methodologies, terminal growth rates considered in the estimates of future cash flows and the discount rate used in the calculations, which included benchmarking the weighted average cost of capital with sector averages for the relevant markets in which the CGU operates and considering Company specific factors and other key assumptions considered in the calculations. • Compared the historical cash flows (including for current year) against past projections of the management for the same periods and gained understanding of the rationale for the changes. • Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes such as revenue growth and profitability during the forecast period, the terminal growth rate and discount rate applied to the future cash flows. • We ascertained the extent to which a change in these assumptions both individually or in aggregate would result in impairment and considered the likelihood of such events occurring. We further assessed the adequacy of the disclosures made in the standalone financial Statements for the year ended 31 March 2024
3.	**Going concern assessment** The Company has incurred a loss of ₹ 566.87 crores for the year ended 31 March 2024 and the Company has negative working capital position of ₹ 447.00 crores as at 31 March 2024. In addition to meeting its current obligations, the Company also requires funds to continue its day-to-day operations and expansion projects. Note 2.1 (ii) of the standalone financial statements explain that Board of directors has concluded that the going concern basis is appropriate in preparing the Standalone financial statements of the Company. The evaluation of whether the Company is a going concern was based upon an assessment of the Company's cash position, future cash flow forecasts, its debt repayment obligations and other commitments and its availability of financing facilities, after considering breaches of its existing debt covenant, and based on proposed fund raise through rights issue to the existing shareholders. This required the exercise of significant judgement, particularly in forecasting the Company's future revenues, profitability and cash flows. Based on their assessment, the Company concluded that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern. Considering the significance of the area to the overall financial statements this was significant for our audit.	**Principal Audit Procedures performed:** Our audit procedures to assess the going concern assumption and whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Company's ability to continue as a going concern included the following audit procedures to obtain sufficient appropriate audit evidence: • Gaining an understanding and assessing the design, implementation and operating effectiveness of Company's key internal controls over preparation of cash flow forecasts to assess its liquidity; • Compared the forecasted cash flows with the Company's business plan approved by the board of directors; • Evaluating the key assumptions in the cash flow forecasts with reference to historical information, current performance, future plans, and market and other external available information; • Assessing the management's ability to raise funds through rights issue to existing shareholders and availability of financing facilities from lenders; • Performing sensitivity analysis on the forecasted cash flows by considering plausible changes to the key assumptions adopted by the Company; • Assessing the adequacy of the disclosures related to application of the going concern assumption.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the Board's report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report. And the Management Discussion and Analysis, Corporate Governance Report and Business Responsibility and Sustainability Report which is expected to be made available to us after that date.
- Our opinion on the standalone financial statements does not cover the other information and we do not/will not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive loss, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 except for not complying with the requirement of audit trail as stated in (i)(vi) below.

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

   d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

   f) The modification relating to the maintenance of accounts and other matters connected therewith, is as stated in paragraph (b) above.

   g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements 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 with reference to standalone financial statements.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

   i) 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 financial statements - Refer Note 38 to the standalone 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.

iv. (a) The Management has represented that, to the best of its knowledge and belief as disclosed in the note 49(h) to the standalone financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief as disclosed in the note 49(h) to the Standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The Company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

vi. Based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended 31 March 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that no audit trail was enabled for certain direct changes to tables at the application level. Accordingly, we are unable to comment on whether there was any instance of the audit trail feature being tampered with. (Refer note 50 to the standalone financial statements)

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the year ended 31 March 2024.

2. As required by the Companies (Auditor's Report) Order, 2020 ("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)
(UDIN: 24206920BKANYX2757)

Place: Bengaluru
Date: 29 May 2024

Annexure "A" to the Independent Auditor's Report

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

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls with reference to standalone financial statements of **Solara Active Pharma Sciences Limited** ("the Company") as at 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements 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 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 the 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 with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 with reference to standalone financial statements. 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 with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone 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 with reference to standalone financial statements.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

A company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to standalone financial statements 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 standalone 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 standalone financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO STANDALONE FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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 with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at 31 March 2024, based on the criteria for internal financial control with reference to standalone financial statements 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 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)
(UDIN: 24206920BKANYX2757)

Place: Bengaluru
Date: 29 May 2024

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)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress and relevant details of right-of-use assets.

B) The Company has maintained proper records showing full particulars of intangible assets.

b) The Company has a program of verification of property, plant and equipment, capital work-in-progress, investment properties and right-of-use assets so to cover all the items once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its Assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) With respect to immovable properties (other than properties where the Company is lessee and lease agreements are duly executed in favour of the Company) disclosed in the standalone financial statements included in property, plant and equipment and investment property, according to the information and explanations given to us and the sale deed provided to us and confirmation directly received by us from the lenders in case of land and buildings whose title deeds have been pledged as security for loans, 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:

Description of the property	As at the Balance Sheet Date		Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of company
	Gross carrying value (₹ in Crores)	Carrying value in the standalone financial statements (₹ in Crores)				
Freehold Land	0.21	0.21	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	01-10-17	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Freehold Land	0.33	0.33	Shasun Chemicals and Drugs Limited	No	01-10-17	
Freehold Land	2.09	2.09	Strides Shasun Limited	No	01-10-17	
Freehold Land	0.14	0.14	Shasun Pharmaceuticals Limited	No	01-10-17	
Freehold Land	52.18	52.18	Sequent Scientific Limited	No	01-10-17	
Investment Property-Building	3.02	2.39	Sequent Scientific Limited	No	01-10-17	
Buildings	36.31	25.31	Sequent Scientific Limited	No	01-10-17	
Buildings	85.13	65.20	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	01-10-17	
	179.41	**147.85**				

d) The Company has not revalued its property, plant and equipment (including Right of use asset) and intangible assets during the year.

e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii) a) The inventories except for goods-in-transit and stocks held with third parties were physically verified during the year by the Management at reasonable intervals. In our opinion and based on the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. For stocks held with third parties at the year-end, written confirmations has been obtained and in respect of goods in-transit, the goods have been received subsequent to the year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements, working capital positions and statements on ageing analysis of debtors filed by the Company with such banks are in agreement with the unaudited books of account of the Company of the respective quarters.

iii) The Company has granted unsecured loans or advances in the nature of loans, to Companies or any other parties, in respect of which:

a) The Company has not provided any loans or advances in the nature of loans or stood guarantee, or provided security to any other entity during the year, and hence reporting under clause (iii)(a) of the Order is not applicable

b) The terms and conditions of all advances in the nature of loans, are, in our opinion, prima facie, not prejudicial to the Company's interest.

c) In respect of advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayments of principal amounts and payment of interest. (Refer reporting under clause (iii)(f) below).

In respect of loan provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts of principal amounts and interest have been regular as per stipulations except for the following:

Name of the entity	Nature	Amount	Due date	Extent of delay	Remarks if any
Aurore Life Sciences Private Limited	Repayment of principal	₹ 22.26 crores	31 October 2023	13 days	Received full amount on 13 November 2023

d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.

e) No loan or advance in the nature of loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

f) The Company has granted advances in the nature of loans which are repayable on demand or without specifying any terms or period of repayment details of which are given below details of which are given below:

₹ in Crores

	All Parties	Promoters	Related Parties
Aggregate of advances in nature of loans			
Repayable on demand (A)	-	-	-
Agreement does not specify any terms or period of repayment (B)	8.89	-	8.89
Total (A+B)	**8.89**	**-**	**8.89**
Percentage of advances in nature of loans to the total loans	100%	-	100%

* The amounts reported are at gross amounts, without considering provision made.

iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted and investments made and guarantees and securities provided, as applicable.

v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.

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) In respect of statutory dues:

a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, cess and other material statutory dues in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

b) Details of statutory dues referred to in sub-clause (a) which have not been deposited as on 31 March 2024 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount relates	Amount involved (₹ in Crore)	Amount unpaid ₹ in Crore)
Central Excise Act, 1944	Central Excise	Commissioner of GST & Central Excise	F.Y. 2011-12 to F.Y. 2017-18	2.74	2.74
Finance Act, 1994	Service Tax	Commissioner of GST & Central Excise	F.Y. 2017-18	0.17	0.17
Customs Act, 1962	Merchandise Exports from India Scheme	Commissioner of Customs	F.Y. 2018-19 to F.Y. 2020-21	2.77	2.77
Customs Act, 1962	Basic Custom Duty	Customs Excise & Service Tax Appellate Tribunal	F.Y. 2017-18	0.12	0.12
Customs Act, 1962	Duty Drawback	Commissioner of Customs	FY 2020-21 to FY 2021-22	0.16	0.16
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	F.Y. 2017-18	40.52	-
Income Tax Act, 1961	Income Tax	Income Tax Appellate Tribunal	F.Y. 2019-20	64.56	-
Income Tax Act, 1961	Income Tax	Commissioner of Income-tax (Appeals)	F.Y. 2021-22	10.50	-
Employees Provident Fund Act 1952	Provident Fund	The Central Government Industrial Cum Labour Court, Chennai	FY 2009-10 to 2014-16	0.65	-

viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix) a) In our opinion, the Company has not defaulted in the repayment of loans to bank. There are no borrowings from financial institutions and government and the Company has not issued any debentures.

b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

d) On an overall examination of the standalone financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

e) The Company has not made any investment in or given any new loan or advances to any of its subsidiaries during the year and hence, reporting under clause (ix)(e) of the Order is not applicable. The Company did not have any associate or joint venture during the year.

f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries companies. The Company did not have any associate or joint venture during the year.

x) a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the order is not applicable.

b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

xi) a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year ended 31 March 2024.

b) To the best of our knowledge, no report under sub-Section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

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

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

xiv) a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto December 2023 and the draft of the internal audit reports where issued after the balance sheet date covering the period January 2024 to March 2024 for the period under audit.

xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi) a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b), (c) not applicable.

b) The Group ("Companies in the Group") as defined in the Core Investment Companies (Reserve Bank) Directions) does not have any CIC (Core Investment Company) as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

xvii) The Company has incurred cash losses amounting to ₹ 184.96 Crore in the financial year covered by our audit but had not incurred cash losses in the immediately preceding financial year.

xviii) There has been no resignation of the statutory auditors of the Company during the year.

xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sathya P. Koushik
Partner
(Membership No. 206920)
(UDIN: 24206920BKANYX2757)

Place: Bengaluru
Date: 29 May 2024

Standalone Balance Sheet
as at March 31, 2024

₹ in Crores

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
A ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	799.05	860.20
(b) Right-of-use assets	4(i)	52.19	53.77
(c) Capital work in progress	5	256.37	238.47
(d) Investment property	6	2.39	8.79
(e) Goodwill	7	364.90	364.90
(f) Other intangible assets	8	42.56	54.35
(g) Financial assets			
(i) Investments	9	14.25	16.05
(ii) Other financial assets	11(i)	15.35	14.41
(h) Deferred tax assets (net)	12	-	78.54
(i) Income tax assets (net)	13	3.61	4.53
(j) Other non-current assets	14(i)	5.28	10.07
Total non-current assets		**1,555.95**	**1,704.08**
II Current assets			
(a) Inventories	15	359.70	558.09
(b) Financial assets			
(i) Trade receivables	16	351.22	539.65
(ii) Cash and cash equivalents	17	8.32	8.55
(iii) Bank balances other than (ii) above	18	0.16	0.16
(iv) Loans	10(ii)	0.34	32.62
(v) Other financial assets	11(ii)	7.42	14.09
(c) Other current assets	14(ii)	63.49	37.71
Total current assets		**790.65**	**1,190.87**
Total assets (I + II)		**2,346.60**	**2,894.95**
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	19	36.00	36.00
(b) Other equity	20	901.42	1,467.13
Total equity		**937.42**	**1,503.13**
II Liabilities			
I Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21(i)	105.83	235.10
(ii) Lease liabilities	4(ii)	11.61	11.15
(iii) Other financial liabilities	22(i)	0.42	0.42
(b) Provisions	23	10.08	10.67
(c) Other non-current liabilities	24(i)	43.59	38.36
Total non-current liabilities		**171.53**	**295.70**
II Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21(ii)	893.55	766.05
(ii) Lease liabilities	4(ii)	0.51	0.55
(iii) Trade payables			
- Dues of micro and small enterprises	25	10.63	11.96
- Dues of other than micro and small enterprises	25	297.07	288.73
(iv) Other financial liabilities	22(ii)	13.70	14.33
(b) Provisions	23	1.97	2.08
(c) Other current liabilities	24(ii)	20.22	12.42
Total current liabilities		**1,237.65**	**1,096.12**
Total liabilities		**1,409.18**	**1,391.82**
Total equity and liabilities (I + II)		**2,346.60**	**2,894.95**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : May 29, 2024

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director and Chief Executive Officer
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

S Murali Krishna
Company Secretary
Membership Number: 13372

Arun Kumar Baskaran
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2024

Standalone Statement of Profit and Loss

for the year ended March 31, 2024

₹ in Crores

Particulars		Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
1	**REVENUE FROM OPERATIONS**	26	1,288.92	1,443.81
2	Other income	27	5.37	22.14
3	**Total Income (1+2)**		**1,294.29**	**1,465.95**
4	**EXPENSES**			
	(a) Cost of materials consumed	28	760.65	773.90
	(b) Purchases of stock-in-trade	29	5.10	7.88
	(c) Changes in inventories of finished goods and work-in-progress	30	39.27	7.05
	(d) Employee benefits expense	31	243.92	228.05
	(e) Finance costs	32	105.97	90.06
	(f) Depreciation and amortisation expenses	33	103.03	110.90
	(g) Other expenses	34	335.04	292.89
	Total expenses (4)		**1,592.98**	**1,510.73**
5	**LOSS BEFORE TAX AND EXCEPTIONAL ITEMS (3-4)**		**(298.69)**	**(44.78)**
6	**EXCEPTIONAL ITEM GAIN/ (LOSS) (NET)**	35	(189.64)	-
7	**LOSS BEFORE TAX (5 + 6)**		**(488.33)**	**(44.78)**
8	**TAX EXPENSE**	36		
	(a) Current tax		-	(0.11)
	(b) Deferred tax		78.54	(22.46)
	Total tax expense (8)		**78.54**	**(22.57)**
9	**LOSS FOR THE YEAR (7-8)**		**(566.87)**	**(22.21)**
10	**OTHER COMPREHENSIVE INCOME**			
A	**Items that will not be reclassified subsequently to profit or loss:**			
(i)	Remeasurement gains/(losses) of defined benefit plans		0.56	(2.70)
(ii)	Income tax relating to items that will not be reclassified subsequently to profit or loss		-	0.94
B	**Items that may be reclassified to subsequently to profit or loss:**			
(i)	Exchange gain/(loss) on translation of financial statements of foreign subsidiary		-	-
(ii)	Income tax relating to items that may be reclassified to statement of profit and loss		-	-
	Total other comprehensive income/(loss) for the year (10)		**0.56**	**(1.76)**
11	**TOTAL COMPREHENSIVE LOSS FOR THE YEAR (9+10)**		**(566.31)**	**(23.97)**
12	**EARNINGS PER EQUITY SHARE (FACE VALUE OF ₹ 10/- EACH)**	41		
	- Basic (in ₹)		(157.48)	(6.17)
	- Diluted (in ₹)		(157.48)	(6.17)

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : May 29, 2024

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director and Chief Executive Officer
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

S Murali Krishna
Company Secretary
Membership Number: 13372

Arun Kumar Baskaran
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2024

Standalone Statement of Cash Flows
for the year ended March 31, 2024

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax for the year	**(488.33)**	**(44.78)**
Adjustments for:		
Depreciation and amortisation expense	103.03	110.90
Finance Cost	105.97	90.06
Share based compensation expense	0.60	0.05
Rental income from investment property	(0.97)	(4.45)
Interest income	(2.22)	(5.92)
Liabilities / provisions no longer required written back	(0.43)	(9.49)
Loss / (Gain) on sale of property, plant and equipment	(0.36)	0.45
Write off of Property, plant and equipment	2.53	-
Impairment on investments in subsidiary	1.80	-
Exceptional loss on account of fire at Puducherry facility	62.50	-
Write down of inventories	122.81	-
Provision for doubtful trade and other receivables	10.99	5.66
Unrealised exchange (gain) / loss (net)	(0.46)	(0.38)
Operating cash flows before working capital changes	**(82.54)**	**142.10**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	15.06	17.46
Trade receivables	178.13	(55.46)
Other assets (financial & non-financial)	(20.73)	22.29
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	7.23	41.30
Other liabilities (financial & non-financial)	12.88	(25.23)
Cash generated from operations	**110.03**	**142.46**
Net income tax (paid) / refunds	0.92	13.71
Net cash flow generated from operating activities (A)	**110.95**	**156.17**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure for property, plant and equipment and intangible assets, including capital advances	(43.07)	(111.31)
Proceeds from sale of property, plant and equipment	1.04	1.30
Investments in other entities	-	(1.28)
Loan (given) / received	32.35	17.65
Interest received	4.05	7.36
Rental income from investment property	0.97	4.45
(Increase)/decrease in balance held as margin money	-	0.70
Net cash flow utilised in investing activities (B)	**(4.66)**	**(81.13)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	4.90	68.30
Repayment of non-current borrowings	(118.50)	(130.62)
Net increase / (decrease) in current borrowings	111.45	39.44
Lease payments	(0.88)	(2.43)
Finance Cost	(103.49)	(87.45)
Net cash flow generated from financing activities (C)	**(106.52)**	**(112.76)**

Standalone Statement of Cash Flows

for the year ended March 31, 2024

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net increase in cash and cash equivalents during the year (A+B+C)	(0.23)	(37.72)
Cash and cash equivalents at the beginning of the year	8.55	46.27
Cash and cash equivalents at the end of the year	**8.32**	**8.55**
Reconciliation of cash and cash equivalents with the Standalone Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer note 17)	8.32	8.55
Cash and cash equivalents at the end of the year *	**8.32**	**8.55**
*** Comprises**		
Cash on hand	0.02	0.10
Balance with banks:		
- In current account	2.95	8.40
- In deposit account	5.35	0.05
Total	**8.32**	**8.55**

1. Refer Note 4(ii) and note 21(iii) for supplementary information on cash flow statement.

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : May 29, 2024

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director and Chief Executive Officer
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

S Murali Krishna
Company Secretary
Membership Number: 13372

Arun Kumar Baskaran
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2024

Standalone Statement of Changes in Equity

for the year ended March 31, 2024

A. EQUITY SHARE CAPITAL

₹ in Crores

Particulars	Amount
Balance as at April 01, 2022	**36.00**
Changes in equity share capital during the year	-
Balance as at March 31, 2023	**36.00**
Changes in equity share capital during the year	-
Balance as at March 31, 2024	**36.00**

B. OTHER EQUITY

₹ in Crores

Particulars	Reserves and Surplus				Total equity attributable to the owners of the company
	Capital reserve	Securities premium	Retained earnings	Share options outstanding account	
Balance as at April 01, 2022	0.01	1,216.03	274.01	1.00	1,491.05
Profit for the year	-	-	(22.21)	-	(22.21)
Other comprehensive income for the year	-	-	(1.76)	-	(1.76)
Employee stock compensation expenses	-	-	-	0.05	0.05
Balance as at March 31, 2023	**0.01**	**1,216.03**	**250.04**	**1.05**	**1,467.13**
Profit for the year	-	-	(566.87)	-	(566.87)
Other comprehensive income for the year	-	-	0.56	-	0.56
Employee stock compensation expenses	-	-	-	0.60	0.60
Balance as at March 31, 2024	**0.01**	**1,216.03**	**(316.27)**	**1.65**	**901.42**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : May 29, 2024

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director and Chief Executive Officer
DIN: 10158900

M Mohan
Executive Director
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S Murali Krishna
Company Secretary
Membership Number: 13372

Arun Kumar Baskaran
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2024

Notes

to the standalone financial statements for the year ended March 31, 2024

1 BACKGROUND

Solara Active 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.

The standalone financial statements were approved by the Board of Directors and authorised for issue on 29 May, 2024.

These financial statements comprise the Standalone Balance sheet of the Company, Standalone Statement of Profit and Loss (including Other Comprehensive Income) and Standalone Cash flow statement, Standalone statement of changes in equity and material accounting policies and other explanatory information (together the "standalone financial statements).

2.1 Material accounting policies

(i) Statement of compliance

These standalone 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.

(ii) Basis of measurement

The standalone 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.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Going Concern

The Company has incurred losses of ₹ 566.87 crores for the year ended March 31, 2024 which includes certain costs accounted due to one time/exceptional in nature as indicated in note 35. Whilst, the Company has cash inflow from operations of ₹110.95 crores for the year ended March 31, 2024, the Company's net current liabilities exceed its net current assets by ₹ 447.00 crores as at March 31, 2024.

To mitigate the situation and in order to adequately fund its operations, the Company has proposed a Rights issue (refer note 52) under which it expects to raise funds aggregating to ₹ 449.95 crores which has also been underwritten by the Promoter group which will be utilized for debt reduction and expansion projects. The Company expects to renew its working capital facilities, as and when required, in the normal course of business and also increase revenues and margins on its products and accordingly expects to continue to have cash inflows from operations in amounts that are adequate enough to meet all future obligations as they fall due. Based on the above, the Board of directors have approved the preparation of the standalone financial statements on a going concern basis.

(iii) Revenue recognition

Revenue is measured at the amount of consideration which the Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government) and is recorded net of provisions for sales discounts and returns, which are established at the time of sale. Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

Sale of goods
The Company receives revenue for supply of pharmaceutical products to external customers against orders received. The majority of these contracts contain single performance obligation for supply of goods. The average duration of a customers' order is less than 12 months.

evenue from sale of goods is recognised upon transfer of control to the customer. The point at which control passes depends on the terms set forth in the customer's contract. Generally, the control is transferred upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Company has not retained any significant risks of ownership or future obligations with respect to the product sold.

Sale of services
Revenue from development services is recognised on achievement of a development milestone and when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Share of Profit
Share of profits under manufacturing and supply agreements with customers are accrued based on sales as confirmed by the customers.

(iv) 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.

(v) 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.

(vi) Leases

The Company as lessor
Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The Company as lessee
The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) .The Company assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

(a) the use of an identified asset,

(b) the right to obtain substantially all the economic benefits from use of the identified asset, and

(c) the right to direct the use of the identified asset.

The Company at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

For short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

(vii) Foreign currencies transactions and translation

Items included in the standalone 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.

(viii) 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.

(ix) 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.

(x) 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 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.

(xi) 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.

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.:

Building :	10 - 60 years
Plant & Machinery :	8 - 20 years
Vehicles :	5 years
Office Equipment :	3 - 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.

(xii) 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. 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.

(xiii) 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 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
Registration and brands :	5 - 10 years"

(xiv) 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.

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.

(xv) 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

(xvi) 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.

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.

(xvii) 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.

(xviii) 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 received. Financial liabilities are derecognised when these are extinguished , 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.

(ixx) 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.

(xx) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(xxi) 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

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 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.

Defined benefit plans and compensated absences:

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of deferred tax assets considered realisable, however, could reduce in the near term if estimates of future taxable income during the carry-forward period are reduced.

Controlling parties assessment

The Company performs assessment for identification of controlling parties. The assessment involves judgements which included consideration of controlling parties absolute size of holding in the Company, determination of whether other parties are acting on the investor's behalf, determination of whether parties have the practical ability to exercise that right and the relative size of and dispersion of the shareholdings owned by the other shareholders. Based on assessement, the Company is not controlled by any single shareholder or group of shareholders.

Going Concern

The Management has prepared cash flow forecasts for the next 12 months. The forecasts include assumption regarding increased revenues, increase in gross margin and EBTIDA due to cost control measures and strategic focus to maintain reduced inventory levels.

Inventory

The Company estimates the net realisable value (NRV) of its inventories by taking into account their estimated selling price, estimated cost of completion, estimated costs necessary to make the sale. Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. Inventories are written down to NRV where such NRV is lower than their cost.

Litigations

The Company is a party to certain direct and 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.

Notes

to the standalone financial statements for the year ended March 31, 2024

NOTE NO. 3 PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

Particulars	Gross Block					Accumulate Depreciation					Net Block	
	As at April 01, 2023	Additions	Disposals	Reclassification*	As at March 31, 2024	As at April 01, 2023	Depreciation for the year	Eliminated on disposal	Reclassification*	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Freehold Land	71.66	-	-	-	71.66	-	-	-	-	-	71.66	71.66
	(71.65)	(0.01)	-	-	(71.66)	-	-	-	-	-	(71.66)	(71.65)
Leasehold Improvements	15.69	-	12.21	-	3.48	13.82	0.20	11.60	-	2.42	1.06	1.87
	(14.77)	(0.92)	-	-	(15.69)	(11.63)	(2.19)	-	-	(13.82)	(1.87)	(3.14)
Buildings	317.21	4.49	1.04	7.60	328.26	55.96	11.81	0.18	1.57	69.16	259.10	261.25
	(291.76)	(25.49)	(0.04)	-	(317.21)	(43.59)	(12.41)	(0.04)	-	(55.96)	(261.25)	(248.17)
Plant and equipments	846.48	20.26	9.31	-	857.43	332.94	72.43	5.91	-	399.46	457.97	513.54
	(759.35)	(90.38)	(3.25)	-	(846.48)	(261.53)	(72.99)	(1.58)	-	(332.94)	(513.54)	(497.82)
Furniture and fixtures	7.04	-	0.27	-	6.77	3.85	0.63	0.15	-	4.33	2.44	3.19
	(7.09)	(0.06)	(0.11)	-	(7.04)	(3.24)	(0.69)	(0.08)	-	(3.85)	(3.19)	(3.85)
Vehicles	1.38	-	-	-	1.38	0.98	0.08	-	-	1.06	0.32	0.40
	(1.39)	-	(0.01)	-	(1.38)	(0.86)	(0.13)	(0.01)	-	(0.98)	(0.40)	(0.53)
Office equipments	39.93	1.10	3.36	-	37.67	31.64	2.69	3.16	-	31.17	6.50	8.29
	(38.58)	(1.55)	(0.20)	-	(39.93)	(28.07)	(3.73)	(0.16)	-	(31.64)	(8.29)	(10.51)
Total	**1,299.39**	**25.85**	**26.19**	**7.60**	**1,306.65**	**439.19**	**87.84**	**21.00**	**1.57**	**507.60**	**799.05**	**860.20**
Previous year	**(1,184.59)**	**(118.41)**	**(3.61)**	**-**	**(1,299.39)**	**(348.92)**	**(92.14)**	**(1.87)**	**-**	**(439.19)**	**(860.20)**	**(835.67)**

* Reclassified from investment property.

Notes:

(i) Figures in brackets relates to previous year.

(ii) All the assets are owned by the Company unless otherwise stated.

(iii) Refer note 21 for properties, plant and equipment pledged as security towards borrowings by the Company.

(iv) Disposals for the current year includes damages to plant and equipment due to a fire accident at the Puducherry facility amounting to ₹ 2.25 crores, as mentioned in note 51 and write-off of assets amounting to ₹ 2.53 crores, which are no longer usable due to the sale of shareholding in Sequent Penems Private Limited, a wholly-owned subsidiary, as mentioned in note 9(i).

(v) The title deeds of freehold land and buildings (as at March 31, 2024 gross block ₹ 176.39 Crores and net block of ₹ 145.46 Crores) (as at March 31, 2023 gross block ₹ 176.46 Crores and net block of ₹ 149.66 Crores) capitalised in the books of the Company are in the name of erstwhile Companies as given below. The Company is in the process transferring the title deeds of such properties in its name.

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/ director	Property held since which date	Reason for not being held in the name of the company
Property Plant and Equipment	Freehold Land	0.21 (0.21)	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Buildings	85.13 (85.41)	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	0.33 (0.33)	Shasun Chemicals and Drugs Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	2.09 (2.09)	Strides Shasun Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	52.18 (52.18)	Sequent Scientific Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Buildings	36.31 (36.10)	Sequent Scientific Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	0.14 (0.14)	Shasun Pharmaceuticals Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Total		**176.39**				
Previous year		**(176.46)**				

Notes

to the standalone financial statements for the year ended March 31, 2024

NOTE NO. 4 LEASES

(i) Right-of-use assets

₹ in Crores

Particulars	Gross block					Accumulated depreciation				Net block	
	As at April 01, 2023	Additions	Transfers	Disposals	As at March 31, 2024	As at April 01, 2023	Depreciation for the year	Eliminated on disposal	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Leasehold Land	59.85	-	-	-	59.85	6.08	1.58	-	7.66	52.19	53.77
	(59.85)	-	-	-	(59.85)	(4.50)	(1.58)	-	(6.08)	(53.77)	(55.35)
Buildings	-	-	-	-	-	-	-	-	-	-	-
	(9.68)	-	-	(9.68)	-	(8.54)	(1.13)	(9.68)	-	-	(1.14)
Total	**59.85**	**-**	**-**	**-**	**59.85**	**6.08**	**1.58**	**-**	**7.66**	**52.19**	**53.77**
Previous year	**(69.53)**	**-**	**-**	**(9.68)**	**(59.85)**	**(13.04)**	**(2.71)**	**(9.68)**	**(6.08)**	**(53.77)**	**(56.49)**

Notes:

(i) Figures in brackets relates to previous year.

(ii) Lease liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	11.70	12.80
Addition	-	-
Accretion of interest	1.30	1.33
Payments	(0.88)	(2.43)
Deletion	-	-
Closing balance	**12.12**	**11.70**
Maturity analysis:		
- Year 1	0.92	0.87
- Year 2	0.96	0.92
- Year 3	1.01	0.96
- Year 4	1.06	1.01
- Year 5	1.11	1.06
- Year 6 onwards	49.15	50.26
- Less: Unmatured finance charges	(42.09)	(43.38)
Total	**12.12**	**11.70**
Non-current	11.61	11.15
Current	0.51	0.55

(iii) Amounts recognised in the standalone statement of Profit or Loss

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation charge on Right-of-use asset	1.58	2.71
Finance cost: Interest expense	1.30	1.33
Short term lease payments (Refer Note (i) below)	2.76	1.39

Note:

(i) The Company applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

(iv) Amounts recognised in the standalone statement of cash flows

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Cash outflows for lease payments	0.88	2.43

NOTE NO. 5 CAPITAL WORK IN PROGRESS

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	238.47	238.65
Add: Additions	45.20	120.33
Less: Capitalised	(27.30)	(120.51)
Closing balance	**256.37**	**238.47**

Notes:

(i) Ageing of Capital work in progress:

Particulars	Amount in Capital work in progress for a period of				As at 31st March, 2024	As at 31st March, 2023
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Project in progress	34.59	66.34	112.74	42.70	256.37	(238.47)
	(80.40)	(115.34)	(42.09)	(0.64)	(238.47)	
Total	**34.59**	**66.34**	**112.74**	**42.70**	**256.37**	**(238.47)**
Previous year	**(80.40)**	**(115.34)**	**(42.09)**	**(0.64)**	**(238.47)**	

As on the date of the balance sheet, except for the below mentioned Capital work in progress project there are no other capital work-in-progress projects whose completion is overdue or has exceeded the cost.

Capital Work In Progress	To be Completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Vizag Project	240.29	-	-	-

NOTE NO. 6 INVESTMENT PROPERTY

₹ in Crores

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2023	Additions	Reclassi fication	As at March 31, 2024	As at April 01, 2023	Depreciation for the year	Reclassi fication	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Buildings	10.62	-	(7.60)	3.02	1.83	0.37	(1.57)	0.63	2.39	8.79
	(10.62)	-	-	(10.62)	(1.47)	(0.36)	-	(1.83)	(8.79)	(9.15)
Total	**10.62**	**-**	**(7.60)**	**3.02**	**1.83**	**0.37**	**(1.57)**	**0.63**	**2.39**	**8.79**
Previous year	**(10.62)**	**-**	**-**	**(10.62)**	**(1.47)**	**(0.36)**	**-**	**(1.83)**	**(8.79)**	**(9.15)**

* Reclassified to Property, plant and equipment.

Notes:

(i) Figures in brackets relates to previous year.

(ii) Refer note 21 for investment properties pledged as security towards borrowings by the Company.

(iii) The title deeds of investment property (as at March 31, 2024 gross block ₹ 3.02 Crores and net block of ₹ 2.39 Crores) (as at March 31, 2023 gross block ₹ 3.02 Crores and net block of ₹ 2.49 Crores) capitalised in the books of the Company are in the name of erstwhile Companies as given below. The Company is in the process transferring the title deeds of such properties in its name.

Notes
to the standalone financial statements for the year ended March 31, 2024

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Investment Property	Buildings	3.02 (3.02)	Sequent Scientific Limited	No	October 1, 2017	The title deeds of land and building are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal.
						The Company is in the process of transferring the title deeds of such properties in its name.
Total		**3.02**				
Previous year		**(3.02)**				

(vi) Details of assets given under an operating lease:

₹ in Crores

Particulars	Gross block		Net block	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Buildings	3.02	10.62	2.39	8.79

(v) Fair value of investment properties:

The Company obtains independent valuations for its investment properties once in three years. The latest fair value of the Company's investment properties were carried out as at March 31, 2024 which indicated fair value of ₹ 7.53 Crores on the basis of a valuation carried out by independent valuers. The said valuers are registered with the authority which governs 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) Valuation is done using discounted cash flow approach, where the value of an asset is measured in terms of future cash flow streams, discounted to the present time at 12.50%.

b) Lease rent agreements are cancellable which are expected to be renewed either with the existing lessee or with others, on similar terms and conditions.

(vi) Amounts recognised in the standalone statement of Profit or Loss for investment properties

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation charge on investment properties	0.37	0.36
Other income: Rental income	0.97	4.45

NOTE NO. 7 GOODWILL

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Goodwill	364.90	364.90
Total	**364.90**	**364.90**

The above goodwill is allocated to the following cash generating units:

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Human API business	357.95	357.95
R&D business	0.43	0.43
Strides Chemicals Private Limited	6.52	6.52
Total	**364.90**	**364.90**

Impairment assessment of goodwill allocated to the “Human API business” as at March 31, 2024:

The Management of the Company have performed annual impairment assessment of the goodwill by determining the “value in use” of this Cash Generating Unit (CGU) as an aggregate of present value of cash flow projections covering a five year period and the terminal value. Determination of value in use involves significant estimates and assumptions that affect the reporting CGU’s expected future cash flows. These estimates and assumptions, primarily include, but are not limited to, the revenue growth and profitability during the forecast period, the discount rate and the terminal growth rate.

Considering the historical performance of this business since acquisition and based on the forward looking estimates, including the changes in estimated future economic conditions, revisions were made to the cash flow projections and other key assumptions such as discount rate and the terminal growth rate. The cash flows are discounted using a post tax discount rate of 16.00% (March 31, 2023: 13.00%). 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 3.00% (March 31, 2023: 4.00%) p.a. which is consistent with the industry forecasts for the generic API market.

The above assessment did not result in impairment in the carrying amount of goodwill.

The table below shows the percentage movement in key assumptions that (individually) would be required to reach the point at which the value in use approximates its carrying value.

	Movement
Terminal growth rate	3.00% decrease (2.00% decrease)
Post tax discount rate	6.45% increase (1.50% increase)
Expected net revenue growth rates	9% decrease for short term and 3.0% decrease for long term (2% decrease for short term and 1.0% decrease for long term)

The details given in brackets relate to previous year

The Company has also tested the non-current assets at identified CGU level for impairment as at March 31, 2024 and has not identified any impairment

NOTE NO. 8 OTHER INTANGIBLE ASSETS

₹ in Crores

Particulars	Gross block				Accumulated amortisation				Net block	
	As at April 01, 2023	Additions	Disposals	As at March 31, 2024	As at April 01, 2023	Amortisation for the year	Eliminated on disposal	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Registrations and brands	4.33	-	-	4.33	2.05	0.41	-	2.46	1.87	2.28
	(4.33)	-	-	(4.33)	(1.61)	(0.44)	-	(2.05)	(2.28)	(2.72)
Product portfolio (Refer note (ii) below)	105.50	-	-	105.50	58.48	10.64	-	69.12	36.38	47.02
	(105.50)	-	-	(105.50)	(47.84)	(10.64)	-	(58.48)	(47.02)	(57.66)
Software and licenses	26.67	1.45	-	28.12	21.62	2.19	-	23.81	4.31	5.05
	(24.59)	(2.10)	(0.02)	(26.67)	(17.03)	(4.61)	(0.02)	(21.62)	(5.05)	(7.56)
Total	**136.50**	**1.45**	**-**	**137.95**	**82.15**	**13.24**	**-**	**95.39**	**42.56**	**54.35**
Previous year	**(134.42)**	**(2.10)**	**(0.02)**	**(136.50)**	**(66.48)**	**(15.69)**	**(0.02)**	**(82.15)**	**(54.35)**	**(67.94)**

Notes:

(i) Figures in brackets relates to previous year.

(ii) The remaining amortisation period of product portfolio as at March 31, 2024 is 3.5 years (March 31, 2023: 4.5 years).

Notes

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NOTE NO. 9 INVESTMENTS

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Investments in subsidiaries (carried at cost less provision for impairment):		
Equity shares, unquoted		
Shasun USA Inc., USA		
- 15,000 (As at March 31, 2023 - 15,000) shares of USD 1 each fully paid up	0.05	0.05
Sequent Penems Private Limited, India		
- 4,525,826 (As at March 31, 2023 - 4,525,826) shares of ₹ 10 each fully paid up	14.30	14.30
Less: Provision for other than temporary diminution in value {Refer below note (i)}	(1.80)	-
	12.50	14.30
Chemsynth Laboratories Private Limited, India		
- 3,362,745 (As at March 31, 2023 - 3,362,745) shares of ₹ 10 each fully paid up	3.36	3.36
Less: Provision for other than temporary diminution in value	(3.36)	(3.36)
	-	-
Total [A]	**12.55**	**14.35**
(B) Investments carried at fair value through profit and loss:		
Equity shares, unquoted		
Tulysan Nec Limited, India		
- 3,750 (As at March 31, 2023 - 3,750) shares of ₹ 10 each fully paid up	0.01	0.01
Watsun Infrabuild Private Limited, India		
- 3,68,694 (As at March 31, 2023 - 3,68,694) shares of ₹ 10 each fully paid up	0.37	0.37
Vaayu Renewable Energy (Muthamalpuram) Private Limited.	0.00	0.00
- 2,600 (As at March 31, 2023 - 2,600) shares of ₹ 10 each fully paid up		
Investment in Huoban Energy 3 Private Limited	1.28	1.28
- 7,07,182 (As at March 31, 2023 - 7,07,182) shares of ₹ 10 each fully paid up		
SIPCOT Industrial Common Utilities Limited, India		
- 4,242 (As at March 31, 2023 - 4,242) shares of ₹ 100 each fully paid up	0.04	0.04
Total [B]	**1.70**	**1.70**
Total [A+B]	**14.25**	**16.05**
Aggregate amount of unquoted investments	14.25	16.05
Aggregate amount of investments carried at cost	12.55	14.35
Aggregate amount of financial assets carried at fair value through profit and loss	1.70	1.70

Note:

(i) The Board of the Company has approved the transfer of 100% shareholding in Sequent Penems Private Limited, a wholly owned subsidiary, through a circular resolution dated March 22, 2024. The Company has entered into share purchase agreement March 28, 2024 to sell entire investments for a consideration of ₹ 12.50 Crores. Accordingly, the Company has accounted for impairment on investments in this subsidiary of ₹ 1.80 crores. Subsequent to the year-end, the investments in the subsidiary were transferred on April 25, 2024.

Also, the Company has received advance of ₹ 11.54 Crores for this sale which is disclosed under noted 24(ii) other current liabities

Due to the above sale, certain assets of the Company are no longer usable. Hence, the company has written off these assets, amounting to ₹ 2.53 crores and disclosed under exceptional items.

NOTE NO. 10 LOANS

(i) Non-current loans

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered doubtful:		
Loan to related party	1.34	1.34
- Less: Provision for doubtful loans	(1.34)	(1.34)
Total	**-**	**-**

(ii) Current loans

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - unsecured:		
Loans to employees	0.34	0.27
Loan to other than related parties	-	32.35
Total	**0.34**	**32.62**

NOTE NO. 11 OTHER FINANCIAL ASSETS

(i) Non-current financial assets

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - unsecured:		
Security deposits	15.35	14.41
Total	**15.35**	**14.41**

(ii) Current financial assets

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - unsecured:		
Interest accrued on deposit	0.01	-
Interest accrued on loans given	-	1.84
Incentives receivables	7.41	12.25
Total	**7.42**	**14.09**

NOTE NO. 12 DEFERRED TAX BALANCES

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax assets	-	161.85
Deferred tax liabilities	-	(83.31)
Deferred tax asset / (liability) (net)	**-**	**78.54**

₹ in Crores

2023-24	Opening balance	Reversal of deferred tax asset including MAT credit (refer below note iii)	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	(73.44)	(1.90)	-	(75.34)
Intangible assets - other than goodwill	(9.87)	(1.65)	-	(11.52)
Right-of-use assets	4.75	(4.75)	-	-
Provision for employee benefits	17.95	(17.95)	-	-
Provision for doubtful receivables	10.02	(10.02)	-	-
Carry forward unabsorbed depreciation	59.18	27.68	-	86.86
MAT Credit entitlement	69.95	(69.95)	-	-
Total	**78.54**	**(78.54)**	**-**	**-**

₹ in Crores

2022-23	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Closing balance
Property, plant and equipment	(69.45)	(3.99)	-	(73.44)
Intangible assets - other than goodwill	(11.40)	1.53	-	(9.87)
Right-of-use assets	4.36	0.39	-	4.75
Provision for employee benefits	15.16	1.85	0.94	17.95
Provision for doubtful receivables	9.45	0.57	-	10.02
Carry forward unabsorbed depreciation	37.07	22.11	-	59.18
MAT Credit entitlement	69.95	-	-	69.95
Total	**55.14**	**22.46**	**0.94**	**78.54**

Notes:

(i) The Company has presently, decided not to opt for the New Tax Regime inserted as section 115BAA of the Income-tax Act, 1961 and enacted by the Taxation Laws (Amendment) Ordinance, 2019 ('the Ordinance') which is applicable from Financial Year beginning April 1, 2019. The Company has accordingly applied the existing tax rates in the financial statements for the year ended March 31, 2024.

(ii) During FY 2017-18, the Company acquired the Human API and Commodity API businesses vide a NCLT approved Scheme of demerger. For purposes of recognising tax expenses and deferred tax balances in the books of account, the Company has considered Goodwill as non-tax deductible and the Company continued to apply the initial recognition exemption under Ind AS 12 "Income taxes".

(iii) The Company has incurred loss of ₹ 566.87 crores for year ended March 31, 2024 and and has significant carried forward losses under income tax act. While the Company expects to increase operations in the future, in view of the significant carried forward losses and resulting impact on future taxable profits, the Company has written off Deferred tax assets (including MAT credit entitlement) amounting to ₹78.54 crores during the year ended March 31, 2024 and also, the Company has restricted the recognized Deferred Tax Asset up to the amount of the Deferred Tax Liability.

(iv) Based on legal advice received by the Company, the Company has claimed in its income tax returns, depreciation on Goodwill and Product Portfolios relating to both businesses acquired through the aforesaid demerger. These claims were disallowed by the assessing officer The Company has preferred appeal with Commisisoner of income tax (appeals). Order against appeal had been passed vide order dated April 18, 2024, confirming disallowance of depreciation on goodwill & product portfolio and the Company has filed an appeal before the ITAT against it on May 06, 2024.The Company has not recognised deferred tax assets in the books of account in respect of claims relating to depreciation on the Goodwill relating to both the businesses and Product portfolio (relating to the Commodity API business).

While the Company has consistently taken a view as aforesaid in the books of account, the Company has been legally advised that the claims made in the tax returns are tenable. As at March 31, 2024, the potential unrecognised tax credits in respect of the above amount to ₹ 591.22 Crores. The benefit of these tax credits will be evaluated and recognized in the year in which, based on management's best judgement, such credits are confirmed to be available for future set offs against taxable profits. Also refer note 38, regarding income tax litigations.

(v) In addition to above, the Company has not recognised ₹ 173.93 crores as on March 31, 2024, relating to carried forward loss (including unabsorbed depreciation) as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

NOTE NO. 13 INCOME TAX ASSETS (NET)

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Advance income tax (net of provisions)	3.61	4.53
Total	**3.61**	**4.53**

NOTE NO. 14 OTHER ASSETS

(i) Other non-current assets

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - unsecured:		
Capital advances	4.80	8.74
Prepaid expenses	0.48	0.51
Balances with Government authorities:		
- VAT/CST refund receivable	-	0.82
Considered doubtful - unsecured:		
Capital advances	0.61	0.61
Advances to others	7.55	7.55
Less: Allowance for doubtful advances	(8.16)	(8.16)
	-	-
Total	**5.28**	**10.07**

(ii) Other current assets

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - unsecured:		
Advances to suppliers	11.34	3.21
Advances to employees	-	0.25
Prepaid expenses	11.42	9.99
Balances with Government authorities:		
- GST credit & other receivable	40.73	24.26
Considered doubtful - unsecured:		
Advances to suppliers	0.06	0.06
Less: Allowance for doubtful advances	(0.06)	(0.06)
	-	-
Total	**63.49**	**37.71**

NOTE NO. 15 INVENTORIES

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Raw materials	80.04	116.59
- Goods-in-transit	2.07	2.61
Work-in-progress	142.85	274.99
Finished goods	126.47	155.78
Stores and spares	8.27	8.12
Total	**359.70**	**558.09**

Note:

(i) Value by which inventories have been written down to net realisable value amounted to ₹ 133.74 Crores (including provision of ₹ 122.81 crores as per below note 2) (As at March 31, 2023: ₹ 7.30 Crores).

(ii) The Company has been carrying inventories relating to Covid/ anti-viral drugs manufactured during the pandemic amounting to ₹ 122.81 crores. With World Health Organisation ("WHO") declaring end of pandemic phase of Covid -19 and in the absence of immediate alternate market for these inventories identified by the Company based on its efforts until March 31, 2024, the Company has conservatively provided for the aforesaid inventories during the year ended March 31, 2024. The Company continues to explore the possibility of liquidating the same within its shelf life.

Notes

to the standalone financial statements for the year ended March 31, 2024

NOTE NO. 16 TRADE RECEIVABLES

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables considered good - unsecured	351.22	539.65
Trade receivables - credit impaired	27.19	16.20
	378.41	555.85
Less: Allowance for credit loss	(27.19)	(16.20)
Total	**351.22**	**539.65**

Notes:

(i) Outstanding for the following period from due date of payments as at March 31, 2024:

₹ in Crores

Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2024
(i) Undisputed Trade Receivables - Considered Good	195.71	119.42	20.66	14.03	1.40	-	351.22
(ii) Undisputed Trade Receivables - credit impaired	-	-	0.63	0.42	20.00	-	21.05
(iii) Disputed Trade Receivables - credit impaired	-	-	-	6.14	-	-	6.14
Total	**195.71**	**119.42**	**21.29**	**20.59**	**21.40**	**-**	**378.41**

(ii) Outstanding for the following period from due date of payments as at March 31, 2023:

₹ in Crores

Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2023
(i) Undisputed Trade Receivables - Considered Good	351.50	113.22	16.75	52.40	-	-	533.87
(ii) Undisputed Trade Receivables - credit impaired	-	-	0.03	15.25	0.56	-	15.84
(iii) Disputed Trade Receivables - Considered Good	-	-	5.78	-	-	-	5.78
(iv) Disputed Trade Receivables - credit impaired	-	-	0.36	-	-	-	0.36
Total	**351.50**	**113.22**	**22.92**	**67.65**	**0.56**	**-**	**555.85**

(iii) In determining the allowance for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

(iv) Movement in expected credit loss allowance:

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	16.20	10.54
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	10.99	5.66
Closing balance	**27.19**	**16.20**

(v) During the year ended March 31, 2024, the Company had received claims of ₹ 43.80 crores from two of its related party customers. Subsequent to the year ended March 31, 2024, the Company has settled these claims by way of a settlement agreement, pursuant to which claims aggregating to ₹ 36.79 crores have been adjusted against 'Revenue from operations' and ₹ 7.01 crores has been included under 'Other expenses'.

The Company has receivables from customers mentioned above amounting to ₹ 16.34 crores (March 31 2023- ₹ 65.31 Crores) which are overdue as on balance sheet date. Based on the arrangement with the customers, these balances are expected to be received within twelve months from balance sheet date.

NOTE NO. 17 CASH AND CASH EQUIVALENTS

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	0.02	0.10
Balance with banks:		
- In current accounts	2.95	8.40
- In deposit accounts	5.35	0.05
Total	**8.32**	**8.55**

NOTE NO. 18 BANK BALANCES OTHER THAN ABOVE

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
In earmarked accounts:		
Unpaid dividend accounts	0.16	0.16
Total	**0.16**	**0.16**

NOTE NO. 19 EQUITY SHARE CAPITAL

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
120,000,000 equity shares of ₹ 10/- each with voting rights	120.00	120.00
(March 31, 2023: 120,000,000 equity shares of ₹ 10/- each)		
	120.00	**120.00**
Issued, subscribed and fully paid-up		
35,996,267 equity shares of ₹ 10/- each with voting rights	36.00	36.00
(March 31, 2023: 35,996,267 equity shares of ₹ 10/- each)		
Total	**36.00**	**36.00**

(i) Reconciliation of number of shares and amount outstanding

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Equity share capital				
Equity share of ₹ 10/- each				
Opening balance	**3,59,96,267**	**36.00**	**3,59,96,267**	**36.00**
Closing balance	**3,59,96,267**	**36.00**	**3,59,96,267**	**36.00**

(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. The dividend proposed by the board of directors is subject to approval by the shareholders at the ensuing annual general meeting. 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.

Notes

to the standalone financial statements for the year ended March 31, 2024

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	%	No. of shares	%
TPG Growth IV SF Pte. Ltd.	41,30,321	11.47%	41,30,321	11.47%
Spiracca Ventures LLP	37,58,500	10.44%	-	-
Pronomz Ventures LLP	23,32,463	6.48%	23,32,463	6.48%
Devicam Capital LLP	10,39,298	2.89%	30,53,045	8.48%

(iv) Shares held by promoters at the end of the year:

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Arun Kumar Pillai	16,68,463	-	16,68,463	4.64%	0.00%
Karuna Business Solutions LLP	14,41,370	(13,71,844)	69,526	0.19%	-95.18%
Pronomz Ventures LLP	23,32,463	-	23,32,463	6.48%	0.00%
SRJR Enterprise LLP	17,00,100	-	17,00,100	4.72%	0.00%
K R Ravishankar	13,25,260	-	13,25,260	3.68%	0.00%
Chayadeep Ventures LLP	10,12,400	-	10,12,400	2.81%	0.00%
Agnus Capital LLP	8,49,635	-	8,49,635	2.36%	0.00%
Chayadeep Properties Private Limited	5,25,730	-	5,25,730	1.46%	0.00%
Devicam Capital LLP	30,53,045	(20,13,747)	10,39,298	2.89%	-65.96%
Karuna Ventures Private Limited	1,03,333	(92,228)	11,105	0.03%	-89.25%
Agnus Holdings Pvt Ltd	2,72,181	(2,72,181)	-	0.00%	-100.00%
Deepa Arun Kumar	58,002	-	58,002	0.16%	0.00%
Tarini Arun Kumar	53,333	-	53,333	0.15%	0.00%
Aditya Arun Kumar	53,333	-	53,333	0.15%	0.00%
Vineetha Mohanakumar Pillai	49,166	(25,000)	24,166	0.07%	-50.85%
Padmakumar Karunakaran Pillai	41,393	-	41,393	0.11%	0.00%
Hemalatha Pillai	45,813	-	45,813	0.13%	0.00%
Sajitha Pillai	53,333	-	53,333	0.15%	0.00%
Rajitha Gopalakrishnan	27,500	-	27,500	0.08%	0.00%
K R Lakshmi	21,727	-	21,727	0.06%	0.00%
Agraganya Private Trust	61,224	-	61,224	0.17%	0.00%
Total	**1,47,48,804**	**(37,75,000)**	**1,09,73,804**		

(v) Details of equity shares of ₹ 10/- each reserved for issuance:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Towards employee stock options	4,06,778	0.41	4,06,778	0.41

NOTE NO. 20 OTHER EQUITY

₹ in Crores

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
Capital reserve	20 (i)	0.01	0.01
Securities premium account	20 (ii)	1,216.03	1,216.03
Retained earnings	20 (iii)	(316.27)	250.04
Share options outstanding account	20 (iv)	1.65	1.05
Total		**901.42**	**1,467.13**

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Capital reserve		
Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.		
Opening balance	0.01	0.01
Closing balance	**0.01**	**0.01**
(ii) Securities premium account		
Amounts received on issue of shares in excess of the par value has been classified as securities premium.		
Opening balance	1,216.03	1,216.03
Closing balance	**1,216.03**	**1,216.03**
(iii) Retained earnings		
Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.		
Opening balance	250.04	274.01
Add: Net profit for the year	(566.87)	(22.21)
Add: Other comprehensive income arising from measurement of defined benefit obligation (net of tax)	0.56	(1.76)
Closing balance	**(316.27)**	**250.04**
(iv) Share options outstanding account		
The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account will be transferred to securities premium reserve upon exercise of stock options by employees.		
Opening balance	1.05	1.00
Add: Employee stock compensation expenses (net)	0.60	0.05
Closing balance	**1.65**	**1.05**
Total Reserves and surplus	**901.42**	**1,467.13**

Notes:

Distributions made:

(i) The Company has not declared any dividend during the year ended March 31, 2024 and March 31, 2023.

NOTE NO. 21 BORROWINGS

(i) Non-current borrowings

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Term loans from banks (Refer note (i) to (vi) below)	85.12	205.49
Term loans from others (Refer note (vii) below)	20.71	29.61
Total	**105.83**	**235.10**

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

₹ in Crores

Terms of repayment and security	As at March 31, 2024	As at March 31, 2023
(i) Term loans from banks: Loan 1		
Non-current borrowings	-	71.17
Current maturities of non-current borrowings	71.16	47.44
Security: First Paripassu Charge on the Immovable Property, plant and equipment located at Pondicherry, Mangalore and Mysore of the Company and on all the movable Property, Plant and equipment of the Company and Second Charge on Current Assets of the Company. Rate of interest: - 1 Year MCLR plus 1.65% p.a, (MCLR - 9.60%) Repayment terms: ₹ 3.95 Cr per month starting from Mar 22"		
(ii) Term loans from banks: Loan 2		

Notes

to the standalone financial statements for the year ended March 31, 2024

₹ in Crores

Terms of repayment and security	As at March 31, 2024	As at March 31, 2023
Non-current borrowings	10.53	20.60
Current maturities of non-current borrowings	10.12	9.25
Security: First Paripassu Charge on the Movable and Immovable Property, plant and equipment (except lease hold land at Cuddalore, Vizag and Ambernath) of the Company and Second Charge on Current Assets of the Company. Rate of interest: - 6 months MCLR plus 1.00% p.a, (MCLR - 9.30%) Repayment terms: 0.98 Cr per month starting from Feb 22		
(iii) Term loans from banks: Loan 3		
Non-current borrowings	32.56	48.61
Current maturities of non-current borrowings	16.35	15.29
Security: First paripassu charge on the movable and immovable Property, plant and equipment (except lease hold land at Cuddalore, Vizag and Ambernath) and second paripassu charge on current assets of the Company. Rate of interest: - 6 months MCLR plus 1.20% p.a, (MCLR - 9.30%) Repayment terms: ₹ 1.72 Cr EMI per month ,starting from Nov 22		
(iv) Term loans from banks: Loan 4		
Non-current borrowings	-	11.62
Current maturities of non-current borrowings	11.67	20.00
Security: First paripassu charge on all moveable & immoveable Property, plant and equipment (except lease hold land at Cuddalore , Vizag and Ambernath) and second paripassu charge on all current assets of the Company. Rate of interest: - 10.5% p.a Repayment terms: ₹ 1.67 Cr per month		
(v) Term loans from banks: Loan 5		
Non-current borrowings	-	-
Current maturities of non-current borrowings	-	3.19
Security: First paripassu charge by way of mortgage on immoveable Property, plant and equipment (except lease hold land at Cuddalore, Vizag and Ambernath) of the Company both present & future. First paripassu charge by way of hypothecation over moveable fixed assets of the Company both present & future. Second paripassu charge by way of hypothecation over entire current assets of the Company both present & future. Rate of interest: 9.55% p.a Repayment terms: ₹ 2.36 Cr per month		
(vi) Term loans from Banks: Loan 6		
Non-current borrowings	42.03	53.49
Current maturities of non-current borrowings	15.00	14.02
Security: First paripassu charge on all Property, plant and equipment (except lease hold land at Cuddalore , Vizag and Ambernath) of the Company present & future including intangible Assets, second paripassu on all current assets of the Company both present & future. Rate of interest: - 6 Months MCLR plus 1.50% p.a, (MCLR - 9.55%) Repayment terms: ₹ 1.17 Cr per month starting from Feb 23		
(vii) Term loans from others: Loan 7		
Non-current borrowings	20.71	29.61
Current maturities of non-current borrowings	8.98	8.06
Security: First paripassu charge on all Property, plant and equipment (except lease hold land at Cuddalore , Vizag and Ambernath) of the Company present & future including intangible Assets, second paripassu on all current assets of the Company both present & future. Rate of interest: 11.60% p.a Repayment terms: ₹ 0.99 Cr EMI per month		

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Disclosed under non-current borrowings	105.83	235.10
Disclosed under current borrowings		
- Current maturities of non-current borrowings	133.28	117.25

During the financial year ended March 31, 2024, for non-current borrowings aggregating to ₹ 239.11 crores (including current maturities of non-current borrowings), some of the financial covenants have been breached mainly due to subdued operations of the Company. The Company has made representation to the lenders to waive from the testing of financial covenants for the year ended March 31, 2024. The Company has reclassified ₹ 23.72 crores pertaining to Loan 1 from non-current borrowings to current maturities of non-current borrowings, as the bankers have the right to recall the loan due to a covenant breach.

(ii) Current borrowings

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Secured loans repayable on demand from banks:		
Working capital loans	669.27	648.80
Current maturities of non-current borrowings (Refer note 21(i))	133.28	117.25
Unsecured loans		
Loans from financial institution	73.00	-
Loans from Related Party	18.00	-
Total	**893.55**	**766.05**

Details of security for the current borrowings repayable on demand:

a) Working capital loans from Property, plant and equipment 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.

b) Rate of interest for INR borrowings ranges from 10.20% to 12.00%

c) Rate of interest for USD borrowings ranges from 8.79% to 9.65%

d) Rate of interest for Unsecured borrowings ranges from 15.00% to 18.00%

(iii) Reconciliation between the opening and closing balance in balance for financial labilities arising form financial activites are given below

₹ in Crores

Particulars	As at March 31, 2023	Net proceeds/ (Repayment)	Non cash changes *	As at March 31, 2024
Non current borrowings (including current maturities)	352.35	(113.60)	0.36	239.11
Current borrowings	648.80	111.45	0.02	760.27

* Non cash changes includes unamoritsed processing cost and unrealised foreign exchange loss/gain

₹ in Crores

Particulars	As at March 31, 2022	Net proceeds/ (Repayment)	Non cash changes *	As at March 31, 2023
Non current borrowings (including current maturities)	414.67	(62.32)	-	352.35
Current borrowings	609.90	39.44	(0.54)	648.80

* Non cash changes includes unamoritsed processing cost and unrealised foreign exchange loss/gain

NOTE NO. 22 OTHER FINANCIAL LIABILITIES

(i) Other non-current financial liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits	0.42	0.42
Total	**0.42**	**0.42**

Notes

to the standalone financial statements for the year ended March 31, 2024

(ii) Other current financial liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Advance from related party	0.18	0.18
Interest accrued but not due on borrowings	3.38	2.20
Unclaimed dividends*	0.16	0.16
Other payables:		
Payables on purchase of property, plant and equipment	9.98	11.79
Total	**13.70**	**14.33**

*Investor Education and Protection Fund shall be credited when due.

NOTE NO. 23 PROVISIONS

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits:		
Compensated absences	12.05	12.75
Total	**12.05**	**12.75**
Non-current	10.08	10.67
Current	1.97	2.08

NOTE NO. 24 OTHER LIABILITIES

(i) Other non-current liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits:		
Gratuity (Refer note 39)	43.59	38.36
Total	**43.59**	**38.36**

(ii) Other current liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Contract liability:		
Advance from customers	4.19	7.20
Income received in advance (unearned revenue)	-	0.23
Other Advance {refer note 9(i)}	11.54	-
Other payables:		
- Statutory liabilities	4.49	4.99
Total	**20.22**	**12.42**

Note:

(i) During the year ended March 31, 2024, the Company recognised revenue of ₹ 7.20 Crores (March 31, 2023: ₹ 26.50 Crores) arising from opening contract liability as of April 1, 2023.

NOTE NO. 25 TRADE PAYABLES

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables:		
Dues of micro and small enterprises (Refer note (iii) below)	10.63	11.96
Dues of other than micro and small enterprises	297.07	288.73
Total	**307.70**	**300.69**

Note:

(i) Outstanding for the following period from due date of payments as at March 31, 2024

₹ in Crores

Particulars	Not due*	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2024
(i) MSME	6.75	3.88	-	-	-	10.63
(ii) Others	200.28	89.82	6.29	0.26	0.42	297.07
Total	**207.03**	**93.70**	**6.29**	**0.26**	**0.42**	**307.70**

* Includes unbilled dues of ₹ 41.00 Crores

(ii) Outstanding for the following period from due date of payments as at March 31, 2023

₹ in Crores

Particulars	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2023
(i) MSME	7.35	4.61	-	-	-	11.96
(ii) Others	214.53	70.58	3.17	0.36	0.09	288.73
Total	**221.88**	**75.19**	**3.17**	**0.36**	**0.09**	**300.69**

* Includes unbilled dues of ₹ 29.04 srores

(iii) Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
(i) The principal amount due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	10.63	11.96
(ii) The interest due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(v) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductable expenditure under the MSMED Act, 2006	-	-

This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

NOTE NO. 26 REVENUE FROM OPERATIONS

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of products	1,226.47	1,374.01
Sale of services	11.92	5.18
Other operating revenues (Refer note (d) below)	50.53	64.62
Total	**1,288.92**	**1,443.81**

Notes

to the standalone financial statements for the year ended March 31, 2024

Disaggregated revenue information

(a) In the following table, revenue from contracts with customers is disaggregated by primary geographical market

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from contracts with customers		
Asia Pacific	720.65	846.04
Europe	296.86	329.95
North America	87.15	72.05
South America	5.83	37.18
Rest of the World	127.90	93.97
Subtotal	**1,238.39**	**1,379.19**
Revenue from other sources		
Other operating revenues	50.53	64.62
Subtotal	**50.53**	**64.62**
Total	**1,288.92**	**1,443.81**

Geographical revenue is allocated based on the location of the customers.

(b) Revenue from major customers

Revenue from one customer of the Company during the year ended March 31, 2024 was ₹ 130.57 crores which is individually more than 10 percent of the Company's total revenue for the year. Revenue from such customer during previous year was ₹ 189.70 crores.

(c) Reconciliation of revenue from contracts with customers

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from contracts with customers as per the contract price	1338.00	1,428.27
Adjustment made to contract price on account of:-		
a) discounts/Rebates//Claims	(48.77)	(15.41)
b) Sales returns/reversals	(50.84)	(33.67)
Revenue from Contracts with customers as per the Statement of profit and loss	**1,238.39**	**1,379.19**

(d) Other operating revenue comprises:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Export incentives	14.82	17.20
Share of profit	1.62	1.01
Sale of by-products and scrap	34.09	45.38
Support service income	-	1.03
Total	**50.53**	**64.62**

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

NOTE NO. 27 OTHER INCOME

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income (Refer note (i) below)	2.22	5.92
Rental income from investment properties	0.97	4.45
Other non-operating income		
- Liabilities / provisions no longer required written back	0.43	9.49
- Profit on sale of property, plant and equipment (net)	0.36	-
- Insurance claims	0.45	0.84
- Exchange fluctuation gain (net)	0.67	0.25
- Others	0.27	1.19
Total	**5.37**	**22.14**

Note:

(i) Interest income comprises:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest from banks on deposits	0.17	0.09
Interest on loans and advances	1.66	4.83
Interest from others	0.39	1.00
Total	**2.22**	**5.92**

NOTE NO. 28 COST OF MATERIALS CONSUMED

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening stock	119.20	131.10
Add: Purchases	774.91	762.00
Less: Closing stock	(82.11)	(119.20)
Less : Inventory loss on account of fire at Puducherry facility (refer note 51)	(51.35)	-
Cost of materials consumed	**760.65**	**773.90**

NOTE NO. 29 PURCHASES OF STOCK-IN-TRADE

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Traded goods	5.10	7.88
Total	**5.10**	**7.88**

NOTE NO. 30 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Inventories at the end of the year:		
- Finished goods	126.47	155.78
- Work-in-progress	142.85	274.99
	269.32	**430.77**
Inventories at the beginning of the year:		
- Finished goods	155.78	188.17
- Work-in-progress	274.99	249.65
	430.77	**437.82**
Less: Shown under exceptional items	(122.18)	-
Net (increase) / decrease	**39.27**	**7.05**

Notes

to the standalone financial statements for the year ended March 31, 2024

NOTE NO. 31 EMPLOYEE BENEFITS EXPENSE

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages	206.00	190.84
Contribution to provident and other funds (Refer note 39)	20.26	19.34
Share based payments (Refer note 43)	0.60	0.05
Other employee benefits	19.71	20.64
Less: Transfer to Capital work in progress	(2.65)	(2.82)
Total	**243.92**	**228.05**

NOTE NO. 32 FINANCE COSTS

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest costs:		
- Interest on bank overdrafts and loans	107.55	92.45
- Other interest expense	1.55	2.50
- Less: Amounts included in the cost of qualifying assets	(9.72)	(11.57)
Exchange difference regarded as an adjustment to borrowing costs	1.54	3.42
Other finance costs	5.05	3.26
Total	**105.97**	**90.06**

NOTE NO. 33 DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment (Refer note 3)	87.84	92.14
Depreciation of investment properties (Refer note 6)	0.37	0.36
Depreciation of right-of-use assets (Refer note 4(i))	1.58	2.71
Amortisation of intangible assets (Refer note 8)	13.24	15.69
Total	**103.03**	**110.90**

NOTE NO. 34 OTHER EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Subcontracting	17.97	16.29
Power and fuel	120.28	105.88
Water	2.28	2.07
Rent including lease rentals	2.76	1.39
Repairs and maintenance:		
- Buildings	3.19	3.08
- Machinery	23.14	21.09
- Others	31.51	25.91
Insurance	8.64	8.45
Rates and taxes	2.54	2.27
Communication	1.92	1.64
Travelling and conveyance	4.25	5.61
Printing and stationery	2.40	2.26
Freight and forwarding	19.63	25.70
Sales commission	11.25	5.92
Business promotion	3.30	0.85
Donations and contributions	0.26	0.29

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Expenditure on Corporate Social Responsibility (Refer note (i) below)	1.27	1.68
Analytical charges	0.68	0.88
Regulatory expenses	4.72	4.18
Legal and professional fees	12.95	12.68
Payments to statutory auditors (Refer note (ii) below)	0.76	0.73
Bad debts written off / Allowance for doubtful trade and other receivables	10.99	5.66
Loss on sale of property, plant and equipment (net)	-	0.45
Consumption of stores and spares	33.50	24.39
Miscellaneous expenses	14.85	13.54
Total	**335.04**	**292.89**

Notes:

(i) Expenditure on Corporate Social Responsibility:

₹ in Crores

	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(i)	amount required to be spent by the company during the year,"	0.53	1.61
(ii)	amount of expenditure incurred,	1.27	1.68
(iii)	set off from previous year excess spent	-	-
(iv)	shortfall / (excess) at the end of the year,	(0.74)	(0.07)
(v)	total of previous years shortfall,"	-	-
(vi)	reason for shortfall,	Not applicable	Not applicable
(vii)	nature of CSR activities,	Drive socially inclusive and need-based interventions in the realms of health, hygiene, sanitation, education and support during pandemic.	
(viii)	details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	-	-
(ix)	where a provision is made with respect to a liability incurred by entering into a contractual obligation,	-	-

(ii) Payments to the Statutory Auditors comprises (net of taxes) for:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
- Audit of standalone and consolidated financial statements including limited review	0.66	0.66
- Other services	0.08	0.03
- Reimbursement of expenses	0.02	0.04
Total	**0.76**	**0.73**

NOTE NO. 35 EXCEPTIONAL ITEM GAIN/ (LOSS) (NET)

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Exceptional loss on account of fire at Puducherry facility (refer note 51)	62.50	-
Provision for diminution in the value of investment {refer note 9(i)}	1.80	-
Write off of Property, plant and equipment {refer note 9(i)}	2.53	-
Provision for Inventory {refer note 15(ii)}	122.81	-
Total	**189.64**	**-**

Notes

to the standalone financial statements for the year ended March 31, 2024

NOTE NO. 36 TAX EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Continuing operations		
Current tax		
Current tax expenses	-	(0.11)
Deferred tax		
Deferred tax (credit) / expenses	8.59	(22.46)
MAT credit reversal	69.95	-
Net tax expense	**78.54**	**(22.57)**

The reconciliation of estimated income tax expenses at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before income taxes:	(488.33)	(44.78)
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	**(170.64)**	**(15.65)**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expenses:		
Effect of expenses that are not deductible in determining taxable profit	0.53	0.69
Effect on additional tax allowance	-	(1.83)
Effect of deductible temporary differences now recognised as deferred tax assets	-	(12.04)
Effect of Reversal of deferred tax asset and MAT credit {refer note 12(iii)}	78.54	-
Effect of unrecognised deferred tax assets on product portfolio {refer note 12(iv)}	4.27	5.69
Effect of unrecognised deferred tax assets	165.34	-
Others (net)	0.50	0.57
Total income tax expense	**78.54**	**(22.57)**

Refer Note 12 for significant components of deferred tax assets and liabilities.

NOTE NO. 37 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED (CHARGED TO STATEMENT OF PROFIT AND LOSS)

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Inhouse:		
Salaries and wages	19.34	18.70
Depreciation and amortisation expense	6.46	10.57
Materials	0.58	2.58
Consumption of Stores & Spares	14.62	2.11
Power and fuel	2.27	1.76
Rent including lease rentals	1.67	0.26
Others	11.04	10.18
Total	**55.98**	**46.16**

In addition, the Company has also incurred capital expenditure in such facilities of ₹ 1.89 Crores (March 31, 2023: ₹ 3.89 Crores) which has been capitalised under respective heads in the financial statements.

NOTE NO. 38 COMMITMENTS AND CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
a) Contingent liabilities - Pending Litigations		
i) Indirect taxes	5.96	3.61
ii) Direct taxes a) The Company has received assessment orders from the assessing officer. For the assessment year 2018-19, the officer disallowed the Company's claim for depreciation on goodwill and product portfolio. The Company has preferred appeal with Commisisoner of income tax (appeals). Order against appeal had been passed vide order dated April 18, 2024 confirming disallowance of depreciation on goodwill & product portfolio and and the Company has filed an appeal before the ITAT against it on May 06, 2024. b) For the assessment year 2020-21, the officer disallowed the Company's claim for weighted deduction under Section 35(2AB), depreciation on goodwill and product portfolio, and deemed income under Section 41.The Company has preferred appeal with Commisisoner of income tax (appeals).Order against appeal had been passed vide order dated March 31, 2024, confirming disallowance of depreciation on goodwill & product portfolio, deduction u/s 35(2AB) & addition u/s 41 of the Act. However, issue with regard to alternate claim of deduction u/s 35(1) of the Act as against Section 35(2AB), set-off of carried forward losses and credit for taxes paid have been remanded back to AO. The Company is in the process of filing letter for giving effect to the appeal order against issues that were remanded back to AO and the Company has filed an appeal before the ITAT against it on May 06, 2024. c) Our Company has filed a tax appeal before the National Faceless Appeal Centre ("NFAC") against an assessment order dated March 21, 2024 ("Assessment Order") passed by National Faceless Assessment Centre("NFAC") for Assessment Year 2022-23. Pursuant to the Assessment Order, the NFAC disallowed depreciation claimed on product portfolio claimed u/s 32(1)(ii) of the Income Tax Act, 1961 ("IT Act") amounting to ₹30.05 crore and accordingly a demand notice was issued for a sum of ₹Nil. Our Company has filed an appeal before the CIT (A) and the matter is currently pending The Company has in its return of income for subsequent years also has claimed the aforesaid allowances. Refer note 12 (iv) for details. "	-	-
(iii) Other claims against the Company not acknowledged as debts	-	-
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-
- Property, plant and equipment	36.32	34.20
- Intangible assets	0.35	0.19

NOTE NO. 39 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 ₹ 12.81 Crores (March 31, 2023: ₹ 12.69 Crores) for provident fund contributions, ₹ 0.10 Crores (March 31, 2023: ₹ 0.17 Crores) 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 offers gratuity benefits, a defined employee benefit scheme to its 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.

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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	
	March 31, 2024	March 31, 2023
Discount rate	7.19%	7.39%
Expected rate of salary increase	Year 1 - 7.50% thereafter- 6.50%	Year 1 - 7.50% thereafter- 6.50%
Attrition rate	11.00%	11.00%
Mortality Rate	As per IALM (2012-14) ultimate	As per IALM (2012-14) ultimate
Retirement age (years)	Karnataka - 60 years, Other - 58 years	Karnataka - 60 years, Other - 58 years

Amounts recognised in statement of profit and loss and in other comprehensive income in respect of these defined benefit plan are as follows:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Service cost:		
Current service cost	4.45	4.87
Past service cost and (gain)/loss from settlements	-	(0.05)
Net interest expense	2.49	1.64
Components of defined benefit costs recognised in statement of profit and loss	**6.94**	**6.46**
Remeasurement on the net defined benefit liability:		
Return on plan assets [excluding amounts included in net interest expense] (excess) / short return	0.43	0.49
Actuarial (gains) / losses arising from changes in financial assumptions	0.54	(1.39)
Actuarial (gains) / losses arising from experience adjustments	(1.53)	3.60
Components of defined benefit costs recognised in other comprehensive income	**(0.56)**	**2.70**
Total	**6.38**	**9.16**

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

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

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of funded defined benefit obligation	61.17	58.01
Fair value of plan assets	(17.58)	(19.65)
Funded status	43.59	38.36
Net liability arising from defined benefit obligation	**43.59**	**38.36**

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

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Opening defined benefit obligation	58.01	49.94
Expenses recognised in statement of profit and loss		
Current service cost	4.45	4.87
Past service cost and (gain)/loss from settlements	-	(0.05)
Interest cost	3.94	3.18
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	0.54	(1.39)
Actuarial gains and losses arising from experience adjustments	(1.53)	3.60
Liabilities assumed on employees transferred from group companies	-	1.88
Benefits paid	(4.24)	(4.02)
Closing defined benefit obligation	**61.17**	**58.01**

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

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Opening fair value of plan assets	19.65	22.36
Expected return on plan assets	1.45	1.54
Remeasurement gain (loss):		
Contributions from the employer	1.15	0.26
Actuarial (gains) / loss on plan assets	(0.43)	(0.49)
Benefits paid	(4.24)	(4.02)
Closing fair value of plan assets	**17.58**	**19.65**

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.

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate		
100bps increase	58.54	55.36
100bps decrease	64.02	60.83
Expected rate of salary increase		
100bps increase	64.14	60.80
100bps decrease	58.36	55.46

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.

Notes
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There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

Expected future cash outflows towards the plan are as follows-

₹ in Crores

Financial Year	Amount
2024-25	11.05
2025-26	9.50
2026-27	8.60
2027-28	8.37
2028-29	7.75
2029-30 to 2033- 34	25.39

NOTE NO. 40 RELATED PARTY INFORMATION:

40A List of related parties:

Wholly owned subsidiary:

Shasun USA Inc., USA
Sequent Penems Private Limited
Solara Active Pharma Sciences LTDA*
*Subsidiary Company incorporated on March 27, 2023. and no Investment made by the Company as on balance sheet date.

Other Subsidiaries:

Chemsynth Laboratories Private Limited

Director and Key Management Personnel:

Poorvank Purohit	Managing Director ("MD") and Chief Executive Officer (Appointed as CEO wef. February 03, 2023 and Appointed as MD wef July 05, 2023)
Jitesh Devendra	Managing Director (Appointed wef April 29, 2022 and Resigned wef. July 05, 2023)
S Hariharan	Executive Director and Chief Financial Officer (Appointed as Executive Director & CFO wef March 09, 2022 and Resigned wef. July 31, 2023)
Arun Kumar Pillai	Non-Executive Director
Kartheek Chintalapati Raju	Non-Executive Director (Appointed wef. July 05, 2023)
R. Ramakrishnan	Independent Director
Kausalya Santhanam	Independent Director
Ankur Nand Thadani	Non-Executive Director
Rajendra Kumar Srivastava	Independent Director (Appointed wef. November 14, 2023)
Rajiv Vijay Nabar	Independent Director (Appointed wef. November 29, 2023)
Nirmal P Bhogilal	Independent Director (Resigned wef. July 19, 2023)
Aditya Puri	Non-Executive Director (Resigned wef August 05, 2023)
Vineeta Rai	Independent Director (Resigned wef August 05, 2023)
Mohan Muthunarayanan	Executive Director (Appointed wef February 14, 2024)
Patri Venkat Raghavendra Rao	Chief Financial Officer (Appointed as CFO wef October 26, 2023 and Resigned wef. February 15, 2024)
Arun Kumar Baskaran	Chief Financial Officer (Appointed as CFO wef March 08, 2024)
S Murali Krishna	Company Secretary

Enterprises controlled, owned or significantly influenced by directors, key management personnel, promoter or person holding significant interest in the company:

Strides Pharma Science Limited, India

Tenshi Pharmaceuticals Private Limited

Aurore Life Sciences Private Limited, India (upto August 3, 2022 and wef. July 05, 2023)

Aurore Pharmaceuticals Private Limited (upto August 3, 2022 and wef. July 05, 2023)

Tenshi Kaizen Private Limited, India

Onesource Specialty Pharma Limited (formerly known as Stelis Biopharma Limited)

Enterprises controlled, owned or significantly influenced by directors, key management personnel, promoter or person holding significant interest in the company:

Batliboi Impex Limited, India (upto July 19, 2023)

Axxelent Pharma Sciences Private Limited (up to July 31, 2023)

Steriscience Specialties Pvt Ltd, India

40B Transactions during the year

₹ in Crores

Description	Related party	March 31, 2024	March 31, 2023
Sale of goods/(sales return)	Strides Pharma Science Limited	128.94	188.69
	Aurore Life Sciences Private Limited	0.10	14.16
	Aurore Pharmaceuticals Private Limited	(5.69)	(2.68)
	Steriscience Specialties Pvt Ltd	0.06	0.01
	Onesource Specialty Pharma Limited	0.05	0.03
	Tenshi Kaizen Private Limited	0.07	0.01
Sale of services	Strides Pharma Science Limited	0.01	0.01
	Tenshi Kaizen Private Limited	0.07	0.02
	Onesource Specialty Pharma Limited	-	0.01
Interest income	Chemsynth Laboratories Private Limited	-	0.14
	Aurore Life Sciences Private Limited	1.66	1.69
Other operating revenue	Strides Pharma Science Limited	1.62	1.01
Purchase of goods	Strides Pharma Science Limited	0.02	0.00
	Aurore Life Sciences Private Limited	-	0.61
Purchase of services	Axxelent Pharma Sciences Private Limited	0.06	0.19
	Batliboi Impex Limited	0.02	0.78
Sales commission	Shasun USA Inc	-	0.81
Recovery of expenses from	Aurore Life Sciences Private Limited	-	1.67
	Shasun USA Inc	-	3.24
	Sequent Penems Private Limited	-	0.22
	Strides Pharma Science Limited	11.48	13.51
Reimbursement of expenses to	Strides Pharma Science Limited	0.58	1.08
	Tenshi Pharmaceuticals Private Limited	2.42	1.47
Processing fee	Tenshi Pharmaceuticals Private Limited	0.27	-
Corporate Guarantee on loan availed by Company	Tenshi Pharmaceuticals Private Limited	50.00	-
Rental Income	Aurore Life Sciences Private Limited	-	0.02
Rent & Maintenance for leased property	Strides Pharma Science Limited	1.67	1.60
	Sequent Penems Private Limited	-	0.10
Loan given	Chemsynth Laboratories Private Limited	-	0.02
Claims received adjusted against sale (refer note 16(v))	Aurore Pharmaceuticals Private Limited	36.79	-
Claims received accounted under other expense (refer note 16(v))	Aurore Life Sciences Private Limited	7.01	-
Loan receipt	Tenshi Pharmaceuticals Private Limited	18.00	-
Guarantee commission paid	Tenshi Pharmaceuticals Private Limited	0.13	-
Receipt of loan given	Aurore Life Sciences Private Limited	32.35	7.65
Sitting fees paid to directors	Aditya Puri	0.02	0.04
	Kausalya Santhanam	0.15	0.08
	Nirmal P Bhogilal	0.03	0.06
	R. Ramakrishnan	0.15	0.08
	Rajiv Vijay Nabar	0.04	-
	Rajendra Kumar Srivastava	0.02	-
	Vineeta Rai	0.03	0.08
Short term employee benefits paid to (refer note (i) below)	Jitesh Devendra	2.18	2.17
	S Hariharan	1.49	1.98
	Poorvank Purohit	2.90	0.50
	Mohan M	0.36	-
	Patri Venkat Raghavendra Rao	0.52	-
	Arun Kumar Baskaran	0.07	-
	S Murali Krishna	0.48	0.42

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

Notes

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40C Balances as at March 31, 2024

₹ in Crores

Description	Related party	As at March 31, 2024	As at March 31, 2023
Trade payables	Sequent Penems Private Limited	0.64	0.72
	Tenshi Pharmaceuticals Private Limited	1.74	1.23
	Strides Pharma Science Limited	0.15	0.42
Trade receivables	Aurore Life Sciences Private Limited	2.97	-
	Aurore Pharmaceuticals Private Limited	13.16	-
	Strides Pharma Science Limited	47.85	119.38
	Steriscience Specialties Pvt Ltd	0.05	-
	Onesource Specialty Pharma Limited	0.08	0.06
	Shasun USA Inc.	2.68	2.65
	Tenshi Kaizen Private Limited	0.15	0.03
Other receivables	Chemsynth Laboratories Private Limited	-	0.86
Borrowings	Chemsynth Laboratories Private Limited	1.34	1.34
	Tenshi Pharmaceuticals Private Limited	18.00	-
Advance received	Sequent Penems Private Limited	0.18	0.18
Corporate Guarantee on loan availed by Company	Tenshi Pharmaceuticals Private Limited	50.00	-
Security deposit given	Strides Pharma Science Limited	0.72	0.72

All related party transactions were entered at an arm's length basis and in the ordinary course of business.

NOTE NO. 41 EARNINGS PER SHARE:

Amount in ₹

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Basic earnings per share:	(157.48)	(6.17)
Diluted earnings per share*:	(157.48)	(6.17)

Earnings used in computing basic and diluted earnings per share

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit attributable to the equity holders of the Company	(566.87)	(22.21)

Weighted average number of shares used as the denominator

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Weighted average number of equity shares used as denominator in calculating basic earnings per share	3,59,96,267	3,59,96,267
Adjustments for calculation of diluted earnings per share:		
- employee stock options	101	189
Weighted average number of equity shares used as denominator in calculating diluted earnings per share*	3,59,96,368	3,59,96,456

* Diluted earnings per share for the year ended March 31, 2024 is antidilution since there is loss attributable to the equity holders of the company. Therefore, Diluted earnings per share is the same as Basic earnings per share for the year ended March 31, 2024.

NOTE NO. 42 SEGMENT REPORTING:

The Company is engaged in the manufacture and sale of Active Pharma Ingredients. The operating segment of the Company is identified to be “Manufacture and sale of Active Pharma Ingredients”, The Managing Director and Chief executive officer of the Company who has been identified as the chief operating decision maker (CODM) reviews business performance at an overall Company level as one segment.

As the Company operates in single operating segment i.e., ”Manufacture and sale of Active Pharma Ingredients”, the reporting disclosures envisaged in Ind AS 108 on operating segments, are not applicable to the Company. However, the geographical information are disclosed below:

Information regarding geographical non-current assets is as follows*:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
India	1,526.35	1,595.08
Total	**1,526.35**	**1,595.08**

*Non current assets are excluding financial instruments and deferred tax assets

NOTE NO. 43 SHARE-BASED PAYMENTS:

Details of the employee share option plan of the Company:

The ESOP titled “Solara Employee Stock Option Plan 2018” (ESOP 2018) was approved by the shareholders and stock exchanges. 1,228,778 options are covered under the plan which are convertible into equal number of equity shares of the Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of 120 days from the date of vesting. The Company has granted 250,000 options (March 31, 2023: 324,600 options) under this plan during the current year.

During the current year, employee compensation costs of ₹ 0.60 Crores (Previous year: ₹ 0.05 Crores) relating to the above referred Employee Stock Option Plan have been charged to the Statement of Profit and Loss.

Fair value of share options granted during the year

The fair value of the share options were priced using a Black-Scholes model of valuation at grant date.The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

Assumptions	Grant Date: Oct 19, 2023 (ESOP 2018)”		
	Vest 1 Apr 29, 2023	Vest 2 Apr 29, 2024	Vest 3 Apr 29, 2025
	20%	30%	50%
No. of options	40,000	60,000	1,00,000
Fair market value of option at grant date (₹)	113.92	146.36	165.79
Fair market value of share at grant date (₹)	332.20	332.20	332.20
Exercise price (₹)	252.00	252.00	252.00
Expected volatility	36.90%	47.90%	49.30%
Option life (Years)	1	2	3
Expected Dividend Yield	1.00%	1.00%	1.00%
Risk-free interest rate	7.04%	7.18%	7.25%

Assumptions	Grant Date: Oct 26, 2023 (ESOP 2018)		
	Vest 1 Aug 4, 2023	Vest 2 Aug 4, 2024	Vest 3 Aug 4, 2025
	20%	30%	50%
No. of options	10,000	15,000	25,000
Fair market value of option at grant date (₹)	113.92	146.36	165.79
Fair market value of share at grant date (₹)	303.40	303.40	303.40
Exercise price (₹)	252.00	252.00	252.00
Expected volatility	36.90%	47.90%	49.30%
Option life (Years)	1	2	3
Expected Dividend Yield	1.00%	1.00%	1.00%
Risk-free interest rate	7.04%	7.18%	7.25%

Fair value of share options granted during the previous year

The fair value of the share options were priced using a Black-Scholes model of valuation at grant date. The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

Assumptions	Grant Date: Apr 29, 2022 (ESOP 2018)		
	Vest 1 Apr 29, 2023	Vest 2 Apr 29, 2024	Vest 3 Apr 29, 2025
	20%	30%	50%
No. of options	40,000	60,000	1,00,000
Fair market value of option at grant date (₹)	266.50	332.56	365.42
Fair market value of share at grant date (₹)	688.95	688.95	688.95
Exercise price (₹)	516.00	516.00	516.00
Expected volatility	52.25%	59.11%	55.28%
Option life (Years)	1	2	3
Expected Dividend Yield	0.51%	0.51%	0.51%
Risk-free interest rate	6.95%	6.40%	6.90%

Assumptions	Grant Date: Aug 4, 2022 (ESOP 2018)		
	Vest 1 Aug 4, 2023	Vest 2 Aug 4, 2024	Vest 3 Aug 4, 2025
	20%	30%	50%
No. of options	6,000	9,000	15,000
Fair market value of option at grant date (₹)	157.27	165.96	226.68
Fair market value of share at grant date (₹)	389.26	389.26	389.26
Exercise price (₹)	292.00	292.00	292.00
Expected volatility	60.74%	46.35%	70.10%
Option life (Years)	1	2	3
Expected Dividend Yield	0.90%	0.90%	0.90%
Risk-free interest rate	6.23%	6.52%	6.85%

Assumptions	Grant Date: Jan 24, 2023 (ESOP 2018)		
	Vest 1 Jan 24, 2024	Vest 2 Jan 24, 2025	Vest 3 Jan 24, 2026
	20%	30%	50%
No. of options	9,920	14,880	24,800
Fair market value of option at grant date (₹)	166.10	174.05	231.98
Fair market value of share at grant date (₹)	411.25	411.25	411.25
Exercise price (₹)	309.00	309.00	309.00
Expected volatility	59.64%	43.89%	64.91%
Option life (Years)	1	2	3
Expected Dividend Yield	0.85%	0.85%	0.85%
Risk-free interest rate	6.90%	7.16%	7.19%

Assumptions	Grant Date: Feb 3, 2023 (ESOP 2018)		
	Vest 1 Feb 3, 2024	Vest 2 Feb 3, 2025	Vest 3 Feb 3, 2026
	20%	30%	50%
No. of options	9,000	13,500	22,500
Fair market value of option at grant date (₹)	160.46	168.21	226.09
Fair market value of share at grant date (₹)	404.25	404.25	404.25
Exercise price (₹)	309.00	309.00	309.00
Expected volatility	59.64%	43.89%	64.91%
Option life (Years)	1	2	3
Expected Dividend Yield	0.87%	0.87%	0.87%
Risk-free interest rate	6.90%	7.16%	7.19%

Employee stock options details as on the balance sheet date are as follows:

Particulars	During the year 2023-24		During the year 2022-23	
	Options (No's)	Weighted average exercise price per option (₹)	Options (No's)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year	1,43,600	399.81	1,05,000	782.40
Granted during the year	2,50,000	471.20	3,24,600	434.97
Exercised during the year	-	-	-	-
Lapsed/ cancelled during the year	99,800	477.34	2,86,000	580.17
Options outstanding at the end of the year	2,93,800	621.22	1,43,600	399.81
Options available for grant	1,12,978	-	2,63,178	-

NOTE NO. 44 FINANCIAL INSTRUMENTS

44.1 Categories of financial instruments

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Financial assets:		
Measured at amortised cost		
(a) Cash and bank balances	8.48	8.71
(b) Investments	1.70	1.70
(c) Trade receivables	351.22	539.65
(d) Loans receivable	0.34	32.62
(e) Other financial assets at amortised cost	22.77	28.50
Financial liabilities:		
Measured at amortised cost		
(a) Borrowings including current maturities of non current borrowings	999.38	1,001.15
(b) Lease liabilities	12.12	11.70
(c) Trade payables	307.70	300.69
(d) Other financial liabilities	14.12	14.75

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

The management assessed that the carrying amounts of financial assets and financial liabilities (except borrowings) recognised in the financial statements at amortised cost will reasonably approximate their fair values.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	999.38	1,002.05	1,001.15	1,004.66

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 minimise 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:

44.3 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 (i.e. Indian rupees).

The carrying amount of the Company's foreign currency denominated monetary liabilities (payables) and assets (receivables) as at the end of reporting period are as under:

Amount receivable/(payable)	As at March 31, 2024		As at March 31, 2023	
Exposure to the Currency	In foreign currency (Crores)	in ₹ Crores	In foreign currency (Crores)	in ₹ Crores
USD	0.38	31.52	0.52	41.63
GBP	(0.00)	(0.52)	-	-
EUR	(0.07)	(4.57)	0.01	1.03
JPY	3.95	2.18	3.22	1.99
CHF	(0.00)	(0.08)	-	-

Foreign currency sensitivity analysis

Financial instruments affected by changes in foreign exchange rates include loans in foreign currencies. The Company considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The impact on account of 5% appreciation / depreciation in the exchange rate of the above foreign currencies against ₹ is given below:

₹ in Crores

Exposure to the Currency	Increase / (Decrease) in Equity / Profit	
	March 31, 2024	March 31, 2023
Appreciation in the USD	1.58	2.08
Depreciation in the USD	(1.58)	(2.08)
Appreciation in the EUR	(0.23)	0.05
Depreciation in the EUR	0.23	(0.05)

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.
For the purpose of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at each year 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 year.

44.4 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.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed-rate instruments		
Financial assets		
Balance with banks held in deposit account	5.35	0.05
Financial liabilities		
Lease liabilities	12.12	11.70
	17.47	**11.75**
Variable-rate instruments		
Financial liabilities		
Borrowings from bank	999.38	1,001.15
	999.38	**1,001.15**

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include secured long term loans from banks 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 ₹ 9.99 Crores (March 31, 2023: ₹ 10.05 Crores) 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 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 Company is not significantly exposed to geographical credit risk as the counterparties operate across various countries across the globe.

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic 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 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.

44.6.1 Liquidity analysis for Non- Derivative Financial 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 repayment of principal amounts. The contractual maturity is based on the earliest date on which the Company may be required to pay.

₹ in Crores

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, 2024	895.69	53.78	40.01	12.57		-	1,002.05	999.38
- As on March 31, 2023	768.68	109.16	77.10	38.03	11.69	-	1,004.66	1,001.15
Interest payable on borrowings								
- As on March 31, 2024	3.38	-	-	-	-	-	3.38	3.38
- As on March 31, 2023	2.20	-	-	-	-	-	2.20	2.20
Lease liabilities								
- As on March 31, 2024	0.92	0.96	1.01	1.06	1.11	49.15	54.21	12.12
- As on March 31, 2023	0.87	0.92	0.96	1.01	1.06	50.26	55.08	11.70
Trade and other Financial liabilities								
- As on March 31, 2024	318.44	-	-	-	-	-	318.44	318.44
- As on March 31, 2023	313.24	-	-	-	-	-	313.24	313.24

Notes

to the standalone financial statements for the year ended March 31, 2024

NOTE NO. 45 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 note 21 offset by cash and bank balances) and total equity.

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

45.1 Gearing ratio

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

₹ in Crores

Particulars	March 31, 2024	March 31, 2023
Debt (i)	1,011.50	1,012.85
Less:		
Cash and bank balances	8.48	8.71
Net Debt (A)	**1,003.02**	**1,004.14**
Total Equity (B)	**937.42**	**1,503.13**
Net debt to equity ratio (A/B)	**1.07**	**0.67**

(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings and lease liabilities.

NOTE NO. 46 RATIO ANALYSIS

₹ in Crores

Particulars	Methodology	As at March 31, 2024	As at March 31, 2023
Current ratio	Current Assets over Current Liabilities	0.6	1.1
Debt-Equity ratio	Debt over Equity	1.1	0.7
Debt Service Coverage ratio (refer note (a) below)	Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) over debt repayments and interest payments	(0.41)	0.7
Return on Equity ratio (refer note (b) below)	Net profit (PAT) over Equity	-107%	-2.0%
Inventory turnover ratio	Cost of goods sold over Average Inventory	1.8	1.4
Trade receivables turnover ratio	Sales Turnover over Average Trade receivables	2.8	2.7
Trade payables turnover ratio	Cost of goods sold over Average Trade payables	2.6	2.8
Net capital turnover ratio (refer note (c) below)	Sales Turnover over Working capital	(2.77)	14.6
Net profit ratio (refer note (d) below)	Net profit (PAT) over Total Income	-43.8%	-1.5%
Return on capital employed (refer note (e) below)	Earnings Before Interest and Taxes (EBIT) over Capital Employed	-12.6%	1.9%
Return on investment	Interest income, net gain on sale of investments and net fair value gain over weighted Average Investments	Nil	Nil

Notes:

(i) Explanation for variances exceeding 25%:

(a) Decrease in Current Ratio is due to increase in Working capital loan

(b) Increase in Debt-Equity ratio is due to decrease in reserves

(c) Decrease in Debt Service Coverage ratio is on account of decrease in Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)

(d) Decrease in Return on Equity ratio is on account of reduction in Net loss (PAT)

(e) Decrease in Net capital turnover ratio is on account of decrease in Sales Turnover.

(f) Decrease in Net profit ratio is on account of Increase in Net loss (PAT)

(g) Decrease in Return on capital employed ratio is on account of decrease in Earnings Before Interest and Taxes (EBIT)

Definitions:

Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings and includes lease liabilities

Equity is defined as Equity share capital and Other equity.

Earnings before interest,taxes, depreciation and amortisation (EBITDA) is defined as:

Profit for the year before exceptional items and taxes (add) Depreciation and Amortisation (add) Finance costs (less) interest income

Debt repayment is defined as non-current borrowings repaid during the year

Interest payments is defined as interest paid on borrowings during the year

Net profit (PAT) is defined as Profit for the year after tax

Cost of goods sold is defined as Cost of materials consumed, Purchases of stock-in-trade and Changes in inventories of finished goods and work-in-progress

Sales Turnover is defined as Sale of products and Sale of services

Earnings before interest and taxes (EBIT) is defined as:

Profit for the year before exceptional items and taxes (add) Finance costs (less) interest income

Working capital is defined as Currents Assets less Current Liabilities

Capital employed is defined as Equity and Debt less Goodwill less Intangible Assets

NOTE NO. 47 DISCLOSURE AS PER REGULATION 34 (3) AND 53 (F) READ WITH PART A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IN RESPECT OF LOANS AND ADVANCES, THE AMOUNT IN THE NATURE OF LOANS OUTSTANDING AT YEAR END:

₹ in Crores

Name of borrower	Nature of relationship	Security	Rate of interest	As at April 01, 2023	Given during the year	Repayment during the year	As at March 31, 2024	Maximum amount outstanding during the year ended March 31, 2024
Chemsynth Laboratories Private Limited	Subsidiary	Unsecured	10.90%	1.33	-	-	1.33	1.33
Aurore Life Sciences Private Limited	Others	Unsecured	10.50%	32.35	-	32.35	-	-

NOTE NO. 48

The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

NOTE NO. 49 OTHER STATUTORY INFORMATION

(a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(b) The Company does not have any transactions with companies struck off.

(c) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(e) The Company has no transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(f) The Company has borrowings from banks on the basis of security of current assets, the quarterly returns or statements of current assets has been filed by the Company with banks are in agreement with the books of accounts.

Notes

to the standalone financial statements for the year ended March 31, 2024

(g) The Company has not been declared willful defaulter by any bank or financial Institution or other lender.

(h) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(A) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(B) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(i) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(A) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(B) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

NOTE NO. 50

With effect from 1 April 2023, the Ministry of Corporate Affairs (MCA) has made it mandatory for companies to maintain an audit trail throughout the year for transactions impacting books of accounts.

The Company uses accounting software for maintaining the books of account which has a feature of recording audit trail and has defined process to enable audit trail of books of accounts. The Company for the financial year ended 31 March 2024 has enabled the feature of recording audit trail (edit log) facility except that no audit trail feature was enabled for certain direct changes to tables at the application level for the period April 1, 2023 to March 31, 2024.

The management is of the view that this does not have any impact on its standalone Financials Statements for the year ended March 31, 2024.

NOTE NO. 51

There was a fire accident at the Company Puducherry facility on November 04, 2023 whereby 3 blocks out of the total 76 blocks were impacted by the fire. The resultant fire caused injuries to 14 workers and 12 workers were recovered and discharged while 2 succumbed to injuries despite maximum efforts put to recover them. The fire also caused damages to the plant and equipments amounting to ₹ 2.25 crores, inventories amounting to ₹ 51.35 crores, Goods and service tax reversal on inventory loss amounting to ₹ 7.52 crores and other expense such as medical expenses etc. amounting ₹ 1.38 crores. The losses arising on account of the fire incident have been accounted under exceptional item. There was disruption in the production at the Puducherry facility for a brief period and production was resumed after receiving the statutory approvals post the fire incident.The Company has submitted the initial insurance claims which are subject to assessment by the Insurers, pending which, the claim has not been recognised in these standalone financial statements. The insurance claim will be accrued once there is certainty of the amount expected to be reimbursed by the Insurers.

NOTE NO. 52

The Company, vide its letter of offer dated May 09, 2024 offered upto 1,19,98,755 Equity shares of face value of ₹ 10/- each at a price of ₹ 375 per Equity share (including Share premium of ₹ 365 per Equity share) for an amount aggregating ₹ 449.95 crores to the existing share holders of the Company on rights basis in the ratio of One Equity share for every three Equity shares held by the Equity shareholders on the record date i.e May 15, 2024. Rights issue has been done in accordance with Section 62(1) (a) of the Companies Act and other applicable laws and the Rights issue window is open from May 28, 2024 to June 11, 2024.

NOTE NO. 53

According to management's evaluation of events subsequent to the balance sheet date there were no significant adjusting events that occured other than those disclosed/given effect to, in these financial statements as of March 31, 2024

NOTE NO. 54

The previous year's figures have been re-grouped/ reclassified, where necessary to confirm to current year's classification.

For and on behalf of Board of Directors

Poorvank Purohit Managing Director and Chief Executive Officer DIN: 10158900	**M Mohan** Executive Director DIN: 03610282	**Arun Kumar Baskaran** Chief Financial Officer	**S Murali Krishna** Company Secretary Membership Number: 13372

Place : Bengaluru
Date : May 29, 2024

Independent Auditor's Report

To The Members of

Solara Active Pharma Sciences Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Solara Active Pharma Sciences Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2024, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Loss), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended on that date, and notes to the financial statements, including a summary of material accounting policies and other explanatory information .

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 other auditors on separate financial statements of subsidiaries, referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2024, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing ("SAs") specified under section 143 (10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in the sub-paragraph (a) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Revenue Recognition:** Refer note 2.1 (iv) and note 28 of the Consolidated financial statements. The Group's sales revenue mainly arose from sale of pharmaceutical products, which are in the nature of API (i.e. Active Pharmaceutical Ingredient). The Group recognises sales revenue based on the terms and conditions of transactions, which vary with different customers. For sales transactions in a certain period around Balance Sheet date, it is essential to ensure whether the transfer of control of the goods by the Group to the customer occurs before the Balance Sheet date or otherwise. Considering that there are significant volume of sales transactions close to the year end, involving material amounts and such revenue recognition is subject to whether transfer of control to the customer has occurred before the Balance Sheet date or otherwise, we consider the risk of revenue from sale of goods being recognised in the Incorrect Period, a Key Audit Matter.	**Principal audit procedures performed:** We Evaluated the design of Internal Controls over recognition of revenue in the appropriate period on accordance with the Group's Accounting Policy. On a sample basis, we tested the operating effectiveness of the Internal Control relating to the determination of point of time at which the transfer of control of the goods occurs. We tested the relevant information technology systems used in recording the revenue including company's system generated reports, based on which selection of samples was undertaken. On sample basis. We performed test of details of sales recorded close to year end through following procedures: • Analysed the terms and conditions of the underlying contract with the customers and • Verified the evidence for the transfer of control of the goods prior to the Balance Sheet date or otherwise, from relevant supporting documents.

Sr. No.	Key Audit Matter	Auditor's Response
2.	**Impairment assessment in respect of carrying value of the assets of the Cash Generating Unit's (CGUs) as at 31 March 2024** The carrying value of the CGUs are tested by the Management atleast annually for impairment, or more frequently if the events or changes in circumstances indicate that the asset might be impaired. The evaluation requires a comparison of the estimated recoverable value of the CGU to the carrying value of the assets in the CGU. The Management has involved external specialist to carry out impairment assessment. As stated in note 7 of the consolidated financial statements, the Management of the Group has assessed the annual impairment of CGUs based on the impairment indicators identified during the year. The Group value of CGU's will be recovered through future cash flows and there is a risk of impairment loss where the actual cash flows are less than expected. The impairment assessment performed by the Management contained a number of significant judgements and estimates including short and long term growth rates and discount rate. We focused on this area because of the significance of the balance and the significant judgements and assumptions involved in impairment assessment carried out by the Management about based on the future results	**Principal Audit Procedures performed:** • We assessed the management's process for identification of cash generating units within the Group and process for impairment assessment of the carrying value of assets of the CGUs • Evaluated the design and implementation of the management's internal control around identifying impairment indicators at CGU level and carried out testing of the impairment assessment of relevant CGUs including the approval of forecasts and valuation models. • We inquired with Management to understand the factors considered when performing the impairment assessment including the rationale for the events and circumstances considered based on strategic plans of the entity (business revenue projections, cost reduction plans etc.), consideration of economic and industry matters and the factors considered regarding the overall value in use conclusion. • Evaluated the competence of the Management's expert and understood the key assumptions considered in the management's estimates of future cash flows. • Involving our valuation specialists, to assist in evaluating methodologies, terminal growth rates considered in the estimates of future cash flows and the discount rate used in the calculations, which included benchmarking the weighted average cost of capital with sector averages for the relevant markets in which the CGU operates and considering Group specific factors and other key assumptions considered in the calculations. • Compared the historical cash flows (including for current year) against past projections of the management for the same periods and gained understanding of the rationale for the changes. • Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes such as revenue growth and profitability during the forecast period, the terminal growth rate and discount rate applied to the future cash flows. • We ascertained the extent to which a change in these assumptions both individually or in aggregate would result in impairment and considered the likelihood of such events occurring. We further assessed the adequacy of the disclosures made in the consolidated financial Statements for the year ended 31 March 2024
3.	**Going concern assessment of the Parent** The Parent has incurred a loss of ₹ 566.87 crores for the year ended 31 March 2024 and the Parent has negative working capital position of ₹ 447.00 crores as at 31 March 2024. In addition to meeting its current obligations, the Parent also requires funds to continue its day-to-day operations and expansion projects. Note 2.1 (ii) of the consolidated financial statements explain that Board of directors has concluded that the going concern basis is appropriate in preparing the consolidated financial statements of the Parent. The evaluation of whether the Parent is a going concern was based upon an assessment of the Parent's cash position, future cash flow forecasts, its debt repayment obligations and other commitments and its availability of financing facilities, after considering breaches of its existing debt covenant, and based on proposed fund raise through rights issue to the existing shareholders. This required the exercise of significant judgement, particularly in forecasting the Parent's future revenues, profitability and cash flows. Based on their assessment, the Parent concluded that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Parent's ability to continue as a going concern. Considering the significance of the area to the overall financial statements this was significant for our audit.	**Principal Audit Procedures performed:** Our audit procedures to assess the going concern assumption and whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the Parent's ability to continue as a going concern included the following audit procedures to obtain sufficient appropriate audit evidence: • Gaining an understanding and assessing the design, implementation and operating effectiveness of Parent's key internal controls over preparation of cash flow forecasts to assess its liquidity; • Compared the forecasted cash flows with the Parent's business plan approved by the board of directors; • Evaluating the key assumptions in the cash flow forecasts with reference to historical information, current performance, future plans, and market and other external available information; • Assessing the management's ability to raise funds through rights issue to existing shareholders and availability of financing facilities from lenders; • Performing sensitivity analysis on the forecasted cash flows by considering plausible changes to the key assumptions adopted by the Parent; • Assessing the adequacy of the disclosures related to application of the going concern assumption.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information comprises the Board's report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon which we obtained prior to the date of this auditor's report. And the Management Discussion and Analysis, Corporate Governance Report and Business Responsibility and Sustainability Report which is expected to be made available to us after that date.
- Our opinion on the consolidated financial statements does not cover the other information and we do not/will not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information that we obtained prior to the date of this auditor's report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive Loss, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act. 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; 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 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 financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intend to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal financial controls that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of 3 subsidiaries whose financial statements reflect total assets of ₹19.36 Crores as at 31 March 2024, total revenues of ₹ NIL and net cash outflows amounting to ₹ 0.06 Crores for the year ended on that date, as considered in the consolidated 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 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 subsection (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 financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. 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 the separate financial statements of the subsidiaries referred to in the Other Matters section 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 financial statements.

   b) In our opinion, proper books of account as required by law maintained by the Group including relevant records relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors except for not complying with the requirement of audit trail as stated in (i)(vi) below.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the 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 financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent as on 31 March, 2024 taken on record by the Board of Directors of the Company 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 31 March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) The modification relating to the maintenance of accounts and other matters connected therewith, is as stated in paragraph (b) above

   g) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' 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 with reference to consolidated financial statements of those companies.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the auditor's reports of subsidiary companies the remuneration paid by the Parent such subsidiary companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

   i) 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 40 to the consolidated financial statements;

      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.

      iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief as disclosed in the note 51(g) to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries respectively that, to the best of their knowledge and belief as disclosed in the note 51(g) to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.

vi) Based on our examination which included test checks and that performed by the other auditors of the subsidiary companies and based on the other auditor's report of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, the Parent and its subsidiary companies have used accounting software for maintaining their respective books of account for the financial year ended 31 March 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software except that no audit trail was not enabled for certain direct changes to tables at the application level in respect of the Parent Company. Accordingly, we are unable to comment on whether there was any instance of the audit trail feature being tampered with. (Refer note 52 to the consolidated financial statements)

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended 31 March 2024.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sathya P. Koushik
Partner
(Membership No. 206920)
(UDIN: 24206920BKANYY2586)

Place: Bengaluru
Date: 29 May 2024

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(g) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS 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 financial statements of the Company as at and for the year ended 31 March 2024, we have audited the internal financial controls with reference to consolidated financial statements of **Solara Active Pharma Sciences Limited** (hereinafter referred to as “Parent”) and its subsidiary companies, which are 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 which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements 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 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 with reference to consolidated financial statements of the Parent and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 with reference to consolidated financial statements. 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 other auditors of the subsidiary companies, which are 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 with reference to consolidated financial statements of the Parent and its subsidiary companies, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 WITH REFERENCE TO CONSOLIDATED FINANCIAL STATEMENTS

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2024 based on the criteria for internal financial control with reference to consolidated financial statements 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 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 with reference to consolidated financial statements insofar as it relates to 2 subsidiary companies, which are 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)
(UDIN: 24206920BKANYY2586)

Place: Bengaluru
Date: 29 May 2024

Consolidated Balance Sheet
as at March 31, 2024

₹ in Crores

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023
A ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	805.66	866.81
(b) Right-of-use assets	4(i)	52.19	53.77
(c) Capital work in progress	5	256.37	238.47
(d) Investment property	6	2.39	23.94
(e) Goodwill	7	365.09	365.09
(f) Other intangible assets	8	42.56	54.35
(g) Financial assets			
(i) Investments	9	1.70	1.70
(ii) Other financial assets	11(i)	15.35	14.46
(h) Deferred tax assets (net)	12	-	78.56
(i) Income tax assets (net)	13	3.62	4.52
(j) Other non-current assets	14(i)	5.28	10.07
Total non-current assets		**1,550.21**	**1,711.74**
II Current assets			
(a) Inventories	15	359.70	558.09
(b) Financial assets			
(i) Trade receivables	16	348.52	536.99
(ii) Cash and cash equivalents	17	8.44	8.73
(iii) Bank balances other than (ii) above	18	0.16	0.16
(iv) Loans	10(i)	0.34	32.62
(v) Other financial assets	11(ii)	7.42	13.23
(c) Other current assets	14(ii)	63.49	37.72
(d) Assets classified as held for sale	54	12.68	-
Total current assets		**800.75**	**1,187.54**
Total assets (I + II)		**2,350.96**	**2,899.28**
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	19	36.00	36.00
(b) Other equity	20	897.91	1,464.21
Equity attributable to the owners of the company		**933.91**	**1,500.21**
Non-controlling interests	21	2.67	2.24
Total equity		**936.58**	**1,502.45**
II Liabilities			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22(i)	105.83	235.10
(ii) Lease liabilities	4(ii)	11.61	11.15
(iii) Other financial liabilities	23(i)	0.42	0.42
(b) Provisions	24	10.08	10.67
(c) Other non-current liabilities	25(i)	43.59	38.36
Total Non-current liabilities		**171.53**	**295.70**
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	22(ii)	893.55	766.05
(ii) Lease liabilities	4(ii)	0.51	0.55
(iii) Trade payables			
- Dues of micro and small enterprises	26	10.63	11.96
- Dues of other than micro and small enterprises	26	302.38	293.90
(iv) Other financial liabilities	23(ii)	13.52	14.15
(b) Provisions	24	1.97	2.08
(c) Current tax liabilities (net)	27	0.01	0.01
(d) Other current liabilities	25(ii)	20.22	12.43
(d) Liabilities directly associated with assets classified as held for sale	54	0.06	-
Total current liabilities		**1,242.85**	**1,101.13**
Total liabilities		**1,414.38**	**1,396.83**
Total equity and liabilities (I + II)		**2,350.96**	**2,899.28**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : May 29, 2024

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director and Chief Executive Officer
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

S Murali Krishna
Company Secretary
Membership Number: 13372

Arun Kumar Baskaran
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2024

Consolidated Statement of Profit and Loss

for the year ended March 31, 2024

₹ in Crores

	Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
A.	**CONTINUING OPERATIONS:**			
1	Revenue from operations	28	1,288.92	1,443.81
2	Other income	29	5.37	22.55
3	**Total Income (1+2)**		**1,294.29**	**1,466.36**
4	**EXPENSES**			
	(a) Cost of materials consumed	30	760.65	773.90
	(b) Purchase of stock-in-trade	31	5.10	7.88
	(c) Changes in inventories of finished goods and work-in-progress	32	39.27	7.05
	(d) Employee benefits expense	33	243.92	228.63
	(e) Finance costs	34	105.11	90.06
	(f) Depreciation and amortisation expenses	35	103.33	111.19
	(g) Other expenses	36	335.16	292.47
	Total expenses (4)		**1,592.54**	**1,511.18**
5	**LOSS BEFORE TAX AND EXCEPTIONAL ITEMS (3-4)**		(298.25)	(44.82)
6	Exceptional Item gain/ (loss) (net)	37	(190.17)	-
7	**LOSS BEFORE TAX (5-6)**		(488.42)	(44.82)
8	**TAX EXPENSE**	38		
	(a) Current tax		-	(0.09)
	(c) Deferred tax		78.54	(22.48)
	Total tax expense (8)		**78.54**	**(22.57)**
9	**LOSS FOR THE YEAR (7-8)**		(566.96)	(22.25)
10	**OTHER COMPREHENSIVE INCOME**			
A	**ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:**			
(i)	Remeasurement gains/(losses) of defined benefit plans		0.56	(2.70)
(ii)	Income tax relating to items that will not be reclassified subsequently to profit or loss		-	0.94
B	**ITEMS THAT MAY BE RECLASSIFIED TO SUBSEQUENTLY TO PROFIT OR LOSS:**			
(i)	Exchange differences on translating the financial statements of foreign operations		(0.07)	(0.30)
(ii)	Income tax relating to items that may be reclassified to statement of profit and loss		-	-
	Total other comprehensive income/(loss) for the year (10)		**0.49**	**(2.06)**
11	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (9+10)**		**(566.47)**	**(24.31)**
	Profit/(Loss) for the year attributable to:			
	- Owners of the Company		(567.39)	(22.18)
	- Non-controlling interests		0.43	(0.07)
			(566.96)	**(22.25)**
	Other Comprehensive income attributable to:			
	- Owners of the Company		0.49	(2.06)
	- Non-controlling interests		-	-
			0.49	**(2.06)**
	Total Comprehensive income/(loss) attributable to:			
	- Owners of the Company		(566.90)	(24.24)
	- Non-controlling interests		0.43	(0.07)
			(566.47)	**(24.31)**
12	**EARNINGS PER EQUITY SHARE (FACE VALUE OF ₹ 10/- EACH)**	43		
	- Basic (in ₹)		(157.62)	(6.16)
	- Diluted (in ₹)		(157.62)	(6.16)

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : May 29, 2024

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director and Chief Executive Officer
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

S Murali Krishna
Company Secretary
Membership Number: 13372

Arun Kumar Baskaran
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2024

Consolidated Statement of Cash Flows

for the year ended March 31, 2024

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax for the year	**(488.42)**	**(44.82)**
Adjustments for:		
Depreciation and amortisation expense	103.33	111.19
Finance Cost	105.11	90.06
Share based compensation expense	0.60	0.05
Rental income from investment property	(0.97)	(4.45)
Interest income	(2.22)	(5.78)
Liabilities / provisions no longer required written back	(0.43)	(10.02)
Loss / (Gain) on sale of property, plant and equipment	(0.36)	0.45
Write off of Property, plant and equipment	2.53	-
Impairment on assets classified as held for sale	2.33	-
Exceptional loss on account of fire at Puducherry facility	62.50	-
Write down of inventories	122.81	-
Provision for doubtful trade and other receivables	10.99	5.66
Unrealised exchange (gain) / loss (net)	(0.46)	(0.37)
Operating cash flow before working capital changes	**(82.66)**	**141.97**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	13.08	17.32
Trade receivables	178.17	(52.80)
Other assets (financial & non-financial)	(20.80)	22.32
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	7.30	38.90
Other liabilities (financial & non-financial)	12.88	(25.00)
Cash generated from operations	**107.97**	**142.71**
Net income tax (paid) / refunds	0.90	13.54
Net cash flow generated from operating activities (A)	**108.87**	**156.25**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure for property, plant and equipment and intangible assets, including capital advances	(41.06)	(111.31)
Proceeds from sale of property, plant and equipment	1.04	1.30
Investments in other entities	-	(1.28)
Loan (given) / received	32.35	17.65
Interest received	3.19	7.35
Rental income from investment property	0.97	4.45
(Increase)/decrease in balance held as margin money	-	0.70
Net cash flow utilised in investing activities (B)	**(3.51)**	**(81.14)**

Consolidated Statement of Cash Flows
for the year ended March 31, 2024

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from non-current borrowings	4.90	68.30
Repayment of non-current borrowings	(118.49)	(130.62)
Net increase / (decrease) in current borrowings	111.45	39.44
Lease payments	(0.88)	(2.43)
Finance cost	(102.63)	(87.45)
Net cash flow generated from financing activities (C)	(105.65)	(112.76)
Net increase in cash and cash equivalents during the year (A+B+C)	(0.29)	(37.65)
Cash and cash equivalents at the beginning of the year	8.73	46.38
Cash and cash equivalents at the end of the year	**8.44**	**8.73**

Reconciliation of cash and cash equivalents with the Balance Sheet:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Cash and cash equivalents as per Balance Sheet (Refer note 17)	8.44	8.73
Cash and cash equivalents at the end of the year *	**8.44**	**8.73**
*** Comprises**		
Cash on hand	0.02	0.10
Balance with banks:		
- In current account	3.07	8.58
- In deposit account	5.35	0.05
Total	**8.44**	**8.73**

Note
1. Refer Note 4(ii) and note 22(iii) for supplementary information on cash flow statement.

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : May 29, 2024

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director and Chief Executive Officer
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

S Murali Krishna
Company Secretary
Membership Number: 13372

Arun Kumar Baskaran
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2024

Consolidated Statement of Changes in Equity
for the year ended March 31, 2024

A. EQUITY SHARE CAPITAL

₹ in Crores

Particulars	Amount
Balance as at April 01, 2022	36.00
Changes in equity share capital during the year	-
Balance as at March 31, 2023	**36.00**
Changes in equity share capital during the year	-
Balance as at March 31, 2024	**36.00**

B. OTHER EQUITY

₹ in Crores

Particulars	Reserves and Surplus				Items of other comprehensive income - Foreign currency translation reserve	Total equity attributable to the owners of the company	Non-controlling interests	Total Equity
	Capital reserve	Securities premium	Retained earnings	Share options outstanding account				
Balance as at April 01, 2022	0.01	1,216.03	273.72	1.00	(1.89)	1,488.87	2.31	1,491.18
Net profit for the year	-	-	(22.65)	-	-	(22.65)	(0.07)	(22.72)
Other comprehensive income for the year	-	-	(1.76)	-	(0.30)	(2.06)	-	(2.06)
Employee stock compensation expenses	-	-	-	0.05	-	0.05	-	0.05
Balance as at March 31, 2023	**0.01**	**1,216.03**	**249.31**	**1.05**	**(2.19)**	**1,464.21**	**2.24**	**1,466.45**
Net profit for the year	-	-	(567.39)	-	-	(567.39)	0.43	(566.96)
Other comprehensive income for the year	-	-	0.56	-	(0.07)	0.49	-	0.49
Employee stock compensation expenses	-	-	-	0.60	-	0.60	-	0.60
Balance as at March 31, 2024	**0.01**	**1,216.03**	**(317.52)**	**1.65**	**(2.26)**	**897.91**	**2.67**	**900.58**

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : May 29, 2024

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director and Chief Executive Officer
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

S Murali Krishna
Company Secretary
Membership Number: 13372

Arun Kumar Baskaran
Chief Financial Officer

Place : Bengaluru
Date : May 29, 2024

1 BACKGROUND

Solara Active Pharma Sciences Limited (hereinafter referred as "the Company" or "the parent") 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. The Company and its subsidiaries are together referred as "Group".

The consolidated financial statements were approved by the Board of Directors and authorised for issue on May 29, 2024. These financial statements comprise the Consolidated Balance sheet of the Company, Consolidated Statement of Profit and Loss (including Other Comprehensive Income) and Consolidated Cash flow statement, Consolidated statement of changes in equity and material accounting policies and other explanatory information (together the "consolidated financial statements").

2.1 Material accounting policies

(i) Statement of compliance

These consolidated 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.

(ii) Basis of measurement

The consolidated 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 Group 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.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Going Concern

The Parent has incurred losses of ₹ 566.87 crores for the year ended March 31, 2024 which includes certain costs accounted due to one time/exceptional in nature as indicated in note 37. Whilst, the Parent has cash inflow from operations of ₹110.95 crores for the year ended March 31, 2024, the Parent's net current liabilities exceed its net current assets by ₹ 447.00 crores as at March 31, 2024.

To mitigate the situation and in order to adequately fund its operations, the Parent has proposed a Rights issue (refer note 49) under which it expects to raise funds aggregating to ₹ 449.50 crores which has also been underwritten by the Promoter group which will be utilized for debt reduction and expansion projects. The Parent expects to renew its working capital facilities, as and when required, in the normal course of business and also increase revenues and margins on its products and accordingly expects to continue to have cash inflows from operations in amounts that are adequate enough to meet all future obligations as they fall due. Based on the above, the Board of directors have approved the preparation of the consolidated financial statements on a going concern basis.

(iii) Basis of consolidation

The consolidated 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 Group considers all relevant facts and circumstances in assessing whether or not the Group'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 Group 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 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	100%	India
3	Shasun USA Inc	100%	USA
4	Solara Active Pharma Sciences LTDA*	100%	Brazil

* Subsidiary company incorporated on March 27, 2023 and no Investment made by the Company as on balance sheet date.

All the above companies are engaged in the business of Pharmaceutical products

(iv) Revenue recognition

Revenue is measured at the amount of consideration which the Group expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government) and is recorded net of provisions for sales discounts and returns, which are established at the time of sale. Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional.

Sale of goods

The Group receives revenue for supply of pharmaceutical products to external customers against orders received. The majority of these contracts contain single performance obligation for supply of goods. The average duration of a customers' order is less than 12 months. Revenue from sale of goods is recognised upon transfer of control to the customer. The point at which control passes depends on the terms set forth in the customer's contract. Generally, the control is transferred upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the product sold.

Sale of services

Revenue from development services is recognised on achievement of a development milestone and when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Share of Profit

Share of profits under manufacturing and supply agreements with customers are accrued based on sales as confirmed by the customers.

(v) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group 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.

(vi) 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.

(vii) Leases

The Group as lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The Group as lessee

The Group has entered into lease arrangements for its factory land and office premises. The Group assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

(a) the use of an identified asset,

(b) the right to obtain substantially all the economic benefits from use of the identified asset, and

(c) the right to direct the use of the identified asset.

The Group at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

For short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

(viii) 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 financial statements are presented in Indian Rupees (₹), which is the functional currency of the parent Group, 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 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.

(ix) 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.

(x) 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 Group 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 balance sheet represents the actual deficit or surplus in the Group'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.

(xi) 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 Group'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 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 Group 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 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.

(xii) 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 Group'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.

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.:

Building	: 10 - 60 years
Plant & Machinery	: 8 - 20 years
Vehicles	: 5 years
Office Equipment	: 3 - 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.

(xiii) Investment property

Properties that is held for long-term rentals or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment property is measured initially at its cost, including related transaction 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 Group 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.

(xiv) 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 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
Registration and brands	: 5 - 10 years

(xv) Impairment of assets

Impairment of financial assets:

The Group 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 Group 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 Group 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 Group 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.

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.

(xvi) 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

(xvii) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group 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.

(xviii) 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.

(xix) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities

Financial assets and financial liabilities are recognised when Group 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 Group derecognises the financial asset only when the contractual rights to the cash flows 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 Group neither transfers nor retains substantially all risks and rewards of ownership and continues to control the transferred asset , the Group recognizes its retained interest in the asset and associated liability for the amounts it may have to pay . If the Group retains substantially all risks and rewards of the ownership of a transferred financial asset , the Group continues to recognize the financial asset and also recognizes a collaterized borrowing for the proceeds received. Financial liabilities are derecognised when these are extinguished , 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 Group after deducting all of its liabilities. Equity instruments recognised by the Group are recognised at the proceeds received net off direct issue cost.

(xx) Operating Cycle

Based on the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group 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.

(xxi) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

(xxii) Critical accounting judgement and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors of the Group 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 Group 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
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 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 Group uses judgement in making these assumptions and

selecting the inputs to the impairment calculation, based on Group'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 Group 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.

Defined benefit plans and compensated absences:

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods. Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of deferred tax assets considered realisable, however, could reduce in the near term if estimates of future taxable income during the carry-forward period are reduced.

Controlling parties assessment

The Group performs assessment for identification of controlling parties. The assessment involves judgements which included consideration of controlling parties absolute size of holding in the Company, determination of whether other parties are acting on the investor's behalf, determination of whether parties have the practical ability to exercise that right and the relative size of and dispersion of the shareholdings owned by the other shareholders. Based on assesement, the Group is not controlled by any single shareholder or group of shareholders.

Going Concern

The Management has prepared cash flow forecasts for the next 12 months. The forecasts include assumption regarding increased revenues, increase in gross margin and EBTIDA due to cost control measures and strategic focus to maintain reduced inventory levels.

Inventory

The Group estimates the net realisable value (NRV) of its inventories by taking into account their estimated selling price, estimated cost of completion, estimated costs necessary to make the sale. Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. Inventories are written down to NRV where such NRV is lower than their cost.

Litigations

The Group is a party to certain direct and 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 Group. 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.

Notes
to the consolidated financial statements for the year ended March 31, 2024

NOTE NO. 3 PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

Particulars	Gross block					Accumulated depreciation					Net block	
	As at April 01, 2023	Additions	Disposals	Reclassification*	As at March 31, 2024	As at April 01, 2023	Depreciation for the year	Reclassification*	Eliminated on disposal	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Freehold Land	78.26	-	-	-	78.26	-	-	-	-	-	78.26	78.26
	(78.25)	(0.01)	-	-	(78.26)	-	-	-	-	-	(78.26)	(78.25)
Leasehold Improvements	15.92	-	12.21	-	3.71	14.05	0.20		11.60	2.65	1.06	1.87
	(15.00)	(0.92)	-	-	(15.92)	(11.86)	(2.19)	-	-	(14.05)	(1.87)	(3.14)
Buildings	317.21	4.49	1.04	7.60	328.26	55.96	11.81	1.57	0.18	69.16	259.10	261.25
	(291.76)	(25.49)	(0.04)	-	(317.21)	(43.59)	(12.41)	-	(0.04)	(55.96)	(261.25)	(248.17)
Plant and equipments	846.45	20.26	9.31	-	857.40	332.92	72.43		5.91	399.44	457.96	513.53
	(759.32)	(90.38)	(3.25)	-	(846.45)	(261.51)	(72.99)	-	(1.58)	(332.92)	(513.53)	(497.81)
Furniture and fixtures	7.04	-	0.27	-	6.77	3.85	0.63	-	0.15	4.33	2.44	3.19
	(7.09)	(0.06)	(0.11)	-	(7.04)	(3.24)	(0.69)	-	(0.08)	(3.85)	(3.19)	(3.85)
Vehicles	1.38	-	-	-	1.38	0.98	0.08	-	-	1.06	0.32	0.40
	(1.39)	-	(0.01)	-	(1.38)	(0.86)	(0.13)	-	(0.01)	(0.98)	(0.40)	(0.53)
Office equipments	39.95	1.10	3.36	-	37.69	31.64	2.69	-	3.16	31.17	6.52	8.31
	(38.60)	(1.55)	(0.20)	-	(39.95)	(28.07)	(3.73)	-	(0.16)	(31.64)	(8.31)	(10.53)
Total	**1,306.21**	**25.85**	**26.19**	**7.60**	**1,313.47**	**439.40**	**87.84**	**1.57**	**21.00**	**507.81**	**805.66**	**866.81**
Previous year	**(1,191.41)**	**(118.41)**	**(3.61)**	**-**	**(1,306.21)**	**(349.13)**	**(92.14)**	**-**	**(1.87)**	**(439.40)**	**(866.81)**	**(842.28)**

* Reclassified from investment property.

Notes:

(i) Figures in brackets relates to previous year.

(ii) Refer note 22 for properties, plant and equipment pledged as security towards borrowings by the Group.

(iii) Disposals for the current year includes damages to plant and equipment due to a fire accident at the Puducherry facility amounting to ₹ 2.25 crores, as mentioned in note 53 and write-off of assets amounting to ₹ 2.53 crores, which are no longer usable due to the sale of shareholding in Sequent Penems Private Limited, a wholly-owned subsidiary, as mentioned in note 54.

(iv) The title deeds of freehold land and building (as at March 31, 2024 gross block ₹ 176.39 Crores and net block of ₹ 145.46 Crores) (as at March 31, 2023 gross block ₹ 176.46 Crores and net block of ₹ 149.66 Crores) capitalised in the books of the Company are in the name of erstwhile Companies as given below. The Company is in the process transferring the title deeds of such properties in its name.

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property Plant and Equipment	Freehold Land	0.21 (0.21)	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Buildings	85.13 (85.41)	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	0.33 (0.33)	Shasun Chemicals and Drugs Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	2.09 (2.09)	Strides Shasun Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	52.18 (52.18)	Sequent Scientific Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Buildings	36.31 (36.10)	Sequent Scientific Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	0.14 (0.14)	Shasun Pharmaceuticals Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Total		**176.39**				
Previous year		**(176.46)**				

NOTE NO. 4 LEASES

(i) Right-of-use assets

₹ in Crores

Particulars	Gross block					Accumulated depreciation				Net block	
	As at April 01, 2023	Additions	Transfers	Disposals	As at March 31, 2024	As at April 01, 2023	Depreciation for the year	Eliminated on disposal	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Leasehold Land	59.85	-	-	-	59.85	6.08	1.58	-	7.66	52.19	53.77
	(59.85)	-	-	-	(59.85)	(4.50)	(1.58)	-	(6.08)	(53.77)	(55.35)
Buildings	-	-	-	-	-	-	-	-	-	-	-
	(9.68)	-	-	(9.68)	-	(8.54)	(1.13)	(9.68)	-	-	(1.14)
Total	**59.85**	**-**	**-**	**-**	**59.85**	**6.08**	**1.58**	**-**	**7.66**	**52.19**	**53.77**
Previous year	**(69.53)**	**-**	**-**	**(9.68)**	**(59.85)**	**(13.04)**	**(2.71)**	**(9.68)**	**(6.08)**	**(53.77)**	**(56.49)**

Notes:

(i) Figures in brackets relates to previous year.

(ii) Lease liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	11.70	12.80
Addition	-	-
Accretion of interest	1.30	1.33
Payments	(0.88)	(2.43)
Deletion	-	-
Closing balance	**12.12**	**11.70**
Maturity analysis:		
- Year 1	0.92	0.87
- Year 2	0.96	0.92
- Year 3	1.01	0.96
- Year 4	1.06	1.01
- Year 5	1.11	1.06
- Year 6 onwards	49.15	50.26
- Less: Unmatured finance charges	(42.09)	(43.38)
Total	**12.12**	**11.70**
Non-current	11.61	11.15
Current	0.51	0.55

(iii) Amounts recognised in the consolidated statement of Profit or Loss

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation charge on Right-of-use asset	1.58	2.71
Finance cost: Interest expense	1.30	1.33
Short term lease payments (Refer Note (i) below)	2.76	1.29

Note:

(i) The Group applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

(iv) Amounts recognised in the consolidated statement of cash flows

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Cash outflows for lease payments	0.88	2.43

NOTE NO. 5 CAPITAL WORK IN PROGRESS

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	238.47	238.65
Add: Additions	45.20	120.33
Less: Capitalised	(27.30)	(120.51)
Closing balance	**256.37**	**238.47**

Notes:

(i) Ageing of Capital work in progress:

Particulars	Amount in Capital work in progress for a period of				As at 31st March, 2024	As at 31st March, 2023
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Project in progress	34.59	66.34	112.74	42.70	256.37	(238.47)
	(80.40)	(115.34)	(42.09)	(0.64)	(238.47)	
Total	**34.59**	**66.34**	**112.74**	**42.70**	**256.37**	**(238.47)**
Previous year	**(80.40)**	**(115.34)**	**(42.09)**	**(0.64)**	**(238.47)**	

As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost.

Capital Work In Progress	To be Completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Vizag Project	240.29	-	-	-

NOTE NO. 6 INVESTMENT PROPERTY

₹ in Crores

Particulars	Gross block				Accumulated depreciation					Net block	
	As at April 01, 2023	Additions	Reclassi-fication*	As at March 31, 2024	As at April 01, 2023	Depreciation for the year	Impairment (Refer note 54)	Reclassi-fication	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Land	8.24	-	8.24	-	-	-	0.26	0.26	-	-	8.24
	(8.24)	-	-	(8.24)	-	-	-	-	-	(8.24)	(8.24)
Buildings	19.21	-	16.19	3.02	3.51	0.67	2.07	5.62	0.63	2.39	15.70
	(19.21)	-	-	(19.21)	(2.86)	(0.65)	-	-	(3.51)	(15.70)	(16.35)
Total	**27.45**	**-**	**24.43**	**3.02**	**3.51**	**0.67**	**2.33**	**5.88**	**0.63**	**2.39**	**23.94**
Previous year	**(27.45)**	**-**	**-**	**(27.45)**	**(2.86)**	**(0.65)**	**-**	**-**	**(3.51)**	**(23.94)**	**(24.59)**

* Reclassified to Property, plant and equipment amounting to ₹ 6.03 crores and assets classified as held for sale amounting to ₹ 12.52 crores

Notes:

(i) Figures in brackets relates to previous year.

(ii) Refer note 22 for investment properties pledged as security towards borrowings by the Group.

(iii) The title deeds of investment property (as at March 31, 2024 gross block ₹ 3.02 Crores and net block of ₹ 2.39 Crores) (as at March 31, 2023 gross block ₹ 3.02 Crores and net block of ₹ 2.49 Crores) capitalised in the books of the Company are in the name of erstwhile Companies as given below. The Company is in the process transferring the title deeds of such properties in its name.

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Investment Property	Buildings	3.02 (3.02)	Sequent Scientific Limited	No	October 1, 2017	The title deeds of land and building are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring the title deeds of such properties in its name.
Total		**3.02**				
Previous year		**(3.02)**				

(vi) Details of assets given under an operating lease:

₹ in Crores

Particulars	Gross block		Net block	
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Land	-	8.24	-	8.24
Buildings	3.02	19.21	2.39	15.70

(vii) Fair value of investment properties:

The Group obtains independent valuations for its investment properties once in three years. The latest fair value of the Group's investment properties were carried out as at March 31, 2024 which indicated fair value of ₹ 7.53 Crores on the basis of a valuation carried out by independent valuers. The said valuers are registered with the authority which governs 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) Valuation is done using discounted cash flow approach, where the value of an asset is measured in terms of future cash flow streams, discounted to the present time at 12.50%.

b) Lease rent agreements are cancellable which are expected to be renewed either with the existing lessee or with others, on similar terms and conditions.

(viii) Amounts recognised in the consolidated statement of Profit or Loss for investment properties

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Depreciation charge on investment properties	0.69	0.65
Other income: Rental income	0.97	4.45

NOTE NO. 7 GOODWILL

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Goodwill	365.09	365.09
Total	**365.09**	**365.09**

The above goodwill is allocated to the following cash generating units:

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Human API business	358.14	358.14
R&D business	0.43	0.43
Strides Chemicals Private Limited	6.52	6.52
Total	**365.09**	**365.09**

Impairment assessment of goodwill allocated to the "Human API business" as at March 31, 2024:

"The Management of the Group have performed annual impairment assessment of the goodwill by determining the "value in use" of this Cash Generating Unit (CGU) as an aggregate of present value of cash flow projections covering a five year period and the terminal value. Determination of value in use involves significant estimates and assumptions that affect the reporting CGU's expected future cash flows. These estimates and assumptions, primarily include, but are not limited to, the revenue growth and profitability during the forecast period, the discount rate and the terminal growth rate.

Considering the historical performance of this business since acquisition and based on the forward looking estimates, including the changes in estimated future economic conditions, revisions were made to the cash flow projections and other key assumptions such as discount rate and the terminal growth rate. The cash flows are discounted using a post tax discount rate of 16.00% (March 31, 2023: 13.00%). 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 3.00% (March 31, 2023: 4.00%) p.a. which is consistent with the industry forecasts for the generic API market.

The above assessment did not result in impairment in the carrying amount of goodwill.

The table below shows the percentage movement in key assumptions that (individually) would be required to reach the point at which the value in use approximates its carrying value.

	Movement
Terminal growth rate	3.00% decrease
	(2.00% decrease)
Post tax discount rate	6.45% increase
	(1.50% increase)
Expected net revenue growth rates	9% decrease for short term and 3.0% decrease for long term
	(2% decrease for short term and 1.0% decrease for long term)

The details given in brackets relate to previous year

The Company has also tested the non-current assets at identified CGU level for impairment as at March 31, 2024 and has not identified any impairment

NOTE NO. 8 OTHER INTANGIBLE ASSETS

₹ in Crores

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2023	Additions	Disposals	As at March 31, 2024	As at April 01, 2023	Amortisation for the year	Eliminated on disposal	As at March 31, 2024	As at March 31, 2024	As at March 31, 2023
Registrations and brands	4.33	-	-	4.33	2.05	0.41	-	2.46	1.87	2.28
	(4.33)	-	-	(4.33)	(1.61)	(0.44)	-	(2.05)	(2.28)	(2.72)
Product portfolio (Refer note (ii) below)	105.50	-	-	105.50	58.48	10.64	-	69.12	36.38	47.02
	(105.50)	-	-	(105.50)	(47.84)	(10.64)	-	(58.48)	(47.02)	(57.66)
Software and licenses	26.67	1.45	-	28.12	21.62	2.19	-	23.81	4.31	5.05
	(24.59)	(2.10)	(0.02)	(26.67)	(17.03)	(4.61)	(0.02)	(21.62)	(5.05)	(7.56)
Total	**136.50**	**1.45**	**-**	**137.95**	**82.15**	**13.24**	**-**	**95.39**	**42.56**	**54.35**
Previous year	**(134.42)**	**(2.10)**	**(0.02)**	**(136.50)**	**(66.48)**	**(15.69)**	**(0.02)**	**(82.15)**	**(54.35)**	**(67.94)**

Notes:

(i) Figures in brackets relates to previous year.

(ii) The remaining amortisation period of product portfolio as at March 31, 2024 is 3.5 years (March 31, 2023: 4.5 years).

Notes

to the consolidated financial statements for the year ended March 31, 2024

NOTE NO. 9 INVESTMENTS

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Investments carried at fair value through profit and loss:		
Equity shares, unquoted		
Tulysan Nec Limited, India	0.01	0.01
- 3,750 (As at March 31, 2023 - 3,750) shares of ₹ 10 each fully paid up		
Watsun Infrabuild Private Limited, India	0.37	0.37
- 3,68,694 (As at March 31, 2023 - 3,68,694) shares of ₹ 10 each fully paid up		
Vaayu Renewable Energy (Muthamalpuram) Pvt. Ltd.	0.00	0.00
- 2,600 (As at March 31, 2023 - 2600) shares of ₹ 10 each fully paid up		
Investment in Huoban Energy 3 Private Limited	1.28	1.28
- 7,07,182 (As at March 31, 2023 - 7,07,182) shares of ₹ 10 each fully paid up		
SIPCOT Industrial Common Utilities Limited, India	0.04	0.04
- 4,242 (As at March 31, 2023 - 4,242) shares of ₹ 100 each fully paid up		
Total	**1.70**	**1.70**
Aggregate amount of unquoted investments	1.70	1.70
Aggregate amount financial assets carried at cost	-	-
Aggregate amount financial assets carried at fair value through profit and loss	1.70	1.70

NOTE NO. 10 LOANS

(i) Current loans

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - unsecured:		
Loans to employees	0.34	0.27
Loan to Other than related parties	-	32.35
Total	**0.34**	**32.62**

NOTE NO. 11 OTHER FINANCIAL ASSETS

(i) Non-current financial assets

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - unsecured:		
Security deposits	15.35	14.46
Total	**15.35**	**14.46**

(ii) Current financial assets

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - unsecured:		
Interest accrued on deposit	0.01	-
Interest accrued on loans given	-	0.98
Incentives receivables	7.41	12.25
Total	**7.42**	**13.23**

NOTE NO. 12 DEFERRED TAX BALANCES

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Deferred tax assets	-	161.87
Deferred tax liabilities	-	(83.31)
Deferred tax assets/ (liabilities) (net)	**-**	**78.56**

₹ in Crores

2023-24	Opening balance	Reversal of deferred tax asset including MAT credit (refer below note iii)	Recognised in other comprehensive income	Other adjustments	Closing balance
Property, plant and equipment	(73.44)	(1.90)	-	-	(75.34)
Intangible assets - other than goodwill	(9.87)	(1.65)	-	-	(11.52)
Right-of-use assets	4.75	(4.75)	-	-	-
Provision for employee benefits	17.95	(17.95)	-	-	-
Provision for doubtful receivables	10.02	(10.02)	-	-	-
Carry forward unabsorbed depreciation	59.18	27.68	-	-	86.86
MAT Credit entitlement	69.97	(69.95)	-	(0.02)	-
Total	**78.56**	**(78.54)**	**-**	**(0.02)**	**-**

₹ in Crores

2022-23	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Other Adjustments	Closing balance
Property, plant and equipment	(69.45)	(3.99)	-	-	(73.44)
Intangible assets - other than goodwill	(11.40)	1.53	-	-	(9.87)
Right-of-use assets	4.36	0.39	-	-	4.75
Provision for employee benefits	15.16	1.85	0.94	-	17.95
Provision for doubtful receivables	9.45	0.57	-	-	10.02
Carry forward unabsorbed depreciation	37.07	22.11	-	-	59.18
MAT Credit entitlement	69.95	0.02	-	-	69.97
Total	**55.14**	**22.48**	**0.94**	**-**	**78.56**

Notes:

(i) The Group has presently, decided not to opt for the New Tax Regime inserted as section 115BAA of the Income-tax Act, 1961 and enacted by the Taxation Laws (Amendment) Ordinance, 2019 ('the Ordinance') which is applicable from Financial Year beginning April 1, 2019. Company has accordingly applied the existing tax rates in the Consolidated financial statements for the year ended March 31, 2024.

(ii) During FY 2017-18, the Group acquired the Human API and Commodity API businesses vide a NCLT approved Scheme of demerger. For purposes of recognising tax expenses and deferred tax balances in the books of account, the Group has considered Goodwill as non-tax deductible and the Group continued to apply the initial recognition exemption under Ind AS 12 "Income taxes".

(iii) The group has incurred loss ₹ 566.96 crores for the year ended March 31, 2024 and has significant carried forward losses under income tax act. While the group expects to increase operations in the future , in view of the significant carried forward losses and resulting impact on future taxable profits, the group has written off Deferred tax assets (including MAT credit entitlement) amounting to ₹78.54 crores during the year ended March 31, 2024 and also, the Group has restricted the recognized Deferred Tax Asset up to the amount of the Deferred Tax Liability.

(iv) Based on legal advice received by the Group, the Group has claimed in its income tax returns, depreciation on Goodwill and Product Portfolios relating to both businesses acquired through the aforesaid demerger. These claims were disallowed by the assessing officer The Group has preferred appeal with Commisisoner of income tax (appeals). Order against appeal had been passed vide order dated April 18, 2024, confirming disallowance of depreciation on goodwill & product portfolio and the Group has filed an appeal before the ITAT against it on May 06, 2024.The Group has not recognised deferred tax assets in the books of account in respect of claims relating to depreciation on the Goodwill relating to both the businesses and Product portfolio (relating to the Commodity API business).

While the Group has consistently taken a view as aforesaid in the books of account, the Group has been legally advised that the claims made in the tax returns are tenable. As at March 31, 2024, the potential unrecognised tax credits in respect of the above amount to ₹ 591.22 Crores. The benefit of these tax credits will be evaluated and recognized in the year in which, based on management's best judgement, such credits are confirmed to be available for future set offs against taxable profits. Also refer note 40, regarding income tax litigations"

(v) In addition to above, the Group has not recognised ₹ 173.93 crores as on March 31, 2024, relating to carried forward loss (including unabsorbed depreciation) as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised.

NOTE NO. 13 INCOME TAX ASSETS (NET)

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Advance income tax (net of provisions)	3.62	4.52
Total	**3.62**	**4.52**

NOTE NO. 14 OTHER ASSETS

(i) Other non-current assets

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - unsecured:		
Capital advances	4.80	8.74
Prepaid expenses	0.48	0.51
Balances with government authorities		
- VAT/CST refund receivable	-	0.82
Considered doubtful - unsecured:		
Capital advances	0.61	0.61
Advances to others	7.55	7.55
Less: Allowance for doubtful advances	(8.16)	(8.16)
	-	-
Total	**5.28**	**10.07**

(ii) Other current assets

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Considered good - unsecured:		
Advances to suppliers	11.34	3.21
Advances to employees	-	0.25
Prepaid expenses	11.42	9.99
Balances with government authorities:		
- GST credit & other receivable	40.73	24.27
Considered doubtful - unsecured:		
Advances to suppliers	0.06	0.06
Less: Allowance for doubtful advances	(0.06)	(0.06)
	-	-
Total	**63.49**	**37.72**

NOTE NO. 15 INVENTORIES

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Raw materials	80.04	116.59
- Goods-in-transit	2.07	2.61
Work-in-progress	142.85	274.99
Finished goods	126.47	155.78
Stores and spares	8.27	8.12
Total	**359.70**	**558.09**

Note:

(i) Value by which inventories have been written down to net realisable value amounted to ₹133.74 Crores (including provision of ₹ 122.81 crores as per below note 2) (As at March 31, 2023: ₹ 7.30 Crores)

(ii) The group has been carrying inventories relating to Covid/ anti-viral drugs manufactured during the pandemic amounting to ₹ 122.81 crores. With World Health Organisation ("WHO") declaring end of pandemic phase of Covid -19 and in the absence of immediate alternate market for these inventories identified by the group based on its efforts until March 31, 2024, the group has conservatively provided for the aforesaid inventories during the year ended March 31, 2024. The group continues to explore the the possibility of liquidating the same within its shelf life.

NOTE NO. 16 TRADE RECEIVABLES

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Trade receivables considered good - unsecured	348.52	536.99
Trade receivables - credit impaired	27.19	16.20
	375.71	553.19
Less: Allowances for credit loss	(27.19)	(16.20)
Total	**348.52**	**536.99**

Notes:

(i) Outstanding for the following period from due date of payments as at March 31, 2024

₹ in Crores

Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2024
(i) Undisputed Trade Receivables - Considered Good	195.71	116.72	20.66	14.03	1.40	-	348.52
(ii) Undisputed Trade Receivables - credit impaired	-	-	0.63	0.42	20.00	-	21.05
(iii) Disputed Trade Receivables - Credit impaired	-	-	-	6.14	-	-	6.14
Total	**195.71**	**116.72**	**21.29**	**20.59**	**21.40**	**-**	**375.71**

(ii) Outstanding for the following period from due date of payments as at March 31, 2023

₹ in Crores

Particulars	Not due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2023
(i) Undisputed Trade Receivables - Considered Good	351.50	110.56	16.75	52.40	-	-	531.21
(ii) Undisputed Trade Receivables - credit impaired	-	-	0.03	15.25	0.56	-	15.84
(iii) Disputed Trade Receivables - Considered Good	-	-	5.78	-	-	-	5.78
(iv) Disputed Trade Receivables - credit impaired	-	-	0.36	-	-	-	0.36
Total	**351.50**	**110.56**	**22.92**	**67.65**	**0.56**	**-**	**553.19**

(iii) In determining the allowance for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

(iv) Movement in expected credit loss allowance:

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	16.20	10.54
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	10.99	5.66
Closing balance	**27.19**	**16.20**

(v) During the year ended March 31, 2024, the Group had received claims of ₹ 43.80 crores from two of its related party customers. Subsequent to the year ended March 31, 2024, the Group has settled these claims by way of a settlement agreement, pursuant to which claims aggregating to ₹ 36.79 crores have been adjusted against 'Revenue from operations' and ₹ 7.01 crores has been included under 'Other expenses'.

The Group has receivables from customers mentioned above amounting to ₹ 16.34 crores (March 31 2023- ₹ 65.31 Crores) which are overdue as on balance sheet date. Based on the arrangement with the customers, these balances are expected to be received within twelve months from balance sheet date.

NOTE NO. 17 CASH AND CASH EQUIVALENTS

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	0.02	0.10
Balance with banks:		
- In current accounts	3.07	8.58
- In deposit accounts	5.35	0.05
Total	**8.44**	**8.73**

NOTE NO. 18 BANK BALANCES OTHER THAN ABOVE

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
In earmarked accounts:		
Unpaid dividend accounts	0.16	0.16
Total	**0.16**	**0.16**

NOTE NO. 19 EQUITY SHARE CAPITAL

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Authorised		
120,000,000 equity shares of ₹ 10/- each with voting rights	120.00	120.00
(March 31, 2023: 120,000,000 equity shares of ₹ 10/- each)		
	120.00	**120.00**
Issued, subscribed and fully paid-up		
35,996,267 equity shares of ₹10/- each with voting rights	36.00	36.00
(March 31, 2023: 35,996,267 equity shares of ₹ 10/- each)		
Total	**36.00**	**36.00**

(i) Reconciliation of number of shares and amount outstanding

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Equity share capital				
Equity share of ₹ 10/- each				
Opening balance	**3,59,96,267**	**36.00**	**3,59,96,267**	**36.00**
Closing balance	**3,59,96,267**	**36.00**	**3,59,96,267**	**36.00**

(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. The dividend proposed by the board of directors is subject to approval by the shareholders at the ensuing annual general meeting. 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 equity shares:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	%	No. of shares	%
TPG Growth IV SF Pte. Ltd.	41,30,321	11.47%	41,30,321	11.47%
Spiracca Ventures LLP	37,58,500	10.44%	-	0.00%
Pronomz Ventures LLP	23,32,463	6.48%	23,32,463	6.48%
Devicam Capital LLP	10,39,298	2.89%	30,53,045	8.48%

(iv) Shares held by promoters at the end of the year:

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Arun Kumar Pillai	16,68,463	-	16,68,463	4.64%	0.00%
Karuna Business Solutions LLP	14,41,370	(13,71,844)	69,526	0.19%	-95.18%
Pronomz Ventures LLP	23,32,463	-	23,32,463	6.48%	0.00%
SRJR Enterprise LLP	17,00,100	-	17,00,100	4.72%	0.00%
K R Ravishankar	13,25,260	-	13,25,260	3.68%	0.00%
Chayadeep Ventures LLP	10,12,400	-	10,12,400	2.81%	0.00%
Agnus Capital LLP	8,49,635	-	8,49,635	2.36%	0.00%
Chayadeep Properties Private Limited	5,25,730	-	5,25,730	1.46%	0.00%
Devicam Capital LLP	30,53,045	(20,13,747)	10,39,298	2.89%	-65.96%
Karuna Ventures Private Limited	1,03,333	(92,228)	11,105	0.03%	-89.25%
Agnus Holdings Pvt Ltd	2,72,181	(2,72,181)	-	0.00%	-100.00%
Deepa Arun Kumar	58,002	-	58,002	0.16%	0.00%
Tarini Arun Kumar	53,333	-	53,333	0.15%	0.00%
Aditya Arun Kumar	53,333	-	53,333	0.15%	0.00%
Vineetha Mohanakumar Pillai	49,166	(25,000)	24,166	0.07%	-50.85%
Padmakumar Karunakaran Pillai	41,393	-	41,393	0.11%	0.00%
Hemalatha Pillai	45,813	-	45,813	0.13%	0.00%
Sajitha Pillai	53,333	-	53,333	0.15%	0.00%
Rajitha Gopalakrishnan	27,500	-	27,500	0.08%	0.00%
K R Lakshmi	21,727	-	21,727	0.06%	0.00%
Agraganya Private Trust	61,224	-	61,224	0.17%	0.00%
Total	**1,47,48,804**	**(37,75,000)**	**1,09,73,804**		

(v) Details of shares reserved for issue under options and contracts/commitments for the sale of shares:

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Towards employee stock options	4,06,778	0.41	4,06,778	0.41

Notes

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NOTE NO. 20 OTHER EQUITY

₹ in Crores

Particulars	Notes	As at March 31, 2024	As at March 31, 2023
Capital reserve	20 (i)	0.01	0.01
Securities premium account	20 (ii)	1,216.03	1,216.03
Retained earnings	20 (iii)	(317.52)	249.31
Share options outstanding account	20 (iv)	1.65	1.05
Foreign currency translation reserve	20 (v)	(2.26)	(2.19)
Total		**897.91**	**1,464.21**

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
(A) Reserves and surplus		
(i) Capital reserve		
Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.		
Opening balance	0.01	0.01
Closing balance	**0.01**	**0.01**
(ii) Securities premium account		
Amounts received on issue of shares in excess of the par value has been classified as securities premium.		
Opening balance	1,216.03	1,216.03
Closing balance	**1,216.03**	**1,216.03**
(iii) Retained earnings		
Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.		
Opening balance	249.31	273.72
Add: Net profit attributable to owners of the Company	(567.39)	(22.65)
Add: Other comprehensive income arising from measurement of defined benefit obligation (net of tax)	0.56	(1.76)
Closing balance	**(317.52)**	**249.31**
(iv) Share options outstanding account		
The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account will be transferred to securities premium reserve upon exercise of stock options by employees.		
Opening balance	1.05	1.00
Add: Employee stock compensation expenses	0.60	0.05
Closing balance	**1.65**	**1.05**
Total Reserves and surplus (A)	**900.17**	**1,466.40**
(B) Items of other comprehensive income		
(v) Foreign currency translation reserve		
Foreign currency translation reserve comprises of exchange (gain)/loss arising on translation of foreign subsidiary		
Opening balance	(2.19)	(1.89)
Add / (Less): Movement during the period	(0.07)	(0.30)
Closing balance	**(2.26)**	**(2.19)**
Total items of other comprehensive income (B)	**(2.26)**	**(2.19)**
Attributable to equity holders of the Company [A + B]	**897.91**	**1,464.21**

Notes:

Distributions made:

The Company has not declared any dividend during the year ended March 31, 2024 and March 31, 2023.

NOTE NO. 21 NON-CONTROLLING INTERESTS

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	2.24	2.31
Add: Profit for the year	0.43	(0.07)
Less: Non-controlling interests acquired during the year transferred to Retained earnings	-	-
Closing balance	**2.67**	**2.24**

NOTE NO. 22 BORROWINGS

(i) Non-current borrowings

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Secured		
Term loans from banks (Refer note (i) to (vi) below)	85.12	205.49
Term loans from others (Refer note (vii) below)	20.71	29.61
Total	**105.83**	**235.10**

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

₹ in Crores

Terms of repayment and security	As at March 31, 2024	As at March 31, 2023
(i) Term loans from banks: Loan 1		
Non-current borrowings	-	71.17
Current maturities of non-current borrowings	71.16	47.44
Security: First Paripassu Charge on the Immovable Property, plant and equipment located at Pondicherry, Mangalore and Mysore of the Company and on all the movable Property, Plant & equipment of the Company and Second Charge on Current Assets of the Company. Rate of interest: - 1 Year MCLR plus 1.65% p.a ,(MCLR 9.60%) Repayment terms: ₹ 3.95 Cr per month starting from Mar 22		
(ii) Term loans from banks: Loan 2		
Non-current borrowings	10.53	20.60
Current maturities of non-current borrowings	10.12	9.25
Security: First Paripassu Charge on the Movable and Immovable Property, plant and equipment (except lease hold land at Cuddalore , Vizag & Ambernath) of the Company and Second Charge on Current Assets of the Company. Rate of interest: - 6 months MCLR plus 1.00% p.a, (MCLR - 9.30%) Repayment terms: 0.98 Cr EMI per month starting from Feb 22		
(iii) Term loans from banks: Loan 3		
Non-current borrowings	32.56	48.61
Current maturities of non-current borrowings	16.35	15.29
Security: First paripassu charge on the movable and immovable Property, plant and equipment (except lease hold land at Cuddalore, Vizag & Ambernath) and second paripassu charge on current assets of the Company. Rate of interest: - 6 months MCLR plus 1.20% p.a, (MCLR - 9.30%) Repayment terms: ₹1.72 Cr EMI per month ,starting from Nov 22		
(iv) Term loans from banks: Loan 4		
Non-current borrowings	-	11.62
Current maturities of non-current borrowings	11.67	20.00
Security: First paripassu charge on all moveable & immoveable Property, plant and equipment (except lease hold land at Cuddalore , Vizag & Ambernath) and second paripassu charge on all current assets of the Company. Rate of interest: - 10.5% p.a Repayment terms: ₹1.67 Cr per month		

Notes

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₹ in Crores

Terms of repayment and security	As at March 31, 2024	As at March 31, 2023
(v) Term loans from banks: Loan 5		
Non-current borrowings	-	-
Current maturities of non-current borrowings	-	3.19
Security: First paripassu charge by way of mortgage on immoveable Property, plant and equipment (except lease hold land at Cuddalore , Vizag & Ambernath) of the Company both present & future. First paripassu charge by way of hypothecation over moveable fixed assets of the Company both present & future. Second paripassu charge by way of hypothecation over entire current assets of the Company both present & future. Rate of interest: 9.55% Repayment terms: ₹ 2.36 Cr per month		
(vi) Term loans from banks: Loan 6		
Non-current borrowings	42.03	53.49
Current maturities of non-current borrowings	15.00	14.02
Security: First paripassu charge on all Property, plant and equipment (except lease hold land at Cuddalore , Vizag & Ambernath) of the Company present & future including intangible Assets, second paripassu on all current assets of the Company both present & future. Rate of interest: - 6 Months MCLR plus 1.50% p.a, (MCLR - 9.55%) Repayment terms: ₹ 1.17 Cr per month starting from Feb 23		
(vii) Term loans from others: Loan 7		
Non-current borrowings	20.71	29.61
Current maturities of non-current borrowings	8.98	8.06
Security: First paripassu charge on all Property, plant and equipment (except lease hold land at Cuddalore , Vizag & Ambernath) of the Company present & future including intangible Assets, second paripassu on all current assets of the Company both present & future. Rate of interest: 11.60% p.a Repayment terms: ₹ 0.99 Cr EMI per month		

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Disclosed under non-current borrowings	105.83	235.10
Disclosed under current borrowings		
-Current maturities of non-current borrowings	133.28	117.25

During the financial year ended March 31, 2024, for non-current borrowings aggregating to ₹ 239.11 crores (including current maturities of non-current borrowings), some of the financial covenants have been breached mainly due to subdued operations of the Group. The Group has made representation to the lenders to waive from the testing of financial covenants for the year ended March 31, 2024. The Group has reclassified ₹ 23.72 crores pertaining to Loan 1 from non-current borrowings to current maturities of non-current borrowings, as the bankers have the right to recall the loan due to a covenant breach.

(ii) Current borrowings

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Secured loans repayable on demand from banks:		
Working capital loans	669.27	648.80
Current maturities of non-current borrowings (Refer note 22(i))	133.28	117.25
Unsecured loans		
Loans from financial institution	73.00	-
Loans from Related Party	18.00	-
Total	**893.55**	**766.05**

Details of security for the current borrowings repayable on demand:

a) Working capital loans from Property, plant and equipment 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.

b) Rate of interest for INR borrowings ranges from 10.20% to 12.00%

c) Rate of interest for USD borrowings ranges from 8.79% to 9.65%

d) Rate of interest for Unsecured borrowings ranges from 15.00% to 18.00%

(iii) Reconciliation between the opening and closing balance in balance for financial labilities arising form financial activites are given below

Particulars	As at March 31, 2023	Net proceeds/ (Repayment)	Non cash changes *	As at March 31, 2024
Non current borrowings (including current maturities)	352.35	(113.60)	0.36	239.11
Current borrowings	648.80	111.45	0.02	760.27

* Non cash changes includes unamoritsed processing cost and unrealised foreign exchange loss/gain

Particulars	As at March 31, 2022	Net proceeds/ (Repayment)	Non cash changes *	As at March 31,2023
Non current borrowings (including current maturities)	414.67	(62.32)	-	352.35
Current borrowings	609.90	39.44	(0.54)	648.80

* Non cash changes includes unamoritsed processing cost and unrealised foreign exchange loss/gain

NOTE NO. 23 OTHER FINANCIAL LIABILITIES

(i) Other non-current financial liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits	0.42	0.42
Total	**0.42**	**0.42**

(ii) Other current financial liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued but not due on borrowings	3.38	2.20
Unclaimed dividends*	0.16	0.16
Other payables:		
Payables on purchase of property, plant and equipment	9.98	11.79
Total	**13.52**	**14.15**

*Investor Education and Protection Fund shall be credited when due.

NOTE NO. 24 PROVISIONS

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits:		
Compensated absences	12.05	12.75
Total	**12.05**	**12.75**
Non-current	10.08	10.67
Current	1.97	2.08

Notes
to the consolidated financial statements for the year ended March 31, 2024

NOTE NO. 25 OTHER LIABILITIES

(i) Other non-current liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Contract liability:		
Provision for employee benefits:		
Gratuity (Refer note 41)	43.59	38.36
Total	**43.59**	**38.36**

(ii) Other current liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Contract liability:		
Advance from customers	4.19	7.20
Income received in advance (unearned revenue)	-	0.23
Other Advance (refer note 54)	11.54	
Other payables:		
- Statutory liabilities	4.49	5.00
Total	**20.22**	**12.43**

Note:

(i) During the year ended March 31, 2024, the Group recognized revenue of ₹ 7.20 Crores (As at March 31, 2023: ₹ 26.50 Crores) arising from opening contract liability as of April 1, 2023.

NOTE NO. 26 TRADE PAYABLES

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Trade payables:		
Dues of micro and small enterprises (Refer note (iii) below)	10.63	11.96
Dues of other than micro and small enterprises	302.38	293.90
Total	**313.01**	**305.86**

Note:

(i) Outstanding for the following period from due date of payments as at March 31, 2024

₹ in Crores

Particulars	Not due*	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2024
(i) MSME	6.75	3.88	-	-	-	10.63
(ii) Others	200.28	94.54	6.29	0.85	0.43	302.38
Total	**207.03**	**98.42**	**6.29**	**0.85**	**0.43**	**313.01**

* Includes unbilled dues of 41.00 Crores

(ii) Outstanding for the following period from due date of payments as at March 31, 2023

₹ in Crores

Particulars	Not due*	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2023
(i) MSME	7.35	4.61	-	-	-	11.96
(ii) Others	214.53	75.10	2.72	1.46	0.09	293.90
Total	**221.88**	**79.71**	**2.72**	**1.46**	**0.09**	**305.86**

* Includes unbilled dues of ₹ 29.04 Crores

(iii) Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
(i) The principal amount due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	10.63	11.96
(ii) The interest due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(v) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductable expenditure under the MSMED Act, 2006	-	-

This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Group.

NOTE NO. 27 CURRENT INCOME TAX LIABILITIES (NET)

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for tax (net of advance tax)	0.01	0.01
Total	**0.01**	**0.01**

NOTE NO. 28 REVENUE FROM OPERATIONS

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of products	1,226.47	1,374.01
Sale of services	11.92	5.18
Other operating revenues (Refer note (d) below)	50.53	64.62
Total	**1,288.92**	**1,443.81**

Disaggregated revenue information

(a) In the following table, revenue from contracts with customers is disaggregated by primary geographical market

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from contracts with customers		
Asia Pacific	720.65	846.04
Europe	296.86	329.95
North America	87.15	72.05
South America	5.83	37.18
Rest of the World	127.90	93.97
Subtotal	**1,238.39**	**1,379.19**
Revenue from other sources		
Other operating revenues	50.53	64.62
Subtotal	**50.53**	**64.62**
Total	**1,288.92**	**1,443.81**

Geographical revenue is allocated based on the location of the customers.

Notes
to the consolidated financial statements for the year ended March 31, 2024

(b) Revenue from major customers

Revenue from one customer of the Company during the year ended March 31, 2024 was ₹ 130.57 Cr which is individually more than 10 percent of the Company's total revenue for the year. Revenue from such customer during previous year was ₹ 189.70 crores.

(c) Reconciliation of revenue from contracts with customers

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from contracts with customers as per the contract price	1338.00	1,428.27
Adjustment made to contract price on account of:-		
a) discounts/Rebates//Claims	(48.77)	(15.41)
b) Sales returns/reversals	(50.84)	(33.67)
Total	**1,238.39**	**1,379.19**

(d) Other operating revenue comprises:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Export incentives	14.82	17.20
Share of profit	1.62	1.01
Sale of by-products and scrap	34.09	45.38
Support service income	-	1.03
Total	**50.53**	**64.62**

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

NOTE NO. 29 OTHER INCOME

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income (Refer note (i) below)	2.22	5.78
Rental income from investment properties	0.97	4.45
Other non-operating income		
- Liabilities / provisions no longer required written back	0.43	10.02
- Profit on sale of property, plant and equipment (net)	0.36	-
- Insurance claims	0.45	0.84
- Exchange fluctuation gain (net)	0.67	0.27
- Others	0.27	1.19
Total	**5.37**	**22.55**

Note:

(i) Interest income comprises:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest from banks on deposits	0.17	0.09
Interest on loans and advances	1.66	4.69
Interest from others	0.39	1.00
Total	**2.22**	**5.78**

NOTE NO. 30 COST OF MATERIALS CONSUMED

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening stock	119.20	131.10
Add: Purchases	774.91	762.00
Less: Closing stock	(82.11)	(119.20)
Less : Inventory loss on account of fire at Puducherry facility (refer note 53)	(51.35)	-
Cost of materials consumed	**760.65**	**773.90**

NOTE NO. 31 PURCHASES OF STOCK-IN-TRADE

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Traded goods	5.10	7.88
Total	**5.10**	**7.88**

NOTE NO. 32 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Inventories at the end of the year:		
- Finished goods	126.47	155.78
- Work-in-progress	142.85	274.99
	269.32	**430.77**
Inventories at the beginning of the year:		
- Finished goods	155.78	188.17
- Work-in-progress	274.99	249.65
	430.77	**437.82**
Less: Shown under exceptional items	**(122.18)**	
Net (increase) / decrease	**39.27**	**7.05**

NOTE NO. 33 EMPLOYEE BENEFITS EXPENSE

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries and wages	206.00	191.33
Contribution to provident and other funds (Refer note 41)	20.26	19.36
Share based payments (Refer note 45)	0.60	0.05
Other employee benefits	19.71	20.71
Less: Transfer to Capital work in progress	(2.65)	(2.82)
Total	**243.92**	**228.63**

Notes

to the consolidated financial statements for the year ended March 31, 2024

NOTE NO. 34 FINANCE COSTS

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest costs:		
- Interest on bank overdrafts and loans	106.69	92.45
- Other interest expense	1.55	2.50
- Less: Amounts included in the cost of qualifying assets	(9.72)	(11.57)
Exchange difference regarded as an adjustment to borrowing costs	1.54	3.42
Other finance costs	5.05	3.26
Total	**105.11**	**90.06**

NOTE NO. 35 DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment (Refer note 3)	87.84	92.14
Depreciation of investment properties (Refer note 6)	0.67	0.65
Depreciation of right-of-use assets (Refer note 4(i))	1.58	2.71
Amortisation of intangible assets (Refer note 8)	13.24	15.69
Total	**103.33**	**111.19**

NOTE NO. 36 OTHER EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Subcontracting	17.97	16.29
Power and fuel	120.28	106.03
Water	2.28	2.07
Rent including lease rentals	2.76	1.29
Repairs and maintenance:		
- Buildings	3.19	3.08
- Machinery	23.14	21.09
- Others	31.51	25.91
Insurance	8.64	8.45
Rates and taxes	2.61	2.31
Communication	1.92	1.64
Travelling and conveyance	4.25	5.74
Printing and stationery	2.40	2.26
Freight and forwarding	19.63	25.70
Sales commission	11.25	5.12
Business promotion	3.30	0.86
Donations and contributions	0.26	0.29
Expenditure on Corporate Social Responsibility	1.27	1.68
Analytical charges	0.68	0.88
Regulatory expenses	4.72	4.18
Legal and professional fees	12.95	12.76
Payments to Statutory auditors (Refer note (i) below)	0.82	0.80
Bad debts written off / Allowance for doubtful trade and other receivables	10.99	5.66
Loss on sale of property, plant and equipment (net)	-	0.45
Consumption of stores and spares	33.49	24.39
Miscellaneous expenses	14.85	13.54
Total	**335.16**	**292.47**

Notes:

(i) Payments to the Statutory Auditors comprises (net of taxes) for:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
- Audit of standalone and consolidated financial statements including limited review	0.66	0.66
- Other services	0.08	0.03
- For audit of financial statements of the subsidiaries of the Group paid to other auditors	0.06	0.07
- Reimbursement of expenses	0.02	0.04
Total	**0.82**	**0.80**

NOTE NO. 37 EXCEPTIONAL ITEMS

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Exceptional loss on account of fire at Puducherry facility (refer note 53)	62.50	-
Impairment of asset of the Group classified held for sale (refer note 54)	2.33	-
Write off of Property, plant and equipment (refer note 54)	2.53	-
Provision for Inventory (refer note 15(ii))	122.81	-
Total	**190.17**	**-**

NOTE NO. 38 TAX EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Continuing operations		
Current tax		
Current tax expense	-	(0.09)
Deferred tax benefit		
Deferred tax (credit) / expenses	8.59	(22.46)
MAT credit availed	69.95	(0.02)
Net tax expense	**78.54**	**(22.57)**

The reconciliation of estimated income tax expenses at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before income taxes:	(488.42)	(44.82)
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	**(170.67)**	**(15.66)**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expenses:		
Effect of expenses that are not deductible in determining taxable profit	0.53	0.69
Effect on additional tax allowance	-	(1.83)
Effect of deductible temporary differences now recognised as deferred tax assets	-	(12.04)
Effect of Reversal of deferred tax asset and MAT credit {Refer note 12(iii)}	78.54	-
Effect of unrecognised deferred tax assets on product portfolio {refer note 12(iv)}	4.27	5.69
Effect of unrecognised deferred tax assets	165.34	-
Others (net)	0.53	0.58
Total income tax expense	**78.54**	**(22.57)**

Refer Note 12 for significant components of deferred tax assets and liabilities.

Notes

to the consolidated financial statements for the year ended March 31, 2024

NOTE NO. 39 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED (CHARGED TO STATEMENT OF PROFIT AND LOSS)

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Inhouse:		
Salaries and wages	19.34	18.70
Depreciation and amortisation expense	6.46	10.57
Materials	0.58	2.58
Consumption of Stores & Spares	14.62	2.11
Power and fuel	2.27	1.76
Rent including lease rentals	1.67	0.26
Others	11.04	10.18
Total	**55.98**	**46.16**

In addition, the Group has also incurred capital expenditure in such facilities of ₹ 1.89 Crores (March 31, 2023: ₹ 3.89 Crores) which has been capitalised under respective heads in the financial statements.

NOTE NO. 40 COMMITMENTS AND CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
a) Contingent liabilities - Pending Litigations		
(i) Indirect taxes	5.96	3.61
ii) Direct taxes	-	-
a) The Company has received assessment orders from the assessing officer. For the assessment year 2018-19, the officer disallowed the Company's claim for depreciation on goodwill and product portfolio. The Company has preferred appeal with Commisisoner of income tax (appeals). Order against appeal had been passed vide order dated April 18, 2024, confirming disallowance of depreciation on goodwill & product portfolio and and the Company has filed an appeal before the ITAT against it on May 06, 2024.		
b) For the assessment year 2020-21, the officer disallowed the Company's claim for weighted deduction under Section 35(2AB), depreciation on goodwill and product portfolio, and deemed income under Section 41.The Company has preferred appeal with Commisisoner of income tax (appeals).Order against appeal had been passed vide order dated March 31, 2024, confirming disallowance of depreciation on goodwill & product portfolio, deduction u/s 35(2AB) & addition u/s 41 of the Act. However, issue with regard to alternate claim of deduction u/s 35(1) of the Act as against Section 35(2AB), set-off of carried forward losses and credit for taxes paid have been remanded back to AO. The Company is in the process of filing letter for giving effect to the appeal order against issues that were remanded back to AO and the Company has filed an appeal before the ITAT against it on May 06, 2024.		
c) Our Company has filed a tax appeal before the National Faceless Appeal Centre (“NFAC”) against an assessment order dated March 21, 2024 (“Assessment Order”) passed by National Faceless Assessment Centre(“NFAC”) for Assessment Year 2022-23. Pursuant to the Assessment Order, the NFAC disallowed depreciation claimed on product portfolio claimed u/s 32(1)(ii) of the Income Tax Act, 1961 (“IT Act”) amounting to ₹30.05 crore and accordingly a demand notice was issued for a sum of ₹Nil. Our Company has filed an appeal before the CIT (A) and the matter is currently pending The Company has in its return of income for subsequent years also has claimed the aforesaid allowances. Refer note 12 (iv) for details. "		
(iii) Other claims against the Group not acknowledged as debts	-	-
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
- Property, plant and equipment	36.32	34.20
- Intangible assets	0.35	0.19

NOTE NO. 41 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 Group is required to contribute a specified percentage of the payroll cost to fund the benefits. The Group recognised 12.81 Crores (March 31, 2023: ₹ 12.69 Crores) for provident fund contributions, ₹ 0.10 Crores (March 31, 2023: ₹ 0.17 Crores) for employee state insurance scheme contributions in the 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 offers gratuity benefits, a defined employee benefit scheme to its 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 group. 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	
	March 31, 2024	March 31, 2023
Discount rate	7.19%	7.39%
Expected rate of salary increase	Year 1- 7.50% thereafter- 6.50%	Year 1- 7.50% thereafter- 6.50%
Attrition rate	11.00%	11.00%
Mortality Rate	As per IALM (2012-14) ultimate	As per IALM (2012-14) ultimate
Retirement age (years)	Karnataka - 60 years, Other - 58 years	Karnataka - 60 years, Other - 58 years

Amounts recognised in statement of profit and loss and in other comprehensive income in respect of these defined benefit plan are as follows:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Service cost:		
Current service cost	4.45	4.87
Past service cost and (gain)/loss from settlements	-	(0.05)
Net interest expense	2.49	1.64
Components of defined benefit costs recognised in statement of profit and loss	**6.94**	**6.46**
Remeasurement on the net defined benefit liability:		
Return on plan assets [excluding amounts included in net interest expense] (excess) / short return	0.43	0.49
Actuarial (gains) / losses arising from changes in financial assumptions	0.54	(1.39)
Actuarial (gains) / losses arising from experience adjustments	(1.53)	3.60
Components of defined benefit costs recognised in other comprehensive income	**(0.56)**	**2.70**
Total	**6.38**	**9.16**

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

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

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of funded defined benefit obligation	61.17	58.01
Fair value of plan assets	(17.58)	(19.65)
Funded status	43.59	38.36
Net liability arising from defined benefit obligation	**43.59**	**38.36**

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

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Opening defined benefit obligation	58.01	49.94
Expenses recognised in statement of profit and loss		
Current service cost	4.45	4.87
Past service cost and (gain)/loss from settlements	-	(0.05)
Interest cost	3.94	3.18
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	0.54	(1.39)
Actuarial gains and losses arising from experience adjustments	(1.53)	3.60
Liabilities assumed on employees transferred from group companies	-	1.88
Benefits paid	(4.24)	(4.02)
Closing defined benefit obligation	**61.17**	**58.01**

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

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Opening fair value of plan assets	19.65	22.36
Expected return on plan assets	1.45	1.54
Remeasurement gain (loss):		
Contributions from the employer	1.15	0.26
Actuarial (gains) / loss on plan assets	(0.43)	(0.49)
Benefits paid	(4.24)	(4.02)
Closing fair value of plan assets	**17.58**	**19.65**

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.

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate		
100bps increase	58.54	55.36
100bps decrease	64.02	60.83
Expected rate of salary increase		
100bps increase	64.14	60.80
100bps decrease	58.36	55.46

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.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

Expected future outflows towards the plan are as follows:

₹ in Crores

Financial Year	Amount
2023-24	11.05
2024-25	9.50
2025-26	8.60
2026-27	8.37
2027-28	7.75
2028-29 to 2032- 33	25.39

NOTE NO. 42 RELATED PARTY INFORMATION:

42A List of related parties:

Director and Key Management Personnel:

Poorvank Purohit	Managing Director and Chief Executive Officer (Appointed as CEO wef. February 03, 2023 and Appointed as MD wef July 05, 2023)
Jitesh Devendra	Managing Director (Appointed wef April 29, 2022 and Resigned wef. July 05, 2023)
S Hariharan	Executive Director and Chief Finance Officer (Appointed as Executive Director & CFO wef. March 09, 2022 and Resigned wef. July 31, 2023)
Arun Kumar Pillai	Non-Executive Director
Kartheek Chintalapati Raju	Non-Executive Director (Appointed wef. July 05, 2023)
R. Ramakrishnan	Independent Director
Kausalya Santhanam	Independent Director
Ankur Nand Thadani	Non-Executive Director
Rajendra Kumar Srivastava	Independent Director (Appointed wef. November 14, 2023)
Rajiv Vijay Nabar	Independent Director (Appointed wef. November 29, 2023)
Aditya Puri	Non-Executive Director (Resgined wef August 05, 2023)
Vineeta Rai	Independent Director (Resigned wef August 05, 2023)
Nirmal P Bhogilal	Independent Director (Resigned wef. July 19, 2023)
Mohan Muthunarayanan	Executive Director (Appointed wef. February 14, 2024
Patri Venkat Raghavendra Rao	Chief Financial Officer (Appointed as CFO wef October 26, 2023 and Resigned wef. February 15, 2024)
Arun Kumar Baskaran	Chief Financial Officer (Appointed as CFO wef March 08, 2024)
S Murali Krishna	Company Secretary

Enterprises controlled, owned or significantly influenced by directors, key management personnel, promoter or person holding significant interest in the company:

Strides Pharma Science Limited, India

Tenshi Pharmaceuticals Private Limited

Aurore Life Sciences Private Limited, India (upto August 3, 2022 and wef. July 05, 2023)

Aurore Pharmaceuticals Private Limited (upto August 3, 2022 and wef. July 05, 2023)

Tenshi Kaizen Private Limited, India

Onesource Specialty Pharma Limited (formerly known as Stelis Biopharma Limited)

Batliboi Impex Limited, India (upto July 19, 2023)

Steriscience Specialties Pvt Ltd, India (formerly known as Steriscience Pharma Pvt Ltd)

Axxelent Pharma Sciences Private Limited (up to July 31, 2023)

Notes
to the consolidated financial statements for the year ended March 31, 2024

42B Transactions during the year

₹ in Crores

Description	Related party	March 31, 2024	March 31, 2023
Sale of goods/(sales return)	Strides Pharma Science Limited	128.94	188.69
	Aurore Life Sciences Private Limited	0.10	14.16
	Aurore Pharmaceuticals Private Limited	(5.69)	(2.68)
	Sterisceince Specialties Pvt Ltd	0.06	0.01
	Onesource Specialty Pharma Limited	0.05	0.03
	Tenshi Kaizen Private Limited	0.07	0.01
Sale of services	Strides Pharma Science Limited	0.01	0.01
	Tenshi Kaizen Private Limited	0.07	0.02
	Onesource Specialty Pharma Limited	-	0.01
Interest Income	Aurore Life Sciences Private Limited	1.66	1.69
Other operating revenue	Strides Pharma Science Limited	1.62	1.01
Sale of property, plant and equipment	Strides Pharma Science Limited	-	-
Purchase of goods	Strides Pharma Science Limited	0.02	0.00
	Aurore Life Sciences Private Limited	-	0.61
Purchase of services	Axxelent Pharma Sciences Private Limited	0.06	0.19
	Batliboi Impex Limited	0.02	0.78
Recovery of expenses from	Aurore Life Sciences Private Limited	-	1.67
	Strides Pharma Science Limited	11.48	13.51
Reimbursement of expenses to	Strides Pharma Science Limited	0.58	1.08
	Tenshi Pharmaceuticals Private Limited	2.42	1.47
Processing fee	Tenshi Pharmaceuticals Private Limited	0.27	-
Rental Income	Aurore Life Sciences Private Limited	-	0.02
Rent & Maintenance for leased property	Strides Pharma Science Limited	1.67	1.60
Corporate Guarantee on loan availed by Parent	Tenshi Pharmaceuticals Private Limited	50.00	-
Claims received adjusted against sale {refer note 16(v)}	Aurore Pharmaceuticals Private Limited	36.79	-
Claims received accounted under other expense {refer note 16(v)}	Aurore Life Sciences Private Limited	7.01	-
Guarantee commission paid	Tenshi Pharmaceuticals Private Limited	0.15	-
Loan receipt	Tenshi Pharmaceuticals Private Limited	18.00	-
Receipt of loan given	Aurore Life Sciences Private Limited	32.35	7.65
Sitting fees paid to directors	Aditya Puri	0.02	0.04
	Kausalya Santhanam	0.15	0.08
	Nirmal P Bhogilal	0.03	0.06
	R. Ramakrishnan	0.15	0.08
	Rajiv Vijay Nabar	0.04	-
	Rajendra Kumar Srivastava	0.02	-
	Vineeta Rai	0.03	0.08
Short term employee benefits paid to (refer note (i) below)	Jitesh Devendra	2.18	2.17
	S Hariharan	1.49	1.98
	Poorvank Purohit	2.90	0.50
	Mohan M	0.36	-
	Patri Venkat Raghavendra Rao	0.52	-
	Arun Kumar Baskaran	0.07	-
	S Murali Krishna	0.48	0.42

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

42C Balances as at March 31, 2024

₹ in Crores

Description	Related party	As at March 31, 2024	As at March 31, 2023
Trade payables	Tenshi Pharmaceuticals Private Limited	1.74	1.23
	Strides Pharma Science Limited	0.15	0.42
Trade receivables	Aurore Life Sciences Private Limited	2.97	-
	Aurore Pharmaceuticals Private Limited	13.16	-
	Strides Pharma Science Limited	47.85	119.38
	Onesource Specialty Pharma Limited	0.08	0.06
	Tenshi Kaizen Private Limited	0.15	0.03
Borrowings	Tenshi Pharmaceuticals Private Limited	18.00	-
Corporate Guarantee on loan availed by Parent	Tenshi Pharmaceuticals Private Limited	50.00	-
Security deposit given	Strides Pharma Science Limited	0.72	0.72

Note - All related party transactions were entered at an arm's length basis and in the ordinary course of business.

NOTE NO. 43 EARNINGS PER SHARE

Amount in ₹

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Basic earnings per share:	(157.62)	(6.16)
Diluted earnings per share*:	(157.62)	(6.16)

Earnings used in computing basic and diluted earnings per share

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit attributable to the equity holders of the Company	(567.39)	(22.18)

Weighted average number of shares used as the denominator

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Weighted average number of equity shares used as denominator in calculating basic earnings per share	3,59,96,267	3,59,96,267
Adjustments for calculation of diluted earnings per share:		
- share warrants	-	-
- employee stock options	101	189
Weighted average number of equity shares used as denominator in calculating diluted earnings per share *	3,59,96,368	3,59,96,456

* Diluted earnings per share for the year ended March 31, 2024 is antidilution since there is loss attributable to the equity holders of the company. Therefore, Diluted earnings per share is the same as Basic earnings per share for the year ended March 31, 2024.

NOTE NO. 44 SEGMENT REPORTING

The Group is engaged in the manufacture and sale of Active Pharma Ingredients. The operating segment of the Group in identified to be "Manufacture and sale of Active Pharma Ingredients", The Managing Director and Chief executive officer of the Parent who has been identified as the chief operating decision maker (CODM) reviews business performance at an overall Group level as one segment.

As the Group operates in single operating segment i.e., "Manufacture and sale of Active Pharma Ingredients", the reporting disclosures envisaged in Ind AS 108 on operating segments, are not applicable to the Group. However, the geographical information are disclosed below:

Information regarding geographical non-current assets is as follows*:

₹ in Crores

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
India	1,533.16	1,617.02
Total	**1,533.16**	**1,617.02**

*Non current assets are excluding financial instruments and deferred tax assets

NOTE NO. 45 SHARE-BASED PAYMENTS

Details of the employee share option plan of the Company:

The ESOP titled "Solara Employee Stock Option Plan 2018" (ESOP 2018) was approved by the shareholders and stock exchanges. 1,228,778 options are covered under the plan which are convertible into equal number of equity shares of the Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of 120 days from the date of vesting. Company has granted 250,000 options (March 31, 2023: 324,600 options) under this plan during the current year.

During the current year, employee compensation costs of ₹0.60 Crores (Previous year: ₹ 0.05 Crores) relating to the above referred Employee Stock Option Plan have been charged to the Statement of Profit and Loss.

Fair value of share options granted during the year

The fair value of the share options were priced using a Black-Scholes model of valuation at grant date.The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

Assumptions	Grant Date: Oct 19, 2023 (ESOP 2018)		
	Vest 1 Apr 29, 2023	Vest 2 Apr 29, 2024	Vest 3 Apr 29, 2025
	20%	30%	50%
No. of options	40,000	60,000	1,00,000
Fair market value of option at grant date (₹)	113.92	146.36	165.79
Fair market value of share at grant date (₹)	332.20	332.20	332.20
Exercise price (₹)	252.00	252.00	252.00
Expected volatility	36.90%	47.90%	49.30%
Option life (Years)	1	2	3
Expected Dividend Yield	1.00%	1.00%	1.00%
Risk-free interest rate	7.04%	7.18%	7.25%

Assumptions	Grant Date: Oct 26, 2023 (ESOP 2018)		
	Vest 1 Aug 4, 2023	Vest 2 Aug 4, 2024	Vest 3 Aug 4, 2025
	20%	30%	50%
No. of options	10,000	15,000	25,000
Fair market value of option at grant date (₹)	113.92	146.36	165.79
Fair market value of share at grant date (₹)	303.40	303.40	303.40
Exercise price (₹)	252.00	252.00	252.00
Expected volatility	36.90%	47.90%	49.30%
Option life (Years)	1	2	3
Expected Dividend Yield	1.00%	1.00%	1.00%
Risk-free interest rate	7.04%	7.18%	7.25%

Fair value of share options granted during the previous year

The fair value of the share options were priced using a Black-Scholes model of valuation at grant date. The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

Assumptions	Grant Date: Apr 29, 2022 (ESOP 2018)		
	Vest 1 Apr 29, 2023	Vest 2 Apr 29, 2024	Vest 3 Apr 29, 2025
	20%	30%	50%
No. of options	40,000	60,000	1,00,000
Fair market value of option at grant date (₹)	266.50	332.56	365.42
Fair market value of share at grant date (₹)	688.95	688.95	688.95
Exercise price (₹)	516.00	516.00	516.00
Expected volatility	52.25%	59.11%	55.28%
Option life (Years)	1	2	3
Expected Dividend Yield	0.51%	0.51%	0.51%
Risk-free interest rate	6.95%	6.40%	6.90%

Assumptions	Grant Date: Aug 4, 2022 (ESOP 2018)		
	Vest 1 Aug 4, 2023	Vest 2 Aug 4, 2024	Vest 3 Aug 4, 2025
	20%	30%	50%
No. of options	6,000	9,000	15,000
Fair market value of option at grant date (₹)	157.27	165.96	226.68
Fair market value of share at grant date (₹)	389.26	389.26	389.26
Exercise price (₹)	292.00	292.00	292.00
Expected volatility	60.74%	46.35%	70.10%
Option life (Years)	1	2	3
Expected Dividend Yield	0.90%	0.90%	0.90%
Risk-free interest rate	6.23%	6.52%	6.85%

Assumptions	Grant Date: Jan 24, 2023 (ESOP 2018)		
	Vest 1 Jan 24, 2024	Vest 2 Jan 24, 2025	Vest 3 Jan 24, 2026
	20%	30%	50%
No. of options	9,920	14,880	24,800
Fair market value of option at grant date (₹)	166.10	174.05	231.98
Fair market value of share at grant date (₹)	411.25	411.25	411.25
Exercise price (₹)	309.00	309.00	309.00
Expected volatility	59.64%	43.89%	64.91%
Option life (Years)	1	2	3
Expected Dividend Yield	0.85%	0.85%	0.85%
Risk-free interest rate	6.90%	7.16%	7.19%

Assumptions	Grant Date: Feb 3, 2023 (ESOP 2018)		
	Vest 1 Feb 3, 2024	Vest 2 Feb 3, 2025	Vest 3 Feb 3, 2026
	20%	30%	50%
No. of options	9,000	13,500	22,500
Fair market value of option at grant date (₹)	160.46	168.21	226.09
Fair market value of share at grant date (₹)	404.25	404.25	404.25
Exercise price (₹)	309.00	309.00	309.00
Expected volatility	59.64%	43.89%	64.91%
Option life (Years)	1	2	3
Expected Dividend Yield	0.87%	0.87%	0.87%
Risk-free interest rate	6.90%	7.16%	7.19%

Notes
to the consolidated financial statements for the year ended March 31, 2024

Employee stock options details as on the balance sheet date are as follows:

Particulars	During the year 2023-24		During the year 2022-23	
	Options (No's)	Weighted average exercise price per option (₹)	Options (No's)	Weighted average exercise price per option (₹)
Option outstanding at the beginning of the year	1,43,600	399.81	1,05,000	782.40
Granted during the year	2,50,000	471.20	3,24,600	434.97
Exercised during the year	-	-	-	-
Lapsed/ cancelled during the year	99,800	477.34	2,86,000	580.17
Options outstanding at the end of the year	2,93,800	621.22	1,43,600	399.81
Options available for grant	1,12,978	-	2,63,178	-

NOTE NO. 46 FINANCIAL INSTRUMENTS

46.1 Categories of financial instruments

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Financial assets:	8.60	8.89
Measured at amortised cost	1.70	1.70
(a) Cash and bank balances	348.52	536.99
(b) Investments	0.34	32.62
(c) Trade receivables	22.77	27.69
(d) Loans receivable		
(e) Other financial assets at amortised cost		
Financial liabilities:	999.38	1,001.15
Measured at amortised cost	12.12	11.70
(a) Borrowings including current maturities of non current borrowings	313.01	305.86
(b) Lease liabilities	13.94	14.57
(c) Trade payables		
(d) Other financial liabilities		

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

The management assessed that the carrying amounts of financial assets and financial liabilities (except borrowings) recognised in the financial statements at amortised cost will reasonably approximate their fair values.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

Particulars	As at March 31, 2024		As at March 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	999.38	1,002.05	1,001.15	1,004.66

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:

46.3 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 carrying amount of the Group's foreign currency denominated monetary liabilities (payables) and assets (receivables) as at the end of reporting period are as under:

Amount receivable/(payable)	As at March 31, 2024		As at March 31, 2023	
Exposure to the Currency	in foreign Currency	in ₹	In foreign currency (Crores)	in ₹ Crores
USD	0.38	31.52	0.52	41.63
GBP	(0.00)	(0.52)	-	-
EUR	(0.07)	(4.57)	0.01	1.03
JPY	3.95	2.18	3.22	1.99
CHF	(0.00)	(0.08)	-	-

Foreign currency sensitivity analysis

Financial instruments affected by changes in foreign exchange rates include loans in foreign currencies. The Group considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The impact on account of 5% appreciation / depreciation in the exchange rate of the above foreign currencies against ₹ is given below:

₹ in Crores

Exposure to the Currency	Increase / (Decrease) in Equity / Profit	
	March 31, 2024	March 31, 2023
Appreciation in the USD	1.58	2.08
Depreciation in the USD	(1.58)	(2.08)
Appreciation in the EUR	(0.23)	0.05
Depreciation in the EUR	0.23	(0.05)

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.

For the purpose of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at each year 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 year.

46.4 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.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments is as follows:

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Fixed-rate instruments		
Financial assets		
Balance with banks held as margin money	-	-
Balance with banks held in deposit account	5.35	0.05

Notes

to the consolidated financial statements for the year ended March 31, 2024

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023
Financial liabilities		
Lease liabilities	12.12	11.70
	17.47	**11.75**
Variable-rate instruments		
Financial liabilities		
Borrowings from bank	999.38	1,001.15
	999.38	**1,001.15**

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include secured long term loans from banks 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 ₹ 9.99 Crores (March 31, 2023: ₹ 10.05 Crores) 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.

Note No. 46.5 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 Group is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

46.6 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.

46.6.1 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 cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table include repayment of principal amounts. The contractual maturity is based on the earliest date on which the Group may be required to pay.

₹ in Crores

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, 2024	895.69	53.78	40.01	12.57		-	1,002.05	999.38
- As on March 31, 2023	768.68	109.16	77.10	38.03	11.69	-	1,004.66	1,001.15
Interest payable on borrowings								
- As on March 31, 2024	3.38	-	-	-	-	-	3.38	3.38
- As on March 31, 2023	2.20	-	-	-	-	-	2.20	2.20
Lease liabilities								
- As on March 31, 2024	0.92	0.96	1.01	1.06	1.11	49.15	54.21	12.12
- As on March 31, 2023	0.87	0.92	0.96	1.01	1.06	50.26	55.08	11.70
Trade and other financial liabilities								
- As on March 31, 2024	323.57	-	-	-	-	-	323.57	323.57
- As on March 31, 2023	318.23	-	-	-	-	-	318.23	318.23

NOTE NO. 47 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 22 offset by cash and bank balances) and total equity.

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

47.1 Gearing ratio

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

₹ in Crores

Particulars	March 31, 2024	March 31, 2023
Debt (i)	1,011.50	1,012.85
Less:		
Cash and bank balances	8.60	8.89
Net Debt (A)	**1,002.90**	**1,003.96**
Total Equity (B)	**933.91**	**1,500.21**
Net debt to equity ratio (A/B)	**1.07**	**0.67**

(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings and lease liabilities.

NOTE NO. 48 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, 2024

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit/loss after tax		Share in other comprehensive Income/ Loss		Share in total comprehensive Income/ Loss	
	As % of consolidated net assets	₹ In Crores	As % of consolidated profit	₹ In Crores	As % of consolidated other comprehensive income	₹ In Crores	As % of consolidated total comprehensive income	₹ In Crores
Solara Active Pharma Sciences Limited	99.78%	937.42	99.51%	(566.87)	114.29%	0.56	99.50%	(566.31)
Indian Subsidiaries:								
Chemsynth Laboratories Private Limited	0.51%	4.83	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
Sequent Penems Private Limited	0.11%	1.08	0.48%	(2.72)	0.00%	-	0.48%	(2.72)
Foreign Subsidiary:								
Shasun USA Inc	-0.41%	(3.87)	0.01%	(0.04)	-14.29%	(0.07)	0.02%	(0.11)
Solara Active Pharma Sciences LTDA*	-	-	-	-	-	-	-	-
Total		**939.46**		**(569.64)**		**0.49**		**(569.15)**
Adjustment arising out of consolidation		(5.55)		2.25		-		2.25
Minority interest in subsidiaries:								
Chemsynth Laboratories Private Limited		2.67		0.43		-		0.43
Total		**936.58**		**(566.96)**		**0.49**		**(566.47)**

* Note - Subsidiary Company incorporated on March 27, 2023. No Investment has flown from the parent Company.

Notes
to the consolidated financial statements for the year ended March 31, 2024

NOTE NO. 49

The Parent, vide its letter of offer dated May 09, 2024 offered upto 1,19,98,755 Equity shares of face value of ₹10/- each at a price of ₹ 375 per Equity share (including Share premium of ₹ 365 per Equity share) for an amount aggregating ₹ 449.95 crores to the existing share holders of the Parent on rights basis in the ratio of One Equity share for every three Equity shares held by the Equity shareholders on the record date i.e May 15, 2024. Rights issue has been done in accordance with Section 62(1)(a) of the Companies Act and other applicable laws and the Rights issue window is open from May 28, 2024 to June 11, 2024.

NOTE NO. 50

The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

NOTE NO. 51 OTHER STATUTORY INFORMATION

(a) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property

(b) The Group does not have any transactions with companies struck off.

(c) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(d) The Group has no transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

e) The Group has borrowings from banks on the basis of security of current assets, the quarterly returns or statements of current assets has been filed by the Company with banks are in agreement with the books of accounts.

(f) The Group has not been declared willful defaulter by any bank or financial Institution or other lender. (g) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

NOTE NO. 52

With effect from 1 April 2023, the Ministry of Corporate Affairs (MCA) has made it mandatory for companies to maintain an audit trail throughout the year for transactions impacting books of accounts.

The Group uses accounting software for maintaining the books of account which has a feature of recording audit trail and has defined process to enable audit trail of books of accounts. The Group for the financial year ended 31 March 2024 has enabled the feature of recording audit trail (edit log) facility except that no audit trail feature was enabled for certain direct changes to tables at the application level for the period April 1, 2023 to March 31, 2024 in respect of accounting software used by the Parent.

The management is of the view that this does not have any impact on its consolidated financials statements for the year ended March 31, 2024.

NOTE NO. 53

There was a fire accident at the Parent Puducherry facility on November 04, 2023 whereby 3 blocks out of the total 76 blocks were impacted by the fire. The resultant fire caused injuries to 14 workers and 12 workers were recovered and discharged while 2 succumbed to injuries despite maximum efforts put to recover them. The fire also caused damages to the plant and equipment amounting to ₹ 2.25 crores, inventories amounting to ₹ 51.35 crores, Goods and service tax reversal on inventory loss amounting to ₹ 7.52 crores and other expense such as medical expenses etc. amounting ₹ 1.38 crores. The losses arising on account of the fire incident have been accounted under exceptional item. There was disruption in the production at the Puducherry facility for a brief period and production was resumed after receiving the statutory approvals post the fire incident. The Parent has submitted the initial insurance claims which are subject to assessment by the Insurers, pending which, the claim has not been recognised in these financial statements. The insurance claim will be accrued once there is certainty of the amount expected to be reimbursed by the Insurers.

NOTE NO. 54

The Board of the Parent Company has approved the transfer of 100% shareholding in Sequent Penems Private Limited, a wholly owned subsidiary, through a circular resolution dated March 22, 2024. The share purchase agreement was executed on March 28, 2024. The group has classified all assets and liabilities of this subsidiary as held for sale in accordance with IND AS 105: Non-current Assets Held for Sale and Discontinued Operations and has accounted for impairment of ₹ 2.33 crores. Subsequent to the year-end, the shares were transferred on April 25, 2024.

Also, the Parent has received advance of ₹ 11.54 Crores for this sale which is disclosed under note 25(ii) other current liabities.

Due to the above sale, certain assets of the Parent are no longer usable. Hence, the Parent has written off these assets, amounting to ₹ 2.53 crores and disclosed under exceptional items.

NOTE NO. 55

According to the management's evaluation of events subsequent to the balance sheet date there were no significant adjusting events that occured other than those disclosed/given effect to, in these financial statements as of March 31, 2024

NOTE NO. 56

The Previous year's figures have been re-grouped/reclassified, where necessary to confirm to current year's classification.

For and on behalf of Board of Directors

Poorvank Purohit
Managing Director and Chief Executive Officer
DIN: 10158900

M Mohan
Executive Director
DIN: 03610282

Arun Kumar Baskaran
Chief Financial Officer

S Murali Krishna
Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : May 29. 2024

Research and Development Financials
Balance Sheet as on 31st March, 2024

₹ in Crores

	Total As at Mar 31, 2024		Total As at Mar 31, 2023	
ASSETS				
Fixed Assets				
R&D Equipments				
Gross Block				
Opening as on 01.04.2023	57.39		51.02	
Additions Net	1.83		3.89	
Transfers	(3.91)		4.24	
Deletions	(0.86)		(1.76)	
Closing as on 31.03.2024	**54.45**		**57.39**	
Less : Accumulated Depreciation	(27.98)		(24.88)	
Net Block as on 31.03.2024		**26.47**		**32.51**
Others				
Gross Block				
Opening as on 01.04.2023	30.47		35.70	
Additions Net	0.45		1.26	
Transfers	(0.07)		(0.41)	
Deletions	(18.28)		(6.08)	
Closing as on 31.03.2024	**12.57**		**30.47**	
Less : Accumulated Depreciation	(7.90)		(23.71)	
Net Block as on 31.03.2024		**4.67**		**6.76**
Capital work in progress		**3.41**		**5.03**
Other Non Current Assets				
Goodwill	0.43		0.43	
Other financial assets	1.30		1.25	
Other Non-current assets	0.19		0.08	
Total Non Current Assets		**1.92**		**1.76**
Current Assets				
Inventories	1.53		2.52	
Trade receivables	-		2.23	
Cash and other balance with banks	0.54		0.01	
Loan	-		0.02	
Other financial assets	0.32		0.62	
Other current assets	0.35		0.55	
Total Current assets		**2.74**		**5.94**
Total		**39.21**		**52.01**
LIABILITIES				
Head office Control Account	20.20		36.10	
Add: Transfers	28.58		30.01	
Less: Excess of Expenditure over income	(51.60)	(2.82)	(45.91)	20.20
Liabilities				
Non-current liabilities				
Other financial Liabilities	13.05		13.17	
Lease liabilities	-		-	
Provisions	0.19		0.33	
Other non-current liabilities	2.37		2.16	
Total Non-current liabilities		**15.61**		**15.66**
Current liabilities				
Financial Liabilities				
Trade payables	11.61		4.82	
Lease liabilities	-		-	
Other financial liabilities	14.09		10.73	
Other current liabilities	0.58		0.45	
Provisions	0.14		0.15	
Total current liabilities		**26.42**		**16.15**
Total		**39.21**		**52.01**

Statement of Income & Expenditure

for the year ended 31st March, 2024

₹ in Crores

	Total As at Mar 31, 2024		Total As at Mar 31, 2023	
Expenditure				
Employee benefits expenses	19.34		18.70	
Cost of materials consumed	0.61		2.58	
Utilities	2.27		1.76	
Finance cost	0.23		0.12	
Other expenses - R&D	27.07		11.74	
Total Revenue Expenditure Excluding Depreciation		**49.52**		**34.90**
Depreciation		6.46		10.56
Total Expenditure		**55.98**		**45.46**
Income				
I) FTE/Product Development Income		3.88		0.75
ii) Commercial Sale of Prototype & Others		0.47		(2.88)
iii) Other Income		0.03		1.68
Total Income		**4.38**		**(0.45)**
Excess of Expenditure over Income		**51.60**		**45.91**

Notice

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of the Company will be held on Friday, September 20, 2024, at 10.00 a.m. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business.

ORDINARY BUSINESS

Item 1: Adoption of Audited Financial Statements for the Financial Year ended March 31, 2024.

To receive, consider, approve and adopt:

a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2024, together with the Reports of Board of Directors and Auditors thereon.

b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2024, and the Report of Auditors thereon.

Item 2: Appointment of Mr. Arun Kumar Pillai, retiring director, as a Non-Executive Director

To appoint a director in place of Mr. Arun Kumar Pillai (DIN: 00084845) who retires by rotation and being eligible offers himself for re-appointment as Non-Executive Director of the Company.

Item 3: Appointment of Mr. Kartheek Chintalapati Raju, retiring director, as a Non-Executive Director

To appoint a director in place of Mr. Kartheek Chintalapati Raju (DIN: 02921819) who retires by rotation and being eligible offers himself for re-appointment as Non-Executive Director of the Company.

SPECIAL BUSINESS

Item 4: Ratification of remuneration payable to the Cost Auditor for the financial year 2023-24.

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 ₹ 4,25,000/- (Rupees Four Lakh Twenty five thousands only) plus 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, 2024, 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.

Item 5: Approval for Material Related Party Transactions/ Contracts/ Arrangements with Strides Pharma Science Limited up to ₹ 400 crores.

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 applicable provisions of the Companies Act, 2013 ("the Act") read with the rules framed thereunder (including any statutory amendment(s) or re-enactment(s) thereof, for the time being in force, if any), and in terms of Regulation 23 of the Securities and Exchange Board of India Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "SEBI Listing Regulations") including any amendments, modification(s) or re-enactment thereof for the time being in force, approval of the Members of the Company be and is hereby accorded to the Audit Committee / Board of Directors of the Company to enter into contracts, arrangements, sales and other transactions with Strides Pharma Science Limited ("Strides"), on such terms and conditions as may be mutually agreed upon between the Company and Strides for an amount up to ₹ 400 crores (Rupees Four Hundred Crores) from the date of this Annual General Meeting ("AGM") up to the date of next AGM, for the purposes as set out in the explanatory statement annexed hereto.

RESOLVED FURTHER that the Board of Directors of the Company or any other person(s) authorised by them, be and are hereby authorised to execute, deliver and perform such agreements, contracts, deeds and other documents and deal with any matters, take necessary steps in the matter as they may in their absolute discretion deem necessary or expedient and to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transaction(s) with Strides, and make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this resolution, in the best interest of the Company.

RESOLVED FURTHER that the Board of Directors or the Company Secretary of the Company be and is hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution."

Item 6 : Appointment of Mr. Manish Gupta (DIN: 06805265) as a Non-Executive (Non-Independent) Director of the Company.

To consider, and if thought fit, to pass the following resolutions with or without modification(s) as an ordinary resolution:

"**RESOLVED** that in accordance with Sections 152, 160 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (the "Act") and applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') including any statutory modification(s) or re-enactment(s) thereof to the Act and the Listing Regulations), Mr. Manish Gupta (DIN: 06805265), who was appointed as an Additional Director by the Board of Directors effective July 22, 2024 and who holds his office up to the date of the Annual General Meeting, and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Act, be and is hereby appointed as a Non-Executive Director (Non-Independent) 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, things and sign and file all such papers, documents, forms and writings as may be necessary and incidental to the aforesaid resolution."

Item 7: Introduction and Implementation of "SOLARA EMPLOYEE STOCK OPTION PLAN -2024"

To consider, and if thought fit, to pass the following resolution with or without modification as a Special resolution:

"**RESOLVED** that pursuant to the provisions of Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the rules made thereunder, applicable Regulations of the Securities And Exchange Board Of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (the SBEB Regulations) including any statutory modification(s) or re-enactment thereof) (hereinafter referred to as SBEB Regulations), the Memorandum and Articles of Association of the Company, the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) including any statutory modification(s) or re-enactment(s) thereof, for the time being in force and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, consent of the Members of the Company be and is hereby accorded for the introduction and implementation of **"SOLARA EMPLOYEE STOCK OPTION PLAN - 2024" (SOLARA ESOP 2024 or Scheme)**, the salient features of which are detailed in the Explanatory Statement to this Notice, and authorize the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any Committee, including the Nomination and Remuneration Committee which the Board has designated as Compensation Committee to exercise its powers, including the powers, conferred by this resolution), to create, issue, offer, grant and allot from time to time, in one or more tranches, up to 9,60,000 (Nine lakh Sixty Thousand) Employee Stock Options convertible into 9,60,000 (Nine lakh Sixty Thousand) equity shares of face value of ₹ 10 /- (Rupee Ten only) each to be fully paid up, to and for the benefit of the employees/directors of the Company (as may be permitted under the SBEB Regulations from time to time), on such terms and conditions as the Board may decide under the Scheme in accordance with the SBEB Regulations and other applicable laws.

RESOLVED FURTHER that the Board or the Nomination and Remuneration Committee be and hereby authorized to create, offer issue and allot equity shares upon exercise of Options from time to time in accordance with the Scheme and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER that the Board be and hereby authorized to proportionately adjust the number of total stock options which can be granted under the Scheme, the number of shares covered by each outstanding stock option, the number of shares which have been authorized for issuance under the Scheme and the price per share covered by each such outstanding stock option, as the case may be, pursuant to any increase or decrease in the number of issued Shares resulting from any corporate action(s) such as rights issue, stock split, reverse stock split, stock dividend, bonus issue, combination or reclassification of the Shares, or any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company and may grant additional Stock Options to the employees for the purpose of making a fair and reasonable adjustment to the Stock Options issued to them.

RESOLVED FURTHER that the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted, in accordance with the SOLARA ESOP 2024 on the Stock Exchanges where the equity shares of the Company are listed as per the provisions of the SEBI Listing Regulations, the SBEB Regulations and other applicable laws and regulations.

RESOLVED FURTHER that the Company shall conform to the accounting policies prescribed from time to time under the SBEB Regulations and any other applicable laws and regulations to the extent relevant and applicable to the SOLARA ESOP 2024.

RESOLVED FURTHER that the Board be and is hereby authorized to devise, formulate, modify, change, vary, alter, amend, suspend or terminate SOLARA ESOP 2024, subject to compliance with the applicable laws and regulations, in case of any change in applicable laws or as specified by any statutory authority without being required to seek any further consent or approval of the Members of the Company and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit, for such purpose and being incidental for effective implementation and administration of the Scheme and also to settle any issues, questions, difficulties or doubts that may arise in this regard and further to delegate any executive/ officers powers to execute all such documents, writings and to give such directions and/or instructions as may be necessary or expedient to give effect to SOLARA ESOP 2024 and to do all other things incidental to and ancillary thereof.

Item 8: Extension of "SOLARA EMPLOYEE STOCK OPTION PLAN -2024" to Employees of Subsidiary Company(ies) of the Company

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"**RESOLVED THAT** in accordance with the provisions contained in the Memorandum and Articles of Association of the Company and pursuant to the provisions of Section 62, and all other applicable provisions, if any, of the Companies Act, 2013 (the **"Act"**) and the rules made thereunder and the provisions contained in the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 ("the **SBEB Regulations**"), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), the Foreign Exchange Management Act, 1999 and the rules made thereunder, and other applicable regulations, rules and circulars /guidelines in force, from time to time and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed by the Board of Directors of the Company (hereinafter referred to as "the **Board**" which term shall be deemed to include the Nomination and Remuneration Committee of the Company to exercise its powers, including the powers conferred by this resolution), consent of the members of the Company be and is hereby accorded to the Board to extend the benefits of the 'Solara ESOP 2024' to the employee(s) /directors of the subsidiaries of the Company (if any), whether in India or abroad (as may be permitted under the SBEB Regulations) from time to time, subject to the overall limits specified under the Plan.

RESOLVED FURTHER that the Board or the Nomination and Remuneration Committee be and is hereby authorized to issue and allot equity shares of the Company upon exercise of Options from time to time in accordance with the Scheme and such equity shares shall rank pari passu in all respects with the then existing equity shares of the Company.

RESOLVED FURTHER that the Board be and is hereby authorized to take necessary steps for listing of the equity shares allotted under the Plan on the Stock Exchanges as per the provisions of the Listing Regulations and other applicable laws and regulations.

RESOLVED FURTHER that the Board be and is hereby authorized to implement the Scheme, make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Plan from time to time including, but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Plan, in compliance with applicable regulations and to do or execute all such acts, deeds, documents, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.

RESOLVED FURTHER that subject to applicable provisions of the Act and other applicable laws, the Board be and is hereby authorized to delegate all or any powers conferred herein, to any committee of Directors or Chairman or Managing Director of the Company with a power to further delegate to any executives or officer of the Company to do all such acts, deeds, matters and things as also to execute such documents, writings etc. as may be necessary in this regard"

By the Order of the Board
For **Solara Active Pharma Sciences Limited**

S. Murali Krishna
Company Secretary
Membership No.: ACS 13372

Place: Bengaluru
Date: July 22, 2024

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts in respect of the special business of this notice is annexed hereto.

2. In compliance with the circulars, the AGM of the Company is being held through VC/OAVM.

3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to MCA Circulars through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.

5. Corporate members intending to send their authorized representatives to attend the AGM through VC / OAVM are requested to send a certified copy of the Board Resolution to the Scrutinizer by mail from its registered email address.

6. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e., September 20, 2024. Members seeking to inspect such documents can send an email to investors@solara.co.in

7. The register of members and share transfer books of the Company will remain closed from September 18, 2024, to September 20, 2024 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2023-24.

8. Members holding shares in physical form are requested to notify / send the following at the earliest:

   - Any change in their address/ mandate/ bank details;
   - Particulars of their bank account, in case the same have not been sent earlier, to the Company's Registrar and Transfer Agent at:

   Cameo Corporate Services Limited
   Subramanian Building
   #1, Club House Road
   Chennai 600 002 - India.
   Ph: 91-44 - 2846 0390
   Fax: 91-44 - 2846 0129
   Email : cameo@cameoindia.com; Investor@cameoindia.com
   Contact Persons: Mr. Nagaraj/ Ms. Komala

9. 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 from 10.00 a.m. to 12.00 noon on working days up to the date of the Annual General Meeting.

10. Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.

11. 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.

12. In compliance with the aforesaid MCA Circulars and Listing Regulations, Notice of the AGM along with the Annual Report 2023-24 is being sent only through electronic mode to those members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website www.solara.co.in , websites of the Stock Exchanges i.e. BSE Ltd. and National Stock Exchange of India Ltd. at www.bseindia.com and www.nseindia.com and on the website of CDSL.

    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 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. Instructions for e-voting are annexed to the Notice.

13. This Notice is emailed to Members, whose names appear in the Register of Members/ list of Beneficial Owners as on Friday, August 23, 2024.

    The “cut-off date” for determining the eligibility for voting either through electronic voting or ballot is fixed as Friday, September 13, 2024. The e-voting period will commence at 9.00 a.m. on Tuesday, September 17, 2024, and will end at 5.00 p.m. on Thursday, September 19, 2024.

    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.

14. Mr. Preetham Hebbar (CoP No. 21431) of M/s. Preetham Hebbar & Co., Practicing Company Secretaries, 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.

    The Scrutinizer shall submit a consolidated Scrutinizer’s report of the total votes cast in Favor or Against, not later than two working days after the conclusion of AGM to the Chairman of the Company. The Chairman or any other person authorized by him, shall declare the results of voting forthwith.

15. The result along with the Scrutinizer’s report will be placed on the Company’s website and on the website of CDSL after the result is declared by the Chairman/ any other person authorized by him, and the same shall be communicated to the stock exchanges where the shares of the Company are listed.

16. SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655, dated 03.11.2021 and SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2021/687 dated 14.12.2021, has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA by e-mail to komlar@cameoindia.com. In case of Members are holding shares in physical form, you are advised to convert shareholding into demat form by approaching depository participant.

CDSL E-VOTING SYSTEM – FOR REMOTE E-VOTING AND E-VOTING DURING AGM

1. As you are aware, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated April 8, 2020, General Circular No.17/2020 dated April 13, 2020 read with General Circular No. 22/2020 dated June 15, 2020, General Circular No. 33/2020 dated September 28, 2020, General Circular No. 39/2020 dated December 31, 2020, General Circular No. 10/2021 dated June 23, 2021, General Circular No. 20/2021 dated December 8, 2021, General Circular No. 3/2022 dated May 5, 2022 and General Circular No. 11/2022 dated December 28, 2022 and General Circular No. 09/2023 dated September 25, 2023 (collectively referred to as "MCA Circulars"). The forthcoming AGM will thus be held through video conferencing (VC) or other audio-visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.

5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at https://solara.co.in/investor-relations/general-meeting. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020, MCA Circular No. 17/2020 dated April 13, 2020,MCA Circular No. 20/2020 dated May 05, 2020 and MCA Circular No. 10/2022 dated December 28, 2022 and General Circular No. 09/2023 dated September 25, 2023.

THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

(i) The voting period begins on 9.00 a.m. on Tuesday, September 17, 2024, and will end at 5.00 p.m. on Thursday, September 19, 2024. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, September 13, 2024, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit cdsl website www.cdslindia.com and click on login icon & New System Myeasi Tab. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at cdsl website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

Type of shareholders	Login Method
	Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders & physical shareholders.**

1) The shareholders should log on to the e-voting website www.evotingindia.com.

2) Click on "Shareholders" module.

3) Now enter your User ID

   a. For CDSL: 16 digits beneficiary ID,

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

   c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

6) If you are a first-time user follow the steps given below:

	For Shareholders holding shares in Demat Form other than individual and Physical Form
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for Solara Active Pharma Sciences Limited which you choose to vote.

(x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) 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.

(xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) **Facility for Non – Individual Shareholders and Custodians –Remote Voting**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; investors@solara.co.in, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may

register themselves as a speaker by sending their request in advance at least **7 (seven) days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (investors@solara.co.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 (seven) days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (investors@solara.co.in). These queries will be replied to by the company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **investors@solara.co.in/ agm@cameoindia.com , nagaraj@cameoindia.com**

2. For Demat shareholders -, please provide Demat account detials (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **investors@solara.co.in/ agm@cameoindia.com , nagaraj@cameoindia.com**

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement set out all the material facts relating to the business mentioned under Item Nos. 4 to 8 of the accompanying Notice.

Item 4: Ratification of the remuneration payable to the Cost Auditor for the financial year 2023-24.

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 2023-24 on a remuneration of ₹ 4,25,000/- (Rupees Four Lakhs Twenty-five thousands only) plus out of pocket expenses. 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.

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 4 as an Ordinary Resolution and requests your approval for the same.

Item 5: Approval for material related party Transactions/ Contracts/ Arrangements with Strides Pharma Science Limited (Strides) up to ₹ 400 crores.

As per the provisions of Section 188 of the Companies Act, 2013 ("Act"), transactions with related parties which are on an arm's length basis and in the ordinary course of business, are exempted from the obligation of obtaining prior approval of shareholders. However, as per the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), such transactions, if material, requires the approval of shareholders through a resolution, notwithstanding the fact that the same are on an arm's length basis and in the ordinary course of business. Further, all Material Related Party Transactions require prior approval of the Members through a Resolution, and no related party shall vote to approve such Resolution whether an entity is a related party to the particular transaction or not. The Shareholders of the Company had approved the Related Party Transactions between the Company and Strides at the Sixth Annual General Meeting held on September 15, 2023, for an amount not exceeding ₹ 300 crores from Sixth AGM to Seventh AGM.

Further in terms of Regulation 23 (1) of SEBI Listing Regulations, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 Crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Subsequent clarifications issued by SEBI viz. Circular No. SEBI/HO/CFD/CMD1/CIR/P/2022/40 dated March 30, 2022 (hereinafter 30th March Clarification) and Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/P/2022/47 dated April 08, 2022, a Related Party Transactions (RPT) that have been approved by the audit committee prior to April 1, 2022 which continues beyond such date and becomes material as per the revised materiality threshold shall be placed before the shareholders in the first General Meeting held after April 1, 2022 and also specified that shareholders' approval of omnibus RPTs approved in an AGM shall be valid up to the date of the next AGM for a period not exceeding fifteen months. Though, your Company had taken prior approval from shareholders and the exiting transactions may continue beyond April 01, 2022, the clarification by SEBI as above necessitated your Company to seek approval of the Members of the Company in terms of Regulation 23 of the Listing Regulations, by way of passing of an Ordinary Resolution to the aforesaid Material Related Party Transactions to be entered from seventh AGM to eighth AGM.

The relevant information pertaining to transactions with Strides in terms of SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2021/ 662 dated November 22, 2021, is given below

#	Description	Details
1	Name of the Related Party	Strides Pharma Science Limited (Strides)
2	Name of the Promoter, Director or Key Managerial Personnel who is related, if any	a) Mr. Arun Kumar, Promoter & Director of the Company is a Promoter and Executive Chairman of Strides. b) Dr. Kausalya Santhanam, Independent Director of the Company is also an Independent Director of Strides
3	Nature of Relationship	Enterprises owned or significantly influenced by Key Management Personnel and person holding significant interest in the Company
4	Material terms of the transaction / contracts / arrangements	Sale of API products, Company also has other transactions with Strides such as rendering / receiving of services, reimbursement of expenses and leasing of properties as per prevailing market prices. All transactions with Strides are in the ordinary course of business and at arm's length and are approved by the Audit Committee and Board of Directors of the Company, as applicable.

#	Description	Details
5	Monetary Value	Not exceeding ₹ 400 Crores per year
6	Percentage of the annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	Consolidated Annual Turnover of the Company for FY 2024 is ₹ 1,294.29 Cr; Approximate value of the proposed transaction as a percentage of the annual consolidated turnover is: 30%
7	Tenure	From this annual general meeting till the next annual general meeting held within a period of fifteen months
8	Whether transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary If yes, 1) details of the source of funds in connection with the proposed transaction 2) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments 3) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and 4) the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.	No
9	Justification as to why the RPT is in the interest of the Company	In March 2018, the Company through a Composite Scheme of Arrangement sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench, demerged its API business from Strides. Consequently, the API manufacturing facilities, which earlier were owned by Strides were transferred to the Company. The Company has entered into specific arrangements with Strides to supply long term API products. In addition to significant API sales to Strides, the Company also has other transactions with Strides such as rendering / receiving services, reimbursement of expenses, leasing of property amongst others. The Company is expecting increase in sales for the financial year 2024-25, hence seeking approval for thresh-hold limit of ₹ 400 crores against the earlier approval of ₹ 300 crores.
10	A copy of the valuation or other external party report, if any such report has been relied upon	All transactions with Strides are in the ordinary course of business and at arm's length. Accordingly, the requirement of valuation report is not applicable.

The Audit Committee and the Board of Directors at their respective meetings held on May 29, 2024, approved the aforementioned related party transaction.

Except Mr. Arun Kumar Pillai, Promoter and Director of the Company and also Promoter and Executive Chairman of Strides; Dr. Kausalya Santhanam, who is an Independent 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 5 of the notice for approval of Members as an Ordinary Resolution.

Item 6: Appointment of Mr. Manish Gupta (DIN: 06805265) as a Non-Executive (Non-Independent) Director of the Company.

The Board of Directors (based on the recommendation of Nomination and Remuneration Committee) had appointed Mr. Manish Gupta (DIN: 06805265) as an Additional Director from July 22, 2024.

The Company has received a notice in writing from the member of the Company in terms of Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director.

Brief Profile of Mr. Manish Gupta:

Manish is currently the Managing Director of Jagsonpal Pharmaceuticals Ltd., a listed pharmaceutical company with a strong presence in India as well as an Operating Partner in Convergent Finance, an India focused PF fund. He has over 30 years of corporate experience with over half of them in leading and managing businesses across the globe. His previous stint was with SeQuent Scientific as the CEO and Managing Director for 8+ years. Previously, he has been the CEO – Pharma Business for Strides Pharma Science for 4 years. Earlier, he was associated with Wockhardt for 12 years in various capacities, his last role being the Managing Director of Pinewood Healthcare, Ireland, and CEO of Radiant Research, a CRO in USA. Manish led SeQuent since 2014 and played a significant role in transforming the Company into India's largest and amongst 'Top 20' global animal health companies with operations in India, Turkey, Brazil and the EU. He undertook a series of structural moves including inorganic initiatives with emphasis on consolidating market presence, entering new markets and strengthening customer-centricity. The company was acquired by The Carlyle Group, a leading global private equity investor in their first control transaction in India.

Over years, he has been responsible for over 25+ M&A transactions across the globe with a collective Enterprise value in excess of $ 3bn. Manish has done bachelor's in mechanical engineering, followed by an MBA from S P Jain Institute of Management and Research.

Board's recommendation

The Board of Directors is of the opinion that Mr. Manish Gupta extensive experience in pharmaceutical industry will be beneficial to the Company. Accordingly, it has recommended the Resolution at item 6 of this Notice relating to his appointment as a Non-Executive Director (Non-Independent) of the Company, as an Ordinary Resolution for members approval.

The Company has received the following from Mr. Manish Gupta:

(i) the consent in writing to act as a Non-Executive Director of the Company

(ii) intimation that he is not disqualified under section 164(2) of the Companies Act, 2013.

(iii) disclosure of interest in other entities in terms of Section 184(1) of the Companies Act, 2013 and

(iv) Declaration pursuant to BSE Circular No. LIST/ COMP/ 14/ 2018-19 dated June 20, 2018, and NSE Circular No. NSE/ CML/ 2018/ 24 dated June 20, 2018 that he has not been debarred from holding office of a Director by virtue of any order passed by the SEBI or any other such authority.

v) Mr. Manish Gupta doesn't have any pecuniary relationship with the Company directly or indirectly other than the remuneration he receives as a Non-Executive Director of the Company and is not related to any Director or managerial personnel of the Company.

As a Non-Executive Director of Solara, Mr. Manish Gupta will receive sitting fees of ₹ 1,00,000/- each for attending Board and Committee Meetings, which is at par with the sitting fees paid to other Non- Executive Directors of the Company. He is also eligible for annual commission payable to Non-Executive Directors, which the Shareholders approved at its meeting held on August 4, 2020.

Details of Mr. Manish Gupta in terms of Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) are given as an Annexure 1 to this Notice.

Except Mr. Manish Gupta, none of the Directors, Key Managerial Personnel or their relatives are concerned or interested in this Resolution, financially or otherwise

The Board recommends the resolution as set out in Item 6 of the notice for approval of Members as an Ordinary Resolution.

Item 7 & 8 : Introduction and Implementation of "SOLARA EMPLOYEE STOCK OPTION PLAN - 2024" and Extension of the Plan to Employees of Subsidiary Company(ies) of the Company

The Company believes that Equity based compensation schemes are an effective tool to reward the talent working with the Company. It provides an opportunity to employees to share the growth of the Company and to create long-term wealth in the hands of the employees. With a view to motivate employees seeking their contribution to the corporate growth, to create an employee ownership culture, to attract new talents and to retain them for ensuring sustained growth, to reward for loyalty, to link interests of employees with shareholders, the Company intends to implement Stock Option Scheme namely **"SOLARA EMPLOYEE STOCK OPTION PLAN -2024"** (SOLARA ESOP 2024) for the employees of the company and its Subsidiary Company(ies) (present and future, if any).

Based on the recommendation of the Nomination and Remuneration Committee (Committee), the Board of Directors of the Company at their meeting held on Monday, 22nd July, 2024, had approved the SOLARA ESOP 2024, subject to the approval of Members, to and for the benefit of the employee(s) /directors of the Company (as may be permitted under the SBEB Regulations from time to time

Under SOLARA ESOP 2024, the eligible employees shall be granted Stock Options which will be exercisable into equity shares of ₹ 10/- (Rupee Ten only) each of the Company. SOLARA ESOP 2024 shall be implemented by the Nomination and Remuneration Committee of the Board which will also act as Compensation Committee (Committee) as per the provisions of SBEB Regulations.

Disclosure/main features of SOLARA ESOP 2024 pursuant to the SBEB Regulations are as under:

a) Brief description of the Scheme

The Scheme shall be called as SOLARA ESOP 2024. The Scheme contemplates grant of Stock Options to the employee(s) /directors of the Company and its Subsidiary Company(ies) (as may be permitted under the SBEB Regulations from time to time)

After vesting of Stock Options, the employees earn a right, but not an obligation, to exercise the vested Stock Options within the exercise period and obtain equity shares of the Company which shall be issued by the Company subject to payment of exercise price and satisfaction of any tax obligation arising thereon and other terms and condition of the Scheme.

The objectives of the Scheme are:

a. To attract, retain and motivate talented and critical Employees.

b. To reward Employee performance with ownership in the Company.

c. To encourage management Employees to create shareholder value.

b) Total number of Stock Options to be offered and granted

The total number of Stock Options to be granted under the Scheme shall not exceed 9,60,000 (Nine Lakh Sixty Thousand) Each Stock Option when exercised would be converted into one equity share of ₹ 10/- (Rupees Ten only) each fully paid-up and shall be issued by the Company to the employee.

In case of corporate action(s) such as rights issue, stock split, reverse stock split, stock dividend, bonus issue, combination or reclassification of the Shares, expansion of capital, any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, , merger, demerger, sale of assets, sale of division etc. , additional Stock Options of the Company are to be issued to the Employees for the purpose of making a fair and reasonable adjustment to the Stock Options issued to them and the above ceiling in terms of number of equity shares shall be deemed to be increased in proportion to the additional equity shares issued in the aforesaid corporate action(s).

In case the equity shares of the Company are either consolidated or sub-divided, then the number of Equity shares to be issued by the Company and the price of acquisition payable by the Stock Option grantees under the Scheme shall automatically stand augmented or reduced, as the case may be, in the same proportion as the present face value of ₹ 10/- (Rupees Ten only) per equity share shall bear to the revised face value of the equity shares of the Company after such consolidation or sub-division, without affecting any other rights or obligations of the said grantees and the ceiling in terms of number of shares specified above shall be deemed to be adjusted accordingly.

c) Identification of classes of Employees entitled to participate in the Scheme

Employee(s) /directors of the Company and its subsidiaries (as may be permitted under the SBEB Regulations from time to time)Following classes of employees are entitled to participate in the Scheme: Currently, the options under Solara ESOP 2024 plan can be granted to the "Employee" as eligible under SEBI (SBEB) regulations except in relation to issue of sweat equity shares, means, -

(i) an employee as designated by the company, who is exclusively working in India or outside India; or

(ii) a director of the company, whether a whole time director or not, including a non executive director who is not a promoter or member of the promoter group, but excluding an independent director; or

(iii) an employee as defined in sub-clauses (i) or (ii), of a group company including subsidiary or its associate company, in India or outside India, or of a holding company of the company, but does not include—

  (a) an employee who is a promoter or a person belonging to the promoter group; or

  (b) a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company;

The Employees to whom the Stock Options would be granted and their eligibility criteria (including but not limited to performance, merit, grade, conduct and length of service of the Employee) would be determined by the Committee, in its absolute discretion from time to time.

d) Requirements of vesting and period of vesting

The Stock Options granted to any Employee shall vest within the Vesting Period in the manner as set forth in the Grant letter subject to maximum period of 3 years from the date of grant.

There shall be a minimum period of one year between the Grant of Stock Options and Vesting of Stock Options.

In case where stock options are granted by the Company under the Scheme in lieu of stock options held by a person under an employee stock option scheme in another company which has merged or amalgamated with the Company, the period during which the stock options granted by the transferor company were held by him/her shall be adjusted against the minimum vesting period of one year.

The Committee in its absolute discretion may, for any grantee or class of grantees, permit the Stock Options to be Exercised within such time and as per such terms and conditions as it may determine subject to minimum vesting period of one year from the date of grant.

e) Maximum period (subject to Regulation 18(1) of SBEB Regulations) within which the Stock Options shall be vested

All the Stock Options granted on any date shall vest not later than 3 years from the date of grant of Stock Options.

However, the Committee in its absolute discretion may, for any grantee or class of grantees, permit the Stock Options to be Exercised within such time and as per such terms and conditions as it may determine subject to minimum vesting period of one year from the date of grant.

f) Exercise price and formula for arriving at the same

The exercise price for the purpose of grant of Stock Options shall be determined by the Committee.

The consideration payable by a Grantee for exercising a Stock Option would be determined by the Committee subject to conforming to the accounting policies as specified under Regulation 15 of SBEB Regulations.

g) Exercise period and the process of exercise

Exercise period means the period of 120 days from the date of Vesting of the Stock Options within which an Employee should exercise his/her right in one or more tranches to apply for Shares against the vested Stock Option in pursuance of the Scheme. The Stock Options shall not be permitted to be exercised after the expiry of the above-mentioned Exercise Period unless the Compensation Committee in its own discretion revises the period of Exercise.

The exercise period would commence from the date of vesting and will expire on completion of maximum exercise period as mentioned above from the date of respective vesting or such other period as may be decided by the Committee at its sole discretion from time to time. Exercise Period shall be mentioned in the Grant Letter of the Grantee. The Stock Options will be exercised by the Employees by submitting an Exercise Letter as prescribed by the Committee. The Stock Options will lapse if not exercised within the specified exercise period.

h) The appraisal process for determining the eligibility of the Employees for the Scheme

The Scheme shall apply to all the Employees engaged in such Grades and Levels as may be decided at the discretion of the Committee from time to time. The Employees to whom the Stock Options would be granted and their eligibility criteria (including but not limited to future-fit potential, individual performance, merit, grade, conduct and length of service of the Employee, performance of business of the Company and its Group Companies, potential of the Employee to contribute to the Company's performance, position held, extent of contribution made by the Employee towards business results, achievement of medium to long term performance plans, processes, and customer satisfaction or employee satisfaction, high market value/difficulty in replacement and High risk of losing the Employee to competition) would be determined by the Committee, in its absolute discretion from time to time.

i) Maximum number of Stock Options to be issued per Employee and in aggregate under the Scheme

The maximum number of Stock Options granted per Employee will be determined by the Committee on a case to case basis And no Employee shall be granted Stock Options in any one year in excess of which entitle them for 1% or more of the issued capital (excluding outstanding warrants and conversions) of the Company without obtaining separate members approval by way of special resolution. However, such grant of options in any case shall not equal or more than 3% of the outstanding issued equity share capital as on the date of Grant, (excluding outstanding Options, warrants and conversions).

The maximum number of Stock Options, in aggregate, that may be granted pursuant to this Scheme shall not exceed 9,60,000 (Nine Lakh Sixty Thousand). Each Stock Option when exercised would be converted into one equity share of ₹ 10/- (Rupees Ten only) each fully paid-up and shall be issued by the Company to the employee.

j) Maximum quantum of benefits to be provided per Employee under the Scheme

The maximum quantum of benefits underlying the Stock Options granted to an Employee can be construed to be an amount equal to the appreciation in the value of the Company's equity shares determined as on the date of exercise of Stock Options, on the basis of difference between the Stock Options Exercise Price and the Market Price of the equity shares on the exercise date.

k) Whether the Scheme is to be implemented and administered directly by the Company or through a trust

The Scheme is proposed to be implemented directly by the Company through the Committee.

l) Whether the Scheme involves new issue of shares by the Company or secondary acquisition or both

The Scheme contemplates only new/ fresh/primary issue of equity shares by the Company.

m) Amount of loan to be provided for implementation of the Scheme(s) by the Company to the Trust, its tenure, utilization, repayment terms, etc.

Not applicable as the Scheme is not implemented through Trust.

n) Maximum percentage of secondary acquisition that can be made by the Trust for the purpose of the Scheme

Not Applicable as the Scheme is not implemented through Trust.

o) A statement to the effect that the Company shall conform to the accounting policies specified in Regulation 15 of SBEB Regulations

The Company shall comply with the disclosure and accounting policies specified in Regulation 15 of SBEB Regulations.

p) Method of valuation of Stock Options by the Company

The Company shall use the Fair Value Method for valuation of the Options as prescribed under the Accounting Standards, as applicable and notified by appropriate authorities from time to time.

The Company will adopt "Black-Scholes Model" of valuation for the options issued under the Scheme. Notwithstanding the above, the Company may adopt any other method as may be required under prevailing applicable laws.

q) Declaration

'In case, the Company opts for expensing of share-based employee benefits using the intrinsic value, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the Stock Options shall be disclosed in the Directors' Report and the impact of this difference on profits and on Earning Per Share (EPS) of the Company shall also be disclosed in the Directors' Report.'

The said statement is not applicable to the Company since the Company is opting for the Fair Value Method.

r) Period of lock-in

The Equity Shares allotted upon exercise of Stock Options under the Scheme are not subject to any lock in period. However, the transferability of the Equity Shares after listing shall be subject to the restriction for such period in terms of the Securities and Exchange Board of India (Prohibition of Insider Trading), Regulations, 2015 as amended and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended.

s) Terms & conditions for buyback, if any, of specified securities covered under SBEB Regulations

The Company will not buy any equity shares allotted pursuant to exercise of options from Optionees.

t) The conditions under which stock option vested in employees may lapse e.g. in case of termination of employment for misconduct

The Stock Options vested may lapse in the following cases:

1. Due to failure to exercise the vested stock options within the Exercise Period.
2. In the event of resignation of a Grantee from the Company all Stock Options, which are not vested on the date of submission of resignation, shall expire and stand terminated with effect from that date. However, all Stock Options which have already been vested as on that date shall be exercised by the Grantee not later than 60 (sixty) days from the date of actual separation of the Grantee from the Company.
3. In the event of termination of employment of a Grantee by the Company for Misconduct, all Stock Options including those, which are vested but not exercised at the time of termination of employment, shall lapse and stand terminated with effect from the date of such termination.
4. In the event of abandonment of service by a Grantee without the Company's consent, all Stock Options including those, which are vested but were not exercised at the time of abandonment of service shall stand terminated with immediate effect.

u) the specified time period within which the employee shall exercise the vested Stock Options in the event of a proposed termination of employment or resignation of employee

(a) Retirement: In the event of separation of a Grantee from employment of the Company for reasons of normal Retirement or an early retirement specifically approved by the Company, all stock options held by the

Grantee shall vest on an accelerated basis and consequently the Grantee may Exercise all such vested Options immediately after the date of retirement but in no event later than 6 (six) months from the date of separation from employment.

(b) Resignation: In the event of resignation of a Grantee from the Company all stock options, which are not vested on the date of submission of resignation, shall expire and stand terminated with effect from that date. However, all stock options which have already been vested as on that date shall be exercised by the Grantee not later than 60 (sixty) days from the date of actual separation of the Grantee from the Company.

(c) Termination: In the event of termination of an employment of the Grantee from the Company all Stock Options, which are not vested on the date of submission of resignation, shall expire and stand terminated with effect from that date. However, all Stock Options which have already been vested as on that date shall be exercised by the Grantee not later than 60 (sixty) days from the date of actual separation of the Grantee from the Company.

Pursuant to the provisions of Sections 62(1)(b) of the Companies Act, 2013 and Regulation 6 of the SBEB Regulations, the implementation of the Scheme and the grant of Stock Options to Employees of the Company and its subsidiaries require approval of the Members by way of Special Resolution which is proposed at Item 7 and 8 of this Notice.

The equity shares allotted pursuant to the exercise of the Options shall be listed on the BSE Limited and the National Stock Exchange of India Limited and necessary applications will be made to those Stock Exchanges.

In terms of Regulation 6(1) of the SBEB Regulations, any Employees Stock Option Scheme must be approved by way of a special resolution. Further as the Scheme will entail further shares to be offered to persons other than existing members of the Company, consent of the members of the Company is required for issue of the equity shares and / or instruments entitling the holder to subscribe to or purchase equity shares, in terms of the provisions of Section 62(1)(b) of the Companies Act, 2013. Regulation 6(3)(c) of the SBEB Regulations requires that a separate resolution is required to be passed if the benefits of the Scheme are to be extended to eligible employees of the subsidiary companies

A draft copy of relevant documents will be made available for inspection at the Registered Office of the Company on all working days between 10.00 A.M. to 01.00 P.M. up to the date of the Annual General Meeting.

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.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, concerned or interested, financially or otherwise, in these resolutions, except to the extent of their respective shareholding, if any, in the Company and number of Stock Options which may be granted to them, if any, pursuant to implementation of the Scheme.

The Board recommends the resolution as set out in 7 and 8 of the notice for approval of Members as a Special Resolution.

By the Order of the Board
For **Solara Active Pharma Sciences Limited**

S. Murali Krishna
Company Secretary
Membership No.: ACS 13372

Place: Bengaluru
Date: July 22, 2024

ANNEXURE 1

DETAILS OF DIRECTORS SEEKING APPOINTMENT

[Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard 2 on General Meetings]

Name of Director	Mr. Manish Gupta	Mr. Arun Kumar Pillai	Mr. Kartheek Chintalapati Raju
Age	57 years	63 years	37 years
Nationality	Indian	Indian	USA
Date of first appointment to the Board	July 22, 2024	August 4, 2021	July 5, 2023
Brief Resume Qualifications Experience/Expertise in specific functional area	Detailed profile of the appointee's is available in Explanatory Statement to the Notice.	His re-appointment is liable to retire by rotation and resume can be accessed through the following link: https://solara.co.in/company /board-of-directors	His re-appointment is liable to retire by rotation and resume can be accessed through the following link: https://solara.co.in/company /board-of-directors
No. of shares held in the Company, including shareholding as a beneficial owner	Nil	16,68,463 shares	Nil
List of Directorships held in other Companies including listed entities	Jagsonpal Pharmaceuticals Limited.	Strides Pharma Science Limited. OneSource Specialty Pharma Limited.	Nil
Names of listed entities from which appointee has resigned in the past three years	Sequent Scientific Limited	Nil	Nil
No. of board meetings attended during the year	Not applicable	6	3
Chairman/ Member in the Committees of the Boards of companies in which he is Director	Jagsonpal Pharmaceuticals Limited. Stakeholder Relationship Committee – Member Corporate Social Responsibility Committee – Member	Strides Pharma Science Limited. Stakeholder Relationship Committee – Member	Solara Active Pharma Sciences Limited. Stakeholder Relationship Committee – Member Nomination & Remuneration Committee – Member
Relationship between director inter-se and other Key Managerial Personnel of the company	None	None	None
Remuneration details (including sitting fees & Commission)	As mentioned in the Explanatory Statement to the Notice	-	-
Last drawn remuneration in Solara (including sitting fees & Commission)	Nil	Nil	Nil
Other terms and conditions of appointment	As mentioned in the Explanatory Statement to the Notice	This is reappointment of the director, who is liable to retire by rotation, hence the terms and conditions are covered at the time of his initial appointment.	This is reappointment of the director, who is liable to retire by rotation, hence the terms and conditions are covered at the time of his initial appointment.