

August 21, 2023

**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

**Scrip Code:** SOLARA

Dear Sir / Madam,

**Subject: Notice of 6<sup>th</sup> Annual General Meeting and Annual Report for the Financial Year 2022-23**

Pursuant to Regulation 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Notice convening 6<sup>th</sup> Annual General Meeting and the Annual Report for the financial year 2022-2023 which will be circulated to the shareholders through electronic mode. The 6<sup>th</sup> AGM will be held on Friday, September 15, 2023, at 9.30 A.M (IST) through Video Conference (VC) / Other Audio-Visual Means (OAVM).

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:

<b>Particulars</b>	<b>Details</b>
Date and Time of AGM	September 15, 2023, 9.30 AM (IST).
Eligibility for participation in the AGM	Cut-off date September 8, 2023
Remote e-voting start date and time	September 12, 2023; 9.00 AM (IST)
Remote e-voting end date and time	September 14, 2023; 5.00 PM (IST)
Website of CDSL for remote e-voting and participation in the AGM	<a href="https://www.evotingindia.com/">https://www.evotingindia.com/</a>

This is for your information and records.

Thanking You,

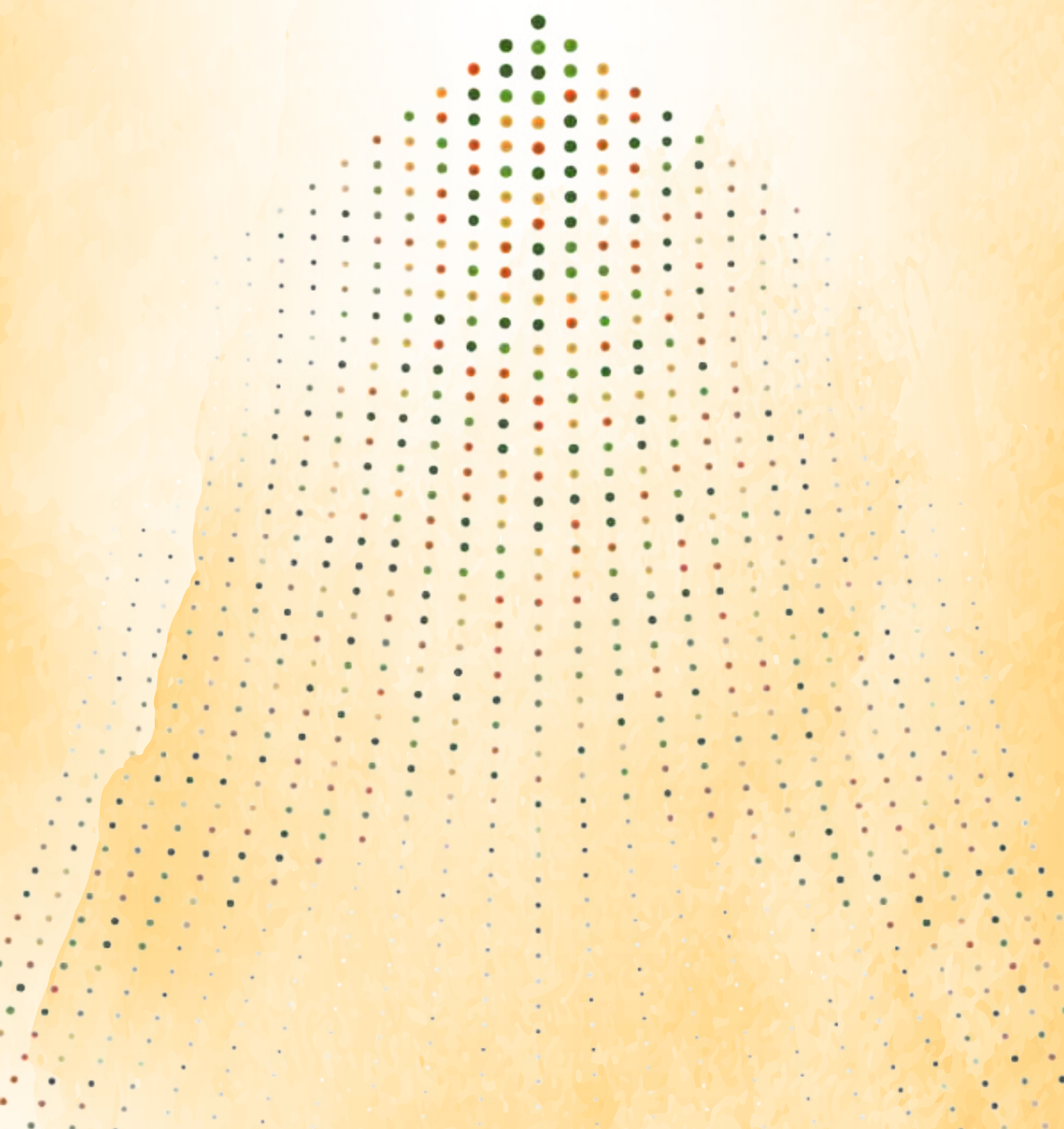
Yours Faithfully,  
**For Solara Active Pharma Sciences Limited**

**S. Murali Krishna**  
Company Secretary

Encl. As above



# Staying Focused. ... Moving Forward.



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### Notice

# Staying Focused. Moving Forward.

As we reflect on the accomplishments of the fiscal year 2022-23, we are pleased to celebrate a year marked by significant achievements and positive growth for Solara. We encountered several challenges, and made strategic decisions, by taking decisive actions to position our Company for sustained profitability and success. During the past fiscal year, we diligently concentrated our efforts on resetting and strengthening our core business. We were really vigilant in research and ensured that we are really innovative in the process.

We approach the upcoming fiscal year with unwavering optimism. We have been performing positively in the second half of FY23 which indicates our collective efforts to rebound and thrive. We are confident that Solara will build upon its successes and achieve another remarkable year.

Our commitment to delivering value remains steadfast, and we extend our gratitude to our valued investors for their continued support. Together, we will navigate the path of growth and create a brighter future for Solara. We have achieved impressive financial results and move ahead with more focus and value to our stakeholders. Our continued efforts have helped our margins rise, and we are actively cultivating new opportunities for sustainable growth. With each step we take, we remain steadfast in our commitment to excellence and continue to push the boundaries. Solara's incredible journey of success continues, and we invite you to join us as we stay focused, move forward, and unlock new frontiers of achievement.

Together, we will shape a future filled with promise, growth, and prosperity.

## Who we are

# Elevating quality

Solara Active Pharma is a prominent international supplier of Active Pharmaceutical Ingredients (API), Contract Research and Manufacturing Services (CRAMS). Our primary objective is to address the changing demands of our clients and generate value for our stakeholders by emphasising efficiency, innovation, and adherence to regulations. As a pure-play API manufacturer, we have a robust commitment to pioneering product development and technological progress, aiming to consolidate our place in the global marketplace.

Our fundamental principles of Respect, Integrity, Transparency, and Efficiency form the cornerstone of our operations and drive our unwavering resolve and resilience to accomplish our vision and mission.



### 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.



### MISSION

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



### PURPOSE

Together for a healthier tomorrow



## 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.

### Integrity

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

### Transparency

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

### Efficiency

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



## PILLARS OF SOLARA

### API

Achieve substantial growth for our API business by expanding our product portfolio and introducing new offerings in various regions, resulting in a robust and diverse product lineup.

### R&D

Submit new product applications and expand the reach of our existing products in the market. Implement Continuous Improvement Programs (CIP) to tackle pricing challenges and enhance profit margins.

### CRAMS

Transform our developing CRAMS venture into a worldwide contender by leveraging advanced technological solutions and achieving remarkable growth. Pursue an inorganic agenda to broaden our reach and capabilities across different regions through strategic investments.

# 2,361

Employees

# 137

Scientists

# 60+

Commercial Products and more than 10+ in the pipeline

## Business segments and presence

# Maximising global relations

### API and intermediates

Our Company specialises in the production of commercial APIs spanning various therapeutic categories. Apart from this, we have a proven track record of successfully developing complex products, including polymer-based APIs and injectables. We are present in over 75 countries across the globe, and our products are well-received by our customers.

### Company Portfolio of over 60+ commercial APIs

#### CONTRACT RESEARCH AND MANUFACTURING SERVICES (CRAMS)

Our Company provides specialised API services to our clients, including contract development and manufacturing, analytical services, impurity synthesis, and regulatory support. Our services cover the entire value chain of a novel chemical entity. This includes lead analogues, building blocks, reference studies and bespoke synthesis for pilot campaigns through clinical supplies and up to commercial stages.

We strive to increase client retention and promote repeat business by providing exceptional service quality. Our expertise

### Actively developing an additional 10+ APIs

in process development for targets in the early phase of drug development compounds is unmatched. Our worldwide accreditations for GMP manufacturing ensure our clients' confidence in our high quality standards.

We collaborate with pharmaceutical companies from North America, Europe, and Japan. In addition to this, we are constantly exploring new niche technologies that will distinguish us as a partner of choice for our clients worldwide.



## MANUFACTURING FACILITIES

Our facilities offer a diverse range of capabilities that are well-suited to a variety of products.

**1 Ambernath**  
Multi-purpose API and intermediate facility

**2 Bengaluru**  
Research and innovation centre

**3 Mangaluru**  
Niche as well as large-volume APIs and advanced drug intermediates

**4 Mysuru**  
Key intermediate manufacturing site

**5 Visakhapatnam**  
Commissioned state-of-the-art greenfield, multi-product facility

**6 Chennai**  
Research and innovation centre

**7 Puducherry**  
One of the world's largest Ibuprofen manufacturing facilities  
Highly flexible pilot plant with a broad range of equipment

**8 Cuddalore**  
Multi-purpose API and intermediate facility



Map not to scale

# 6

API Manufacturing Facilities

# 2

R&D Centres

- Distinct features
- Our product development facilities are designed to be identical and incorporate advanced automation and strict quality systems.

- We prioritise technology and production processes that give us a distinct competitive advantage.
- We have a wide range of expertise in chemistry techniques, including high vacuum distillation, hydrogenation, halogenation, Grignard reactions, polymer chemistry, lyophilisation, and more.
- Our API facilities meet global regulatory requirements and adhere to the highest quality standards.

- We have created sufficient capacity to reduce the risk associated with relying too heavily on specific product concentrations.
- Our manufacturing capabilities are flexible and allow us to produce both large and small volumes of APIs.
- We have assembled a highly skilled talent pool with the highest level of expertise and who can handle diverse manufacturing requirements.



## Megatrends

# Staying on top of the game

We strive to create a lasting impression on our stakeholders by adapting ourselves to the latest technology and changing market dynamics. Our robust skills and capabilities will lead us to sustainable growth, enabling us to deliver significant long-term impact.



### PATIENT CENTRICITY

In the healthcare industry, patient-centricity is the way forward. Pharma and life sciences companies are embracing technology and collaborating with patient organisations to personalise treatments, prioritising patient involvement in care.

This approach aims to shift towards a more comprehensive, proactive, and collaborative model that improves the patient's quality of life. Patient-generated data, through initiatives such as patient registries and surveys, will play a crucial role in improving healthcare outcomes.

Consumer-centric practices, like patient assistance programmes and advocacy initiatives, are also on the rise. This demonstrates a commitment to patient well-being and building trust between patients and healthcare providers. In this new era of patient-centred care, those who prioritise patient needs will lead the healthcare industry.

## ANALYTICAL ADVANCEMENTS IN THE PHARMACEUTICAL INDUSTRY

In the pharmaceutical industry, advanced technologies are essential for effectively analysing the large amounts of data generated during the process of drug discovery and development. Managing this data is a crucial aspect for pharmaceutical companies, as they often need to share it with collaborating third parties. With the evolution of analytical tools, the historical and real-time data held by these companies have become valuable resources for predictive, diagnostic, prescriptive, and descriptive analytics. These analytics techniques are applied to various types of medical data, including patient records, medical imaging, and hospital data, among others.



## FLEXIBLE PRODUCTION

The pharmaceutical industry is currently exploring new manufacturing techniques in response to changing market dynamics. One such approach involves producing small batches specifically for precision medicine. This method eliminates the requirement for complex tasks like cleaning and validation between production stages. By adopting continuous manufacturing, the industry can not only decrease energy consumption, but also improve productivity, minimise waste, and reduce downtime.



## Foreword

# Driving success



### DEAR SHAREHOLDERS,

I am thrilled to announce that we have successfully concluded the FY 2022-23 on a highly positive note. Our team's unwavering dedication and collective efforts have played a pivotal role in accomplishing our set goals and positioning Solara Active Pharma for a promising future. I extend my heartfelt gratitude to each of you for the hard work and commitment demonstrated throughout the year.

The second half of fiscal year 2023 proved to be exceptionally remarkable as we experienced a strong rebound and achieved significant milestones. Our strategic priorities, which encompassed resetting our base business, restoring R&D velocity, addressing under-recoveries, and expanding into new products and geographies, have yielded favourable outcomes. The progress made in these areas has established a robust foundation for sustainable growth and profitability in the upcoming years.

As we enter fiscal year 2024, I am filled with optimism about our business prospects. We have demonstrated our adaptability to challenges, optimised our commercial strategy, and strengthened our core business. The advancements in new product development, CRAMS business growth, and operational excellence are clear reflections of our commitment to excellence and innovation. I have full

confidence that, together, we will continue to drive Solara's success and deliver value to our stakeholders.

I would like to express my sincere gratitude to each member of our team for their unwavering dedication and exceptional contributions. It is through your hard work and resilience that we have achieved these remarkable results. Your commitment to excellence and willingness to go above and beyond have not gone unnoticed. I also extend my appreciation to our shareholders and investors for their trust in our vision and continued support. It is their confidence in us that empowers us to push boundaries and reach new heights.

As we embark on fiscal year 2024, let us do so with renewed enthusiasm and a shared commitment to excellence. I have no doubt that we will overcome challenges, drive innovation, and explore new opportunities.



The second half of fiscal year 2023 proved to be exceptionally remarkable as we experienced a strong rebound and achieved significant milestones. Our strategic priorities, which encompassed resetting our base business, restoring R&D velocity, addressing under-recoveries, and expanding into new products and geographies, have yielded favourable outcomes.

Together, we will navigate the ever-changing landscape of the pharmaceutical industry and build upon our successes to create a brighter future for Solara Active Pharma.

Sincerely,

**POORVANK PUROHIT**  
Managing Director & CEO

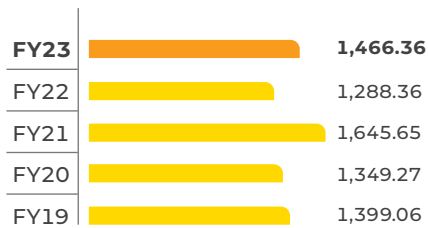
## Financial and operational review

# Scaling for success

Solara showcased consistence performance in 2023. Our Company experienced robust growth momentum and achieved significant improvements in its gross margins and operating EBITDA margins. This indicates enhanced profitability and operational efficiency. Our Company's EBITDA margins also witnessed a positive shift, further contributing to its overall financial strength.

### FINANCIAL PERFORMANCE

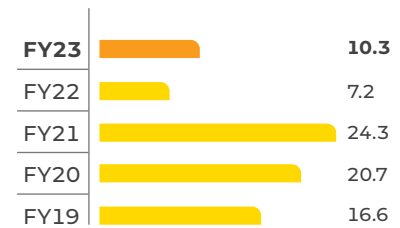
#### Revenue (₹ in Crores)



#### EBITDA (₹ in Crores)



#### EBITDA margin (%)



▲  
**14%**

▲  
**63%**

▲  
**312bps**

#### Profit after tax (₹ in Crores)



#### Basic EPS (₹ per share)



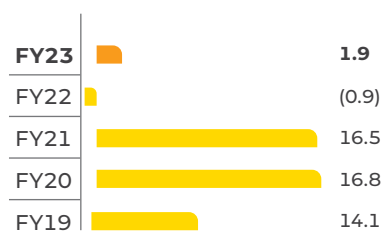
▲  
**162%**

▲  
**162%**

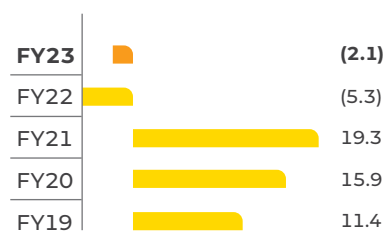
▲ **YoY Growth**

## FINANCIAL RATIOS

### Return on Capital Employed (RoCE) (%)



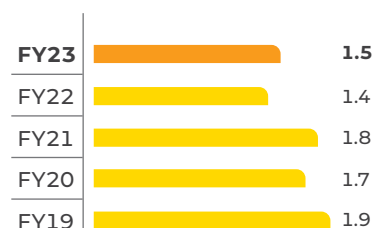
### Return on equity (ROE) (%)



### Net Debt/Equity (x)



### Fixed Asset Turnover (x)



## OPERATIONAL REVIEW

During the year, our commercial reset strategy, coupled with input cost pressures, volatility, and increasing logistics costs impacted margins and our overall performance. Nonetheless, we have had a good year in terms of product launches and customers onboarded.

## HIGHLIGHTS

**New products have contributed 14% of Revenue during the year**

**CRAMS business growth is driven by low molecular weight peptides and material sciences**

**Filed 12 market extensions for 15 products**

## Strategic pillars

# A forward-looking view

Supported by its robust framework, Solara has been intensifying its efforts to enhance the size and reliability of its supply chain. We want to emerge as a successful competitor in various product categories. Our primary focus is on maximising our innovation potential and addressing the unmet needs of the market, thereby ensuring sustained growth and profitability for our business.

### VALUE DRIVER

#### Grow base business



#### Launch new products



#### Expand CRAMS business



#### Capacity expansion at Vizag



## FOCUS AREA

- Secure a strong position in regulated markets through anchor customers
- Implement backward integration to improve margin
- Maintain cost leadership by improving operational efficiencies and backward integration
- Take advantage of our Company's market leadership in specialised product variations
  
- Accelerate research and development (R&D)
- Revamp the product selection process to ensure it stays up to date
- Prioritise speed and scientific advancement in all operations
- Ensure the right product selection that balances complexity and market attractiveness
- Create unique products that can be brought to market quickly.
- Emphasise developing strategic customer partnerships as a key component of long-term growth
  
- Emphasise the ability to solve complex chemistry challenges using a technology platform
- Rapidly scale the business by leveraging an existing innovator and customer base
- Establish our Company's position based on its ability to solve challenging chemistry problems using its technology platform
- Utilise the current innovator and customer base to quickly scale up operations
  
- Regulatory compliance with CEP approval obtained for Ibuprofen manufacturing at Vizag facility
- Market expansion into less regulated markets for customer diversification
- Product portfolio enhancement through commercial production at Vizag facility, starting with Ibuprofen

## PROGRESS DURING FY23

- Regulated markets revenues at 70% of FY23 revenues as compared to 62% in FY22
- Continued focus on Operating cost reduction, continuous improvement programme (CIP), and inventory management
  
- New products accounted for 14% of FY23 revenues
- Re-initiated stronger focus on R&D and added 15+ new programmes
- Filed 5 US\$MFs in FY23

CRAMS revenue at 5% of FY23 revenues

- Vizag site started manufacturing intermediates and final API
- USFDA approval received in Q4FY23



Key business enablers – Capacity and capability

# A strategy for progress

We have developed strategies to recover, stay competitive, and streamline our operations. To this end, we have implemented several cost-saving programmes.



## OUR SERVICE OFFERINGS

Our services cover various stages of drug development, including contract development for lead analogs and building blocks, customised synthesis for pilot campaigns and clinical supplies, contract manufacturing of APIs and advanced intermediates, and regulatory and analytical support throughout the development process.

## FLEXIBLE AND DIVERSE

There are 6 API facilities, out of which five have obtained regulatory clearance and comply with international standards. The total reactor capacity is 2,580 KL, with a range of reactor sizes that demonstrate versatility and adaptability. The manufacturing network includes a variety of factories, from large-scale specialised facilities to small-scale specialty APIs, offering a wide range of options to meet diverse needs.

## ROBUST COMPLIANCE

We have received approvals from several regulatory agencies, including the US Food and Drug Administration (FDA), the European Directorate for the Quality of Medicines (EDQM), the Korea Food and Drug Administration (KFDA) in South Korea, the Euro Zone's Good Manufacturing Practice (EUGMP)

in Denmark, the World Health Organization (WHO) in Geneva, the Medicines and Healthcare Products Regulatory Agency (MHRA), the Federal Commission for the Protection against Sanitary Risk (Cofepris) in Mexico, and the Therapeutic Goods Administration (TGA) in Australia.

## CAPACITY OF OUR VIZAG FACILITY

Our Vizag facility is a key asset for our Company, as it offers substantial capabilities for backward integration and a robust supply chain to support the launch of new active pharmaceutical ingredients (APIs). With its impressive capacity, this versatile plant not only facilitates product validation but also paves the way for future growth opportunities. The Vizag facility achieved a significant milestone by obtaining CEP approval for the manufacturing of Ibuprofen, adding to our portfolio of approved APIs.

Furthermore, we are proud to announce that the facility has received USFDA approval in the fourth quarter of 2023, reinforcing our commitment to stringent quality standards. Commencing manufacturing operations for intermediates and final API in the third quarter of 2023 has yielded positive results, as evidenced by the notable reduction in under-

recovery in the fourth quarter. In line with our focus on regulatory compliance, we have filed three out of five new US Drug Master Files (US\$MFs) from our Vizag site. These accomplishments showcase our dedication to operational excellence, regulatory accreditations, and meeting the growing demands of the pharmaceutical industry.

## Filed 3 out of 5 new US\$MFs from Vizag



Key business enablers

# Progress through R&D excellence

We aim to diversify and scale our asset portfolio across all our manufacturing facilities. They are all equipped with state-of-the-art technologies and capabilities, such as catalytic hydrogenation, hydride reductions, organometallic reactions, and hazardous reactions.



## R&D STRENGTH

### Technical expertise

Our experienced technical leadership produces pharmaceutical products of exceptional quality, providing strategic benefits to our partners and customers.

### Development

We leverage our R&D competence to create new and superior technologies across a whole cycle at a low cost

### Product selection

We prioritise the selection of high-margin molecules with strong chemistry capabilities and utilise quick-to-launch approaches for new molecules and market extensions. Our focus is on strategic product selection to generate maximum value.

### Regulatory filings

Strong intellectual property assessment skills and worldwide regulatory expertise

## POLYMER

Insoluble therapeutic polymers, which are a limited subset of polymers, function by isolating specific toxic substances in the gastrointestinal tract. They differ from small-molecule medications, the ones that are eliminated via urine by the kidneys.

Insoluble polymer medications, on the other hand, are not absorbed in the GI tract or bloodstream. They are eventually removed via faeces which lessens the burden on the kidneys.

Apart from this, we have expertise in polymer-drug characterisation and manufacturing and have developed a portfolio of polymer medicines, including Sevelamer Carbonate, Sevelamer HCl, Patiomer, Colesevelam, and Colestipol. We achieve this by collaborating with innovator companies in the CRAMS segment. Our facilities meet efficient small/large volume polymer needs across multiple locations. We also keep a close watch on regulated markets.

# ₹370 million

R&D Investment

## Key business enablers – Product

# Strengthening our portfolio

We have established a solid foothold in major regulated markets and other important global regions. This will aid in our recovery in the upcoming year. By leveraging our existing customer base and strong foundation, we are also investing in new technologies within the CRAMS sector.

### A ROBUST PRODUCT PROFILE

We have a strong foundation based on a distinct set of core items that will help us navigate the current challenging situation. Our growth momentum will be driven by new API releases and an R&D pipeline tailored to meet client demands.

Our API portfolio is attractive, with expertise in complex APIs, more than 60 commercialised products, and 90+ US DMF filings. We have a cost advantage in several of our high-volume items. Our new product pipeline includes Sapropterin, Sodium Zirconium, Sugammadex, and others, and we have categorised our product selection strategy into three buckets based on new products with a first-mover advantage, market-specific opportunities, and potential quick launches due to the scarcity of reliable suppliers.

We are also focused on selecting higher margin compounds in the short to long term, leveraging our strong chemical, technical, and infrastructural capabilities.



**FILINGS ACROSS GEOGRAPHIES**

95



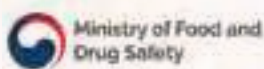
08



07



22



31



11



17



05



08

**PRODUCT STRATEGY****Core portfolio**

Leadership position backed by strong moats

**R&D pipeline**

Multi-pronged new product development

**Recently filed products**

Strong growth with commercialisation/scale up

**CRAMS BUSINESS****Confidentiality**

Customer confidentiality guaranteed

**Responsiveness**

Highly responsive, customer-focused teams from inquiry to delivery

**Performance**

Delivery performance is a KPI, even at the proposal stage

**Team**

Dedicated project management, driving project execution and responding to customer needs

**Transparency**

High level of communication, visibility, and customer involvement

**Feedback**

Post-project customer survey to continuously monitor our performance and drive improvement

## Key business enablers – Process

# Impact through meaningful processes

Our commitment to maintaining reliable, scalable development processes is unwavering. And, we do this while adhering to the highest global standards in terms of health, safety, and sustainability. As a result of our diligent cost-cutting efforts, including supply-cost reductions and operational enhancements, we are seeing significant improvements in our business outcomes.

## PREFERRED PARTNERS

### Assured supply to customers

#### WORLD-CLASS QUALITY CONTROL LABORATORIES

Our analytical testing laboratories comply with US FDA 21CFR Part 11 regulations and Computer System Validation Guidance, utilising advanced tools to test and release raw materials, intermediates, drug substances, and microbiological samples.

Our GxP software and analytical equipment have been recognised by regulatory bodies globally. We employ various applications, such as Chromeleon, Lab Solutions, Ally Soft, Tiamo software, Spectrum ES, and Master Sizer 3000, for chromatographic instruments, UV spectrophotometers, stability chambers, titrators, pH meters, infrared spectrophotometers, and particle size distribution analysers.

### Diversified manufacturing base

#### E-QMS SYSTEMS ACCREDITED BY GLOBAL REGULATORY AUTHORITIES

Our Quality Management System (QMS) is designed to comply with the cGMP requirements set by various national and international regulatory bodies, including the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use regulations (ICH).

To manage QMS requirements electronically as e-docs/e-records, we use globally recognised GxP solutions.

### Integrated Quality Management System (QMS) from supply chain to product delivery processes

Our facilities have implemented several internationally approved electronic GxP solutions, such as a track-wise system for managing the quality elements of the QMS, SAP HANA version for material management systems, Labware Solutions for quality control laboratories to comply with cGLP regulations, MiniTab for evaluating GxP data trends, New Gen for establishing procedures, and compliance-wire for handling training activities and documentation.

#### ENVIRONMENT, HEALTH, AND SAFETY (EHS)

Solara is committed to upholding stringent environmental, health, and safety (EHS) standards through proactive measures. We have implemented a comprehensive EHS framework designed to safeguard the well-being of our employees, contractors, and the local communities in which we operate. Our primary objective is to manufacture goods in a manner that prioritises safety and ecological responsibility.



# Embracing responsibility as a corporate imperative

We are a mission-driven business that is committed to creating a positive impact, and as such, we have launched various initiatives aimed at involving the community. These efforts are designed based on the requirements of our stakeholders, which include our employees, the local communities we operate in, and the environment. Our focus is on areas such as education, healthcare, and safety, as well as promoting sanitation and hygiene.



## PEOPLE

### People-centric engagement

We aspire to set ourselves apart from others by cultivating a highly skilled and talented workforce. To achieve this goal, we have recognised the importance of fostering a culture that is purpose-driven and promotes active engagement among our employees. As a result, we have implemented a variety of measures to achieve this, which are outlined below.

### Building resilient core skill sets for a robust workforce

We select individuals for employment based on their core skills and technical expertise, with a particular emphasis on their ability to respond quickly to changing client needs. We have a team of over 137 research and development chemists working to develop new processes and technologies that can meet the dynamic demands of the market.

Our engineers are dedicated to bringing experimental concepts from R&D to commercial production. Additionally, our staff are focused on ensuring quality, and their in-depth knowledge of both our products and the industry strengthens our offerings.

### Fostering collaboration among domain experts

Recognising that the API sector is a knowledge-driven industry, we are committed to hiring the most exceptional and qualified candidates. We provide additional on-the-job training to ensure that our team remains proactive and maintains our competitive edge, while also spearheading innovative solutions.

## COMMUNITIES

### Sanitation – Safe drinking water

- In Puducherry, the RO water plants are functioning well, benefitting around 3,000 people. These plants utilise reverse osmosis technology to purify water, providing a safe drinking water source for the residents.
- Efforts have been made in Kudikadu village in Cuddalore to supply safe drinking water to the community. Over 2,500 villagers now have access to clean water, addressing the issue of water contamination and improving their overall health.
- In Poondiyanakuppam, Cuddalore, a construction project is underway to build an overhead tank. This tank aims to cater to the water needs of approximately 250 families, ensuring a reliable water source for their daily requirements.

### Education

- Several infrastructure improvement projects have been undertaken to enhance educational facilities in different regions. In Uppaligarahundi, Nanjangudu, Mysuru, construction of classrooms for a government school has been initiated. This initiative aims to benefit 113 children by providing them with proper learning environments.
- In Ambernath, support has been extended to the Education Department to enhance the quality of learning in 40 Municipal Schools. This has been



achieved by supplying flannel soft boards, chairs, and tables, benefitting approximately 400 students.

- A government school in Chennai has received support through the construction of a drinking water tank and stage. This endeavour has positively impacted 237 students by ensuring access to safe drinking water and providing a dedicated space for various school activities.

### Infrastructure enhancement at institutions

- IT infrastructural support has been extended to Lady Goshen Hospital in Mangaluru, resulting in a significant reduction in manual work at the facility. This support has enhanced the hospital's capacity to provide medical care to thousands of deserving patients. The implementation of IT infrastructure has streamlined various administrative and operational tasks, allowing healthcare professionals to focus more on patient care.
- A municipal hospital in Ambernath has received

support in the form of medical equipment. This aid is expected to benefit around 2,500 deserving patients. The provision of necessary medical equipment aids in accurate diagnosis, effective treatment, and overall improvement of healthcare services provided by the hospital.

### Community support

- In Ambernath, Krishna Rao Vridashram has received support in the form of amenities such as water purifiers, tube lights, and fans. These provisions have enhanced the living conditions of 50 senior citizens residing in the Vridashram, promoting their well-being and comfort.
- In Pondicherry, a programme on Disaster Preparedness was sponsored for the students of Indira Gandhi Medical College and Research Institute. This initiative aimed to educate and prepare the students to handle emergencies and respond effectively during disaster situations.

## Board of Directors

# Paving the way for holistic growth



**MR. ARUN KUMAR**  
Founder & Non-Executive Director

Mr. 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 led the Company in establishing a global reputation through a unique business model that has generated significant value for its stakeholders.

Mr. Kumar's entrepreneurial skills extend beyond Strides. He played a pivotal role in co-founding and developing SeQuent Scientific Limited, which quickly emerged as India's largest fully integrated Animal Health Company within a span of five years, thanks 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 active pharmaceutical ingredient (API) Company, Mr. Kumar is currently leading the organisation to become India's second-largest API business in less than four years.

His remarkable achievements have been 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 Chintalapati Raju 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, Mr. Kartheek Chintalapati Raju 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.

He 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.



**DR. KAUSALYA SANTHANAM**  
Independent Director

Dr. Santhanam, the founder of SciVista IP & Communication ([www.scivistaip.com](http://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 obtained her PhD in Cell Biology and Immunology from Chandigarh's Post Graduate Institute of Medical Education and Research (PGIMER). Following that, she conducted post-doctoral research in Cancer Biology at the Centre for Cellular and Molecular Biology (CCMB) in Hyderabad, where her research findings were published in peer-reviewed journals.

She then pursued her research at the Walter Reed Army Institute of Research in Washington, DC, as a National Research Council (NRC) Fellow, focusing on molecular processes related to inflammation. Subsequently, 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. RAMAKRISHNAN R.**  
Independent Director and Audit Committee Chairman

Mr. Ramakrishnan holds a law degree from Bangalore University and is a Fellow Member of the Institute of Chartered Accountants of India. He is a highly experienced Chartered Accountant based in Bangalore, specialising in Direct Tax, Audit, and Assurances, with a professional career spanning over four decades.

Throughout his distinguished career, Mr. Ramakrishnan has served as an independent Director in publicly traded corporations and has held positions on the boards of reputable firms for more than three decades. 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 endeavors. He serves as the Managing Trustee of the RRK Foundation, a charitable organisation that provides financial support to economically disadvantaged students in upper secondary schools and undertakes various social projects. Furthermore, he holds the position of Chairman of the Audit Committee and serves as an Independent Director in his current Company.

## Board of Directors



**MR. ANKUR THADANI**  
Non-Executive Director

Mr. Thadani is a Mumbai-based Principal with TPG Growth. He joined TPG in 2013 and has since been involved in various projects across India and South Asia, specifically in the healthcare, energy, and consumer sectors. As a Board member, he contributes his expertise to companies such as CTSI, Rhea Healthcare, Fourth Partner Energy, and Asiri Hospitals.

Before joining TPG, Mr. Thadani gained valuable experience working with India Equity Partners, a private equity firm in India that focuses on consumer and healthcare assets. His contributions in this role further enriched his understanding of the industry.

Mr. Thadani holds an MBA from the Indian Institute of Foreign Trade (IIFT), where his outstanding performance earned him the prestigious Gold Medal for overall excellence. His educational background, combined with his extensive experience in private equity and board-level engagements, make him a valuable asset to TPG Growth and its portfolio companies.



**MR. POORVANK PUROHIT**  
Managing Director & CEO

Poorvank has over 19 years of strong B2B experience in both API & Finished Dosage Forms. He is known as a transformational leader which are endorsed with his award of being "Person of the Year 2021" by Inner Review Magazine (March 2022 edition) and being featured among "Top 10 Chief Operating Officers 2021" across sectors by CEO Insights Magazine (September 2021 edition). His expertise lies in turning around companies for exponential growth and sustainable organisation. Poorvank has built business across geographies

with top Innovator/Generic/Dossier companies.

Poorvank is a Chemical Engineering graduate from M. S. Ramaiah Institute of Technology, Bangalore. An alumnus of IIM-B and Wharton Business School, Poorvank has previously worked for leading pharma organisations viz. Hikal, Alembic, Jubilant, Ranbaxy (Sun Pharma), R L Fine Chem (an API-focused Company) and has held leadership positions providing strategic direction and orchestrated business improvement programmes.

## Leadership team

# Driven by purpose and principles



**POORVANK PUROHIT**  
MD & CEO



**RAJEEV SINGH**  
Chief Human Resource Officer



**DR. SUDHIR NAMBIAR**  
Chief Scientific Officer  
(Head R&D)



**SUNDARA MOORTHY V.**  
Chief Quality Officer



**MOHAN MUTHUNARAYANAN**  
Chief Operations Officer

# Management Discussion and Analysis

## A. ECONOMIC AND INDUSTRY OVERVIEW

### Global Economy

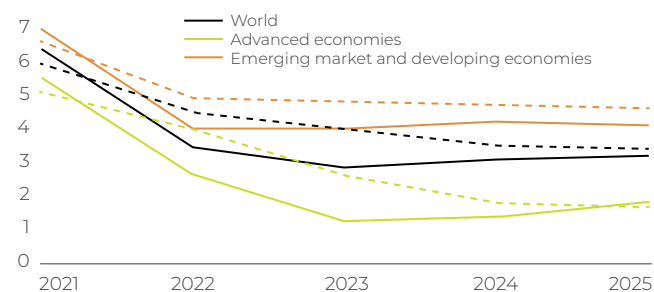
The world economy showed nascent signs of stabilizing in early 2023, but the recent increase in financial market volatility raised the risks for significant market repricing. Central banks tightened aggressively to bring inflation back towards their targets, resulting in banks' strong liquidity and capital positions. The global economy is gradually recovering from the disruptions to supply chains and energy and food markets caused by the Ukraine-Russian conflict. The monetary policies implemented by central banks worldwide are showing signs of success, which is encouraging.

By the end of 2024, emerging market and developing economies are predicted to be about 6% below pre-pandemic GDP levels, with inflation, currency depreciation, and insufficient investment in people and the private sector causing a significant reduction in median income levels.

### Outlook:

#### Figure 1.13. Growth Outlook: Feeble and Uneven

(Percent; dashed lines are from January 2022 WEO Update vintage)



Source: IMF staff calculations.

Note: The figure shows the projected evolution of real GDP growth for the indicated economy groups. WEO = World Economic Outlook.

**The baseline scenario** for the global economy is for output growth to slow down from 3.4% in 2022 to **2.8% in 2023**, before rising to 3.0% in 2024.

**The growth forecast** for advanced economies is projected to decline by half in 2023 to 1.3% before rising to 1.4% in 2024, with about 90% of these economies projected to see a decline in growth in 2023.

**For emerging markets and developing economies**, growth is expected to be, on average stronger than advanced economies, with a forecast of 3.9% in 2023 and 4.2% in 2024. However, these prospects vary widely across regions. Low-income developing countries are expected to grow by 5.1%, on average, over 2023-24. Still, per capita income growth is projected to be below that of middle-income economies, hindering the convergence of living standards.

### INDIAN ECONOMY:

India's 75th year of independence in 2022 marked a noteworthy milestone as the country became the world's fifth-largest economy, with a nominal GDP of around US\$ 3.5 trillion by March. According to the World Bank, India remains one of the fastest-growing economies in the world, with an estimated overall growth of **6.9% for the full year**, and a real GDP growth of **7.7% year-on-year** in the first three-quarters of FY22.

The Indian economy has performed well in the last year, driven by a rebound in private consumption that has seamlessly replaced export stimuli as the leading growth driver. The Indian government's near-universal vaccination coverage has lifted consumer sentiments, encouraging people to spend on contact-based services such as restaurants, hotels, shopping malls, and cinemas. This has resulted in a boost to production activity and increased capacity utilization across sectors. The Indian economy has also been driven by a significant increase in capital expenditure by the central government, which has increased by 63.4% in the first eight months of FY23, crowding in private Capex. This sustained increase in private Capex is also imminent due to the strengthening of the balance sheets of the Corporates and the consequent increase in credit financing it has been able to generate.

### Atmanirbhar Bharat Production-Linked Incentive (PLI) Scheme:

The Atmanirbhar Bharat Production Linked Incentive (PLI) Scheme aims to boost India's manufacturing sector and make it self-reliant. The healthcare sector has also been included in the scheme, with a budget of ₹ 15,000 Crores to promote local production of medical devices and reduce imports. This initiative is expected to increase availability, reduce healthcare costs, create employment opportunities, and enhance the growth of the healthcare industry. The PLI Scheme is a crucial step towards achieving self-reliance and improving the quality and affordability of healthcare services in India.

### Outlook

India stands tall in the global economic landscape, buoyed by various key factors. The country capitalizes on **its demographic dividend, digital transformation, and innovation potential to drive sustained growth**. Despite challenges faced by the Indian industry due to the Russian-Ukraine conflict, the economy is expected to grow at 6.9% in FY23, following an 8.7% growth in the previous financial year.

In addition to these macroeconomic factors, the Indian healthcare system has significantly improved in recent

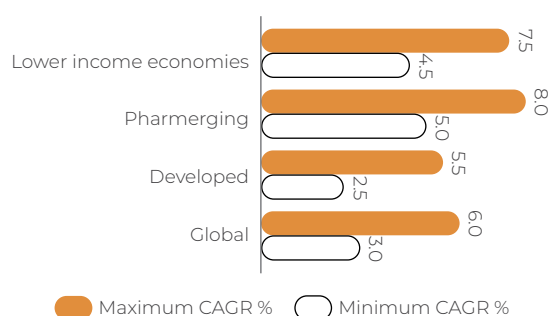
years. The government has launched several ambitious schemes and programs to improve access to healthcare for all citizens, including the Ayushman Bharat scheme, which provides free healthcare coverage to over 500 million people, and the National Health Stack, which aims to create a unified digital healthcare system nationwide.

### GLOBAL PHARMACEUTICAL INDUSTRY:

In recent years, the global pharmaceutical market has experienced significant growth, reaching an estimated value of 1.48 trillion U.S. dollars in 2022. This is due to adoption of new technologies, cost-effective manufacturing approaches, and a surge in investment flow. The industry's continuous focus on innovation has reduced manufacturing downtime and waste. This market plays a crucial role in providing people with medications and determining the costs of such medications. However, some markets are more favorable for pharmaceutical companies than others.

With the lingering effects COVID-19 pandemic hitting the world, the need for new therapies and vaccines became apparent, and pharmaceutical companies were under immense pressure to provide quick results. The global leaders in the vaccine market, including GSK, Pfizer, Merck & Co., and Sanofi, were in the public's focus.

#### PROJECTED GROWTH OF WORLD PHARMACEUTICAL MARKET BY REGIONAL GROUP 2023 AND 2027



### Outlook:1

The global pharmaceutical industry is a critical component of the healthcare sector, responsible for the research, development, manufacturing, and distribution of life-saving drugs and medical devices. According to data from Statista, the global pharmaceutical market is projected to reach a value of over 1.5 trillion U.S. dollars by 2023, with a compound annual growth rate (CAGR) of 6.1% from 2018 to 2023. Government agencies heavily regulate the sector to ensure the safety and efficacy of drugs, and companies invest heavily in research and development to bring new treatments to market. The COVID-19 pandemic has also brought renewed attention to the pharmaceutical industry as companies raced to develop vaccines and treatments for the virus. However, the industry faces challenges such as rising healthcare costs, patent expirations, and increasing competition from generic drug manufacturers.

1 Statista Reports

### API INDUSTRY:

The Global Active Pharmaceutical Ingredients (APIs) market was US\$ 190.5 Billion in 2022 and will surpass US\$ 261.3 Billion by 2027, expanding at a CAGR of 6.52 from 2022 to 2027. The global API market is expected to experience substantial growth between 2024-2028 due to several factors. The increasing demand for specialty medicines and the high adoption rate of generic drugs are key drivers of market growth. The biopharmaceutical sector's expansion and development of new drugs with active pharmaceutical ingredients also propel market growth.

Moreover, the rising prevalence of chronic and infectious diseases such as cancer, diabetes, and hepatitis A is surging the demand for APIs. The market is segmented by type of synthesis, manufacturer, route of administration, drug type, therapeutic application, and region. Due to adequate manufacturing units and technological advancements, North America will continue dominating the market.

### Growth Drivers

- 1. APIs used in high-quality medications:** Active Pharmaceutical Ingredients (APIs) are used in the production of high-quality medications that address a range of chronic diseases.
- 2. Increasing incidence of chronic diseases:** Chronic diseases such as cancer, heart disease, stroke, diabetes, and arthritis often last for three months or longer and may worsen with time.
- 3. Aging population:** The aging population is another key factor driving the demand for APIs as they are more likely to suffer from chronic diseases. According to the United Nations, the global population aged 60 years or over is expected to double by 2050 and triple by 2100.
- 4. Technological advancements:** Advancements in technology have led to the development of innovative APIs and drug delivery systems, which are more effective and have fewer side effects.
- 5. Increasing healthcare expenditure:** The increasing healthcare expenditure globally is expected to drive the growth of the API market as governments and healthcare organizations invest in developing new and innovative medications to treat chronic diseases.

### CONTRACT RESEARCH AND MANUFACTURING SERVICES (CRAMS)

The pharmaceutical contract manufacturing industry is set for strong growth due to increased demand for cost-effective solutions, drug launches, complex formulations, and personalized medicines. Companies are capitalising on this growth by providing high-quality, cost-effective solutions. The market is expected to see an increase in players, with research and development investment leading to innovative products.



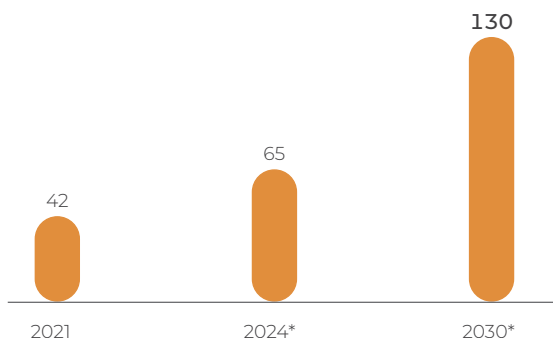
The Pharmaceutical Contract Manufacturing Market was valued at \$176.5 billion in 2023, growing at a CAGR of 7.9% to reach \$258.3 billion by 2028, according to MarketsandMarkets™.

### Growth Drivers

1. Increased investment in precision medicines
2. Patent expiry & increasing demand for generic drugs.
3. High cost of in-house drug development
4. Investments in advanced manufacturing technologies by CDMOs
5. Availability of cost-efficient resources and increasing number of US-FDA approved manufacturing plants in emerging markets

### INDIAN PHARMA INDUSTRY: A GROWING GLOBAL PLAYER

INDIA PHARMACEUTICAL MARKET (US \$ BILLION)

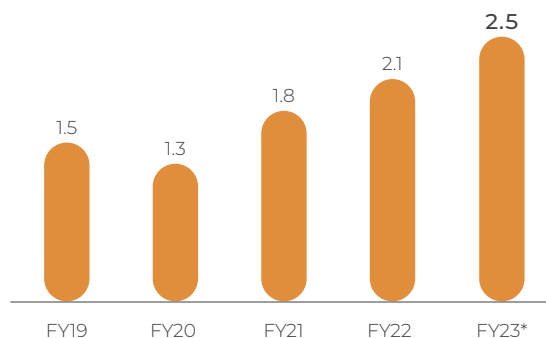


India is a key provider of generic drugs worldwide, known for affordable vaccines and medications. The Indian pharmaceutical industry has evolved into a thriving sector, growing at a **CAGR of 9.43%** since the past nine years, and is currently ranked third in pharmaceutical production by volume. The industry comprises segments like generic drugs, vaccines, biosimilars, biologics, contract research and manufacturing, bulk drugs, and over-the-counter medications.

India has the greatest number of pharmaceutical manufacturing facilities that comply with the USFDA, and around **8% of the global API market** is produced by 500 Indian API producers. The Indian pharmaceutical market is expected to reach \$65 billion by 2024 and \$130 billion by 2030. About 20% of the global exports in generic drugs are met by India, and Indian pharma companies have a significant share in the US and EU prescription markets. The largest number of FDA-approved plants outside the US is in India.

The Indian government was estimated to spend over two percent of the country's GDP on healthcare in 2022. This significant increase was predicted based on the likelihood of greater penetration of government health insurance in the country.

### GOVERNMENT HEALTHCARE EXPENDITURE AS A SHARE OF GDP IN INDIA FROM FY2014 TO 2022, WITH AN ESTIMATE FOR 2025



### Growth drivers

#### Cost efficiency

India's pharmaceutical industry has gained global recognition for its cost-effective and high-quality medicines. It has become a significant player in the global pharmaceutical market and is called the "Pharmacy of the World."

#### Policy

The Ministry of Chemicals and Fertilisers launched the "Strengthening of Pharmaceutical Industry (SPI)" scheme with a total financial outlay of US\$ 60.9 million (₹ 500 Crores) to improve the productivity, quality, and sustainability of existing pharma clusters and MSMEs across the country.

The Government has set a target to increase the number of Pradhan Mantri Bhartiya Jan Aushadhi Kendras (PMBJKs) to 10,500 by the end of March 2025. PMBJKs offer affordable medicines to people across the country. The product basket of PMBJP comprises 1,451 drugs and 240 surgical instruments.

#### Increasing investment

India's pharmaceutical industry is attracting significant foreign direct investment (FDI). Up to 100% FDI has been allowed through automatic route for Greenfield pharmaceutical projects. For Brownfield pharmaceutical projects, FDI is allowed up to 74% through automatic route and beyond that through government approval.

### Outlook:

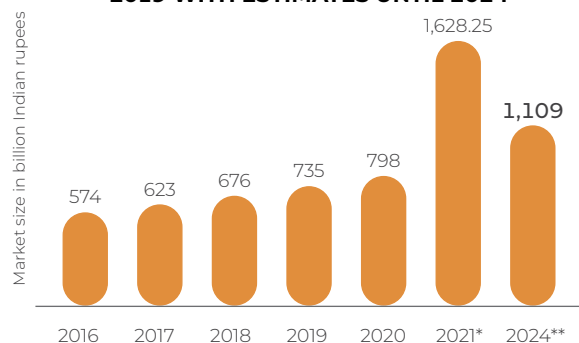
The domestic pharmaceutical market in India is poised for substantial growth over the next decade. According to CARE Ratings, India's pharmaceutical industry is anticipated to grow at an annual rate of approximately 11% over the next two years, surpassing a value of \$60 billion. This robust growth rate reflects the increasing demand for healthcare and pharmaceutical products in the country. On the global stage, India has emerged as a rising player in the pharmaceutical sector, boasting a considerable market share. With its strong manufacturing capabilities, a skilled workforce, and a focus on cost-effectiveness, India has become an

attractive destination for pharmaceutical companies worldwide. The country's contribution to the global pharmaceutical market continues to expand, solidifying its position as a key player in the industry.

## INDIAN API INDUSTRY<sup>2</sup>

The Indian Active Pharmaceutical Ingredient (API) market is expected to reach US\$ 27.9 billion by 2023. The API industry is a crucial part of the Indian pharmaceutical industry and accounts for more than half of the country's pharmaceutical exports. In 2020, India exported APIs worth US\$ 3.5 billion. Based on forecasted values, the API market size was expected to increase by almost nine percent from 2020 to 2024. The government has launched the Production Linked Incentive (PLI) scheme for the pharmaceutical industry, which includes a specific scheme for promoting domestic manufacturing of critical KSMs and APIs.

**MARKET SIZE OF ACTIVE PHARMACEUTICAL INGREDIENT (API) INDUSTRY IN INDIA FROM 2016 TO 2019 WITH ESTIMATES UNTIL 2024**



### Growth Drivers

**Genericization:** The increasing degree of genericization, with ~950 small molecule drugs set to go generic from 2024-2026, creates a significantly large market.

**Shifts in Competitiveness of Chinese Firms:** Stricter environmental norms, coupled with increasing labor costs, have increased the cost of doing business for Chinese firms, weakening the moat. Multiple firms in the Agro and API space have perished, making the position of Indian players more competitive.

**Fragmentation:** Despite the high deal activity, the API and CDMO sector remains highly fragmented, with over 2500 API and intermediate manufacturers in the country.

**Increased PE Deal Activity:** The healthcare sector has seen increased PE deal activity over the last 24 months, with significant foreign capital flowing in. Large institutional investors, both foreign and domestic, have taken a keen interest in this space.

2 India Brand Equity Foundation (IBEF) - <https://www.ibef.org/industry/pharmaceutical-india-showcase.aspx>

Pharmabiz - <https://www.pharmabiz.com/NewsDetails.aspx?aid=141391&sid=1>

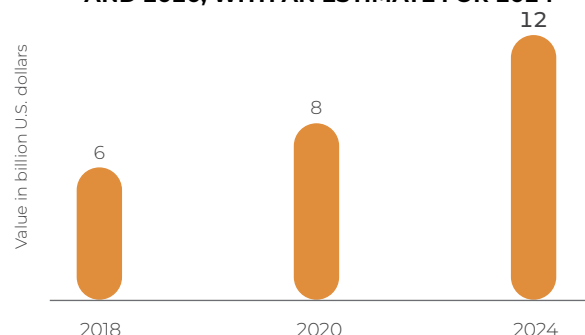
## Indian CRAMS Industry

The Indian CRAMS market is expected to reach US\$ 33.4 billion by 2028, growing at a CAGR of 14.7% from 2021 to 2028. In 2020, the market size of Contract Development and Manufacturing Company and Contract Research and Manufacturing Services was about 8 billion U.S. dollars across India. This sector was estimated to rise to 12 billion U.S. dollars by 2024.

The increasing demand for cost-effective drugs and the rising trend of outsourcing drug discovery and development processes are some of the factors driving the growth of the Indian CRAMS industry. The major factors driving the growth of the CRAMS industry in India include increasing outsourcing of drug development and manufacturing activities by pharmaceutical companies, the availability of skilled manpower, cost advantages, and favourable government policies. Additionally, the COVID-19 pandemic has also led to increased demand for contract manufacturing services.

The Indian government has launched several initiatives to promote the growth of the CRAMS industry, including the PLI (Production Linked Incentive) scheme, which provides incentives to pharmaceutical companies for manufacturing high-value products in India.

**MARKET SIZE OF CDMO AND CRAMS IN INDIA IN 2018 AND 2020, WITH AN ESTIMATE FOR 2024**



### Growth Drivers

**China+1 Sourcing Model:** The adoption of a China+1 sourcing model by global pharmaceutical players has led to supply chain de-risking and increasing demand for Indian API and intermediate players.

**Growing Interest in the CRAMS Segment:** The higher margins and rapidly growing demand in the CRAMS segment are driving high levels of CAPEX by existing players and the entry of new players.

**Fragmentation:** Despite high deal activity, the API and CDMO sector remains highly fragmented, with over 2500 API and intermediate manufacturers in the country.

**Outsourcing of Bulk Drug Manufacturing:** Larger global players will continue to outsource bulk drug manufacturing, and India is emerging as a preferred destination for CRAMS with increasing contract awards and growing market size.

## BUSINESS REVIEW

### Company Overview

Solara Active Pharma Sciences is a dynamic and customer-centric manufacturer of active pharmaceutical ingredients (API) with a legacy of over three decades.

We are committed to bridging the industry gap by providing value-based products while prioritising the needs of our customers. Our state-of-the-art R&D centre is staffed with more than 137 scientists and supported by 6 API manufacturing facilities. We remain true to our vision of maintaining the integrity and operational transparency of our partnerships by striving for utmost efficiency across our organisation. Our business spans across 75 countries, with extensive operations in key markets such as North America, Europe, Japan, South Korea, and the Middle East and North Africa.

### Our Growth Drivers:

#### API Development:

At Solara, we develop and manufacture APIs for various therapeutic categories, including complicated products such as polymer-based APIs and injectables. Our expertise and experience enable us to deliver quality products that meet our client's requirements.

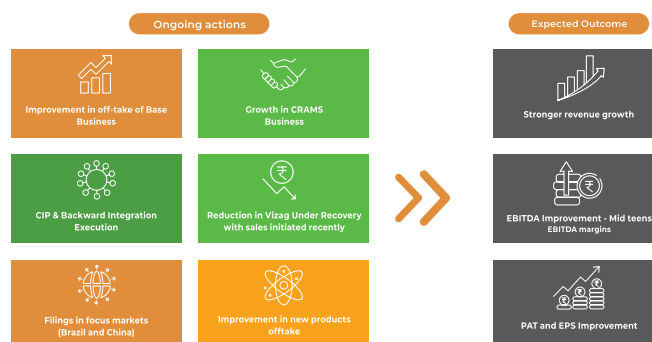
#### CRAMS:

Our contract development and manufacturing services cover the entire value chain of a new chemical entity, from preclinical to commercial phases. We offer a wide range of services, including analytical services, impurity synthesis, and regulatory support, among others.

### Outlook:

India's resilience and the growing demand for pharmaceutical products have positioned our company as a reliable source for quality APIs. Furthermore, the 'China +1' strategy presents an advantageous opportunity for us to expand our business. As we navigate the short-term challenges, we remain committed to delivering value to our stakeholders and accelerating our growth strategy.

We remain on track with our course-correction plan and deliver sustainable long-term performance



### FINANCIAL PERFORMANCE

Once again, we delivered a solid performance, driven by a favourable mix and volume growth during the year. Faced with a multitude of challenges, our differentiated product offerings enabled us to achieved revenue growth. Additionally, our proactive cost countermeasures, along with a focus on operational excellence, enabled us to achieve growth in profitability.

KPI (As per Consolidated Statement of Profit and Loss and Amount in ₹ Crores except per share data and %)	2018-19 FY	2019-20 FY	2020-21 FY	2021-22 FY	2022-23 FY	YoY change
Total Income	1,399.06	1,349.27	1,645.65	1,288.36	1,466.36	14 %
EBITDA	231.60	279.34	400.42	92.23	150.65	63 %
EBITDA margin (%)	16.6	20.7	24.3	7.2	10.3	312 bps
Profit after tax	67.09	114.52	221.35	(58.29)	(22.25)	62 %
Basic EPS (₹)	24.88	44.29	69	(16.18)	(6.16)	38 %

### FINANCIAL RATIOS

KPI	2018-19 FY	2019-20 FY	2020-21 FY	2021-22 FY	2022-23 FY
Return on capital employed (ROCE) (%)	14.1	16.8	16.5	-0.9	1.9
Return on equity (ROE) (%)	11.4	15.9	19.3	-5.3	-2.1
Net Debt/Equity (x)	0.8	0.8	0.3	0.8	0.7
Fixed Asset Turnover (x)	1.9	1.7	1.8	1.4	1.5

### People & Culture<sup>3</sup>

As of March 31, 2023, we have a strong workforce of over 2361 employees who are the backbone of our success. Our team is composed of individuals from diverse backgrounds, each contributing their unique expertise and experience to achieve our collective objectives.

<sup>3</sup> <https://solara.co.in/wp-content/uploads/2022/09/Annual%20Report%202021-22.pdf?t=1663840365>

### Solara Leadership Council (SLC):

The Solara Leadership Council, alongside our highly competent senior management team, provides the necessary guidance and direction to ensure that we successfully pursue our growth objectives. Their vast knowledge, skills, and experience make them invaluable assets to our organisation.

## Expertise and Drive:

We recognise that the success of our organisation is driven by the expertise and drive of our people. Our workforce comprises individuals with in-depth topic expertise, who stay current on industry trends and market developments. This expertise and drive are critical in transforming on-the-ground opportunities into tangible value for our stakeholders.

We are committed to fostering a culture of learning and development, empowering our people to reach their full potential. By investing in our workforce, we aim to continue delivering innovative solutions that create value for our customers and stakeholders.

## ENTERPRISE RISK MANAGEMENT

Mitigating risks is crucial for our business success. We have a plan to ensure our long-term profitability and viability by identifying and assessing risks and raising risk awareness across all levels of the organisation. Our risk management framework includes a committee to oversee strategic, operational, and financial risks. We have outlined potential risks and strategies to mitigate them in our report. Our goal is to develop a value-driven risk culture where risks are systematically included in business decisions.

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.	<ul style="list-style-type: none"> <li>Continuous investments are essential to enhance the resilience of our supply chain.</li> <li>Having diverse segments and operating in multiple locations helps to reduce dependence on a single product or market.</li> </ul>
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.	<ul style="list-style-type: none"> <li>Regular inspections of manufacturing facilities are conducted to ensure compliance with quality and environmental standards.</li> <li>Audit methods are regularly updated to align with any changes in international regulatory requirements.</li> <li>A systematic assessment procedure is in place to maximize the utilization of operational facilities</li> </ul>
Research and Development Risk	There is a risk associated with the timely development and commercialization of new Active Pharmaceutical Ingredients (APIs).	<ul style="list-style-type: none"> <li>Our R&amp;D efforts are dedicated to developing new products and expanding our product line.</li> <li>We have implemented a robust product selection process to avoid over-reliance on a single approach.</li> </ul>
Suppliers Risk	Significant variations in raw material prices, operational costs, and other factors can potentially impact our profitability and margins.	<ul style="list-style-type: none"> <li>We establish long-term contracts with approved suppliers, both local and international, after conducting thorough vendor audits to ensure a steady supply of raw materials.</li> <li>We manufacture critical intermediates in-house to enhance control over the production process.</li> <li>Cost-cutting programs for major APIs are being implemented to sustain profitability in the face of rising raw material prices.</li> </ul>
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.	<ul style="list-style-type: none"> <li>Our business operations are consistently elevated and evaluated in alignment with global standards.</li> <li>In-house teams are actively implementing cost-cutting programs, while expanding the distribution of APIs worldwide.</li> <li>We are undertaking portfolio reorganization initiatives to optimize capacity utilization and drive greater efficiency.</li> </ul>
Safety Risk	Unforeseen incidents have the potential to damage our reputation, leading to negative consequences for our business, operating results, and financial situation.	<ul style="list-style-type: none"> <li>Regular inspections of our facilities are conducted to ensure compliance with safety and environmental regulations.</li> <li>We are implementing risk-based process safety management systems to enhance safety protocols.</li> <li>Through the Risk Buckets program, we identify and address significant risks through preventive measures.</li> <li>We regularly evaluate safety performance to monitor progress and improve safety initiatives at our operational facilities. Corrective Action Preventive Action (CAPA) plans based on external third-party audit results are being implemented.</li> </ul>

Other risks we foresee are as follows:

- **Patent compliance:** Compliance with patent protection is crucial during the development of active ingredients to maintain positive business relationships in the custom synthesis segment.

Non-compliance can lead to reputational damage, contract cancellations, and loss of business from existing customers.

- **Concentration risk:** Currently, our top 10 molecules account for 73% of total sales, with a significant

contribution from ibuprofen and its line extensions. To mitigate concentration risk, we are actively adding new products to our pipeline and targeting the filing of new DMFs this fiscal year. We are also 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 a risk of escalating into Warning Letters or Import Alerts. This can result in delays in sales, commercialization of our pipeline, and trigger supply penalties until outstanding issues are resolved.
- **API market Pricing risk:** The shift in the supplier base away from China may lead to Chinese companies backed by low-cost suppliers lowering their prices, creating pricing pressure on Indian companies and potentially affecting API business margins.
- **Currency Volatility:** Approximately 50% of our overall sales come from exports, making us vulnerable 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 Sixth Board's Report along with the audited financial statements (standalone and consolidated) for the financial year ended March 31, 2023.

### 1. FINANCIAL PERFORMANCE

The Company has prepared the Standalone and Consolidated financial statements for the financial year ended March 31, 2023, 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, 2023, as compared to previous year is provided below:

₹ in Crores

Financial Results	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Gross Revenue	1465.95	1,287.10	1466.36	1,288.36
Profit before interest, depreciation and tax	150.26	91.19	150.65	92.23
Profit before tax	(44.78)	(91.66)	(44.82)	(91.11)
Profit after tax	(22.21)	(58.56)	(22.25)	(58.29)
EPS (basic) on the basis of ₹ 10/- per share	(6.17)	(16.29)	(6.16)	(16.18)
EPS (diluted) on the basis of ₹ 10/- per share	(6.17)	(16.29)	(6.16)	(16.18)

### 2. BUSINESS OVERVIEW

We are a global, R&D focused, 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 2300+ employees. Our business is spread across 75 countries with extensive operations in the key markets of North America, Europe, Japan, South Korea and the Middle East and North Africa. We are poised to create strategic value in the B2B space with a basket of high-value products, compliant manufacturing base, long term supply assurance and strong customer advocacy. New programs were introduced for cost improvement, better site utilization and operating cost savings. The Company remains optimistic about accelerating all the levers of its strategy and is confident in delivering long term value to our stakeholders. A detailed analysis of the operations of the company for the year gone by is provided in the management discussion and analysis report, which forms a part of this annual report.

### 3. DIVIDEND

The Board of Directors of the company has not recommended dividend for the financial year 2022-23. 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/2020/10/Dividend\\_Distribution\\_Policy.pdf](https://solara.co.in/wp-content/uploads/2020/10/Dividend_Distribution_Policy.pdf)

### 4. SHARE CAPITAL

The Authorized Share Capital of the Company as on March 31, 2023, 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, 2023, stood at ₹ 35,99,62,670/- divided into 3,59,96,267 equity shares of ₹ 10/- each.

### 5. 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 3,24,600 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.

## **6. MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY**

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

## **7. SUBSIDIARIES**

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

## **8. 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. There are no observations or adverse remarks in the said report.

## **9. MANAGEMENT DISCUSSION AND ANALYSIS**

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

## **10. NUMBER OF MEETINGS OF THE BOARD**

During the financial year 2022-23, the Directors met four times i.e., on April 29, 2022; August 4, 2022; November 9, 2022; and January 25, 2023.

## **11. 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 Non-Executive 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. Ankur Thadani, 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 Director retiring by rotation is attached as Annexure 5 to this report

Change in directors and key managerial personnel during the year:

1. Mr. Rajender Rao Juvvadi resigned from the post of MD & CEO of the Company on April 28, 2022.
2. Mr. Jitesh Devendra was appointed as Managing Director of the Company on April 29, 2022, and he has been designated as Key Managerial Personnel.
3. Mr. Kartheek Raju Chintalapati resigned from the directorship of the Company on August 3, 2022.
4. Mr. Poorvank Purohit was appointed as Chief Executive Officer of the Company with effect from February 3, 2023, and he has been designated as Key Managerial Personnel.
5. Mr. Nirmal P Bhogilal was re-appointed as an Independent Director for second Consecutive term of five years, with effect from April 11, 2023
6. Mr. R Ramakrishnan was re-appointed as an Independent Director for second Consecutive term of five years, with effect from April 11, 2023
7. Dr. Kausalya Santhanam was re-appointed as an Independent Director for second Consecutive term of five years, with effect from April 11, 2023

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

- Mr. Jitesh Devendra, Managing Director.
- Mr. S. Hariharan, Executive Director & Chief Financial Officer.
- Mr. Poorvank Purohit, Chief Executive Officer
- Mr. S. Murali Krishna, Company Secretary.

## 12. 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.

## 13. 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.

## 14. 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.

## 15. 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 2022-23 is enclosed as Annexure-2 to this Report.

## 16. 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.

## 17. 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.

## 18. 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.



## 19. 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.

## 20. AUDITORS AND AUDIT REPORTS

### Statutory Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No.117366W/W-100018) was appointed as Statutory Auditors of the Company at the first Annual general meeting of the company for a period of 5 years and will hold the office till the conclusion of the 6th AGM of the Company. The Auditor's report to the shareholders on the standalone and consolidated financial statement for the year ended March 31, 2023, does not contain any qualification, observation or adverse comment.

The Audit Committee and the Board of Directors of the Company at their meeting held on May 12, 2023, approved the re-appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as the Statutory Auditors for a second term of four (4) years i.e., from the conclusion of the 6th AGM till the conclusion of the 10th AGM of the Company to be held in the year 2027.

The necessary resolution seeking your approval for their re-appointment as statutory auditors are included in the notice of ensuing AGM along with necessary disclosures required under the Companies Act, 2013 and the SEBI Listing Regulations.

### 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 2022-23, 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. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

### 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 2022-23. 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.

## 21. 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.

## 22. 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.

### 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/2021/03/Solara\\_Whistle%20Blower%20Policy.pdf](https://solara.co.in/wp-content/uploads/2021/03/Solara_Whistle%20Blower%20Policy.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/2020/10/Solara\\_Nomination\\_Remuneration-Policy.pdf](https://solara.co.in/wp-content/uploads/2020/10/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/investor-relations/annual-return/>

Draft Annual Return for the financial year ended March 31, 2023, is also uploaded in the above section. Upon filing the same with Registrar of Companies, filed return shall be uploaded.

### **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 2022-23.

### **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 Complaints Committee have been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received any complaint of sexual harassment during the year 2022-23.

## **23. 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.

## 24. 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.

## 25. 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.

## 26. ACKNOWLEDGEMENT

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

For and on behalf of Board of Directors

**Jitesh Devendra**

Managing Director  
DIN: 06469234

Place: Bengaluru  
Date: May 12, 2023

**S. Hariharan**

Executive Director  
& CFO  
DIN: 05297969

# 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	₹	6.86	(2.45)	2.20	6.61	-	0.00	(0.15)	-	(0.15)	-	49%
2	Sequent Penems Private Limited	Apr-Mar	₹	4.53	(0.73)	12.37	16.17	-	0.63	0.04	0.01	0.03	-	100%
3	Shasun USA Inc	Apr-Mar	US\$	0.05	(3.82)	3.89	0.12	-	0.82	0.03	(0.01)	0.04	-	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	Shares held by the company on the year end		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

Place: Bengaluru  
Date: May 12, 2023

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

**S. Hariharan**  
Executive Director & CFO  
DIN: 05297969

# Annexure 2 to the Board's Report

## Annual Report on Corporate Social Responsibility (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	3	3
Mr. R. Ramakrishnan	Member – Independent Director	3	3
Mr. Ankur Thadani	Member – Non-Executive Director	3	1
Ms. Vineeta Rai	Member – Independent Director	3	3
Mr. Jitesh Devendra Appointed w.e.f. April 29, 2022	Member – Executive Director	3	3
Mr. Rajender Rao Juwadi Ceased to be a Member on April 28, 2022	Member – Executive Director	-	-

### 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) – ₹ 80.30 Crores

#### 7. (a) Two % of average net profit of the company – ₹ 1.61 Crores

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

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

(d) Total CSR obligation for the financial year (7a+7b-7c) – ₹ 1.61 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
₹ 1.68	.....	.....	.....	.....

**(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. (in ₹)	Amount spent in the current Financial year	Amount transferred to Unspent CSR account for the project as per Section 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	0.20	0.20	Direct by the Company
2	Awareness program on Personal Hygiene, Waste Management & Health Camps	Health & Hygiene	Pondicherry and Ambernath	0.10	0.10	Direct by the Company
3	Providing sanitation and drinking water facilities	Health & Hygiene	Pondicherry Cuddalore Mangalore Mysore Ambernath and Bangalore	0.85	0.85	Direct by the Company
4	Infrastructure and sponsorship support for Education	Education	Pondicherry Cuddalore Mangalore Mysore Ambernath and Chennai	0.36	0.36	Direct by the Company
5	Environment and Others	Livelihood	Pondicherry Cuddalore, Mangalore and Ambernath	0.09	0.09	Direct by the Company
<b>Total</b>				<b>1.60</b>	<b>1.60</b>	

**(d) Amount spent in Administrative Overheads - ₹ 0.08 Crores**
**(e) Amount spent on Impact Assessment, if applicable - Not Applicable**
**(f) Total amount spent for the Financial Year (8b+8c+8d-8e) - ₹ 1.68 Crores**
**(g) Excess amount for set off, if any - ₹ 0.07 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 ₹ 1.61 Crores towards CSR activities in financial year 2022-23 in terms of Section 135 of the Companies Act, 2013. The company has spent ₹ 1.68 Crores towards CSR activities in the Financial Year 2022-23.

For and on behalf of Board of Directors

Place: Bengaluru  
Date: May 12, 2023

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

**Dr. Kausalya Santhanam**  
Chairperson  
DIN: 06999168

## Annexure 3 to the Board's Report

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

#### A. POWER & FUEL CONSUMPTION

		Year ended 31.03.2023	Year ended 31.03.2022
<b>Electricity</b>			
<b>a. Purchased Units</b>	in 000's	56,477	57,221
Total amount paid	₹ in Cr	48.41	48.88
Rate per Unit	Rupees	8.57	8.54
<b>b. Own generation by</b>			
I. Diesel Generators (Units)	in 000's	1,384	1,221
Unit per Ltr. of Diesel Oil		3.29	2.49
Rate per unit	Rupees	26.24	29.96
II. Windmills (Units)	in 000's	16,742	15,251
Amount adjusted	₹ in Cr	8.38	7.69
Rate per Unit	Rupees	5.01	5.04
III. Third Party (IEX)	in 000's	675	6,948
Amount Adjusted	₹ in Cr	0.29	2.33
Rate per Unit	Rupees	4.34	3.35
IV. Solar (Units)	in 000's	15,488	9,087
Amount Adjusted	₹ in Cr	7.04	4.00
Rate per Unit	Rupees	4.55	4.41
<b>Others</b>			
Fuel Briquittees/Furnace Oil	Kgs in 000's	44,977	39,581
Total amount paid	₹ in Cr	36.91	26.59

#### (B) TECHNOLOGY ABSORPTION:

Efforts are being made to absorb the technology.

#### (C) BEST EHS PRACTICES:

- Puducherry API manufacturing site accredited with Silver Award from CII –Sothern Region towards EHS excellence awards for the year 2022.
- National Safety Council – Maharashtra Chapter has awarded Solara Active Pharma Sciences Ltd., Ambernath a '1st Prize – plaque & Certificate of Merit' for its meritorious performance in industrial safety in Industrial Group A 06 (Papers, Sugar & Pharmaceuticals) for the Lowest average Accident Frequency Rate and Longest Accident-free period during the year 2021 for 9th consecutive Year

#### (D) EXPENDITURE ON RESEARCH AND DEVELOPMENT:

	Total as at 31st March 2023 ₹ in Cr	Total As at 31st March 2022 ₹ in Cr
Capital	3.89	4.03
Recurring	33.01	53.81

#### (E) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Total As at 31st March 2023 ₹ 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

Place: Bengaluru  
Date: May 12, 2023

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

**S. Hariharan**  
Executive Director & CFO  
DIN: 05297969



# Annexure 4 to the Board's Report

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

[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 31st March 2023, 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 31st March 2023 ("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, 1993 regarding 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.

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. Mr. Rajender Juvvadi Rao resigned as the Managing Director and CEO of the Company with effect from 28th April 2022.

2. Mr. Jitesh Devendra was appointed as the Managing Director by the Board of Directors of the Company with effect from 29th April 2022.
3. The Board of Directors in their meeting dated 29th April 2022 decided to withdraw the composite scheme of amalgamation (Merger by absorption) cum Demerger Arrangement amongst M/s. Hydra Active Pharma Sciences Private Limited and M/s. Aurore Life Sciences Private Limited and M/s. Empyrean Lifesciences Private Limited and M/s. Solara Active Pharma Sciences Limited as the arrangement was not financially viable to the company.
4. In the postal ballot dated 01st June 2022, the shareholders of the Company approved the following change in Composition of Board and KMP:
  - Appointment of Mr. S. Hariharan as an Executive Director & Chief Financial Officer of the Company.
  - Appointment of Mr. Jitesh Devendra as Managing Director of the company.
  - Change in Designation and Appointment of Mr. Rajender Rao Juvvadi as a Managing Director & Chief Executive Officer of the company for the period from 1st March, 2022 to 28th April 2022.
5. Mr. Kartheek Raju, Non-Executive director resigned from the directorship of the company with effect from 03rd August 2022.
6. During the financial year under review there has been following inter se transfer of shares among the promoter group through off market transaction.
  - On 22nd June 2022, 15,00,000 shares of Mr. Arun Kumar Pillai have been acquired by M/s. Devicam Capital LLP.
  - On 09th December 2022, 14,00,000 shares of M/s. Karuna Business Solutions LLP have been acquired by M/s. Devicam Capital LLP.
7. 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
29/04/2022	Mr. Jitesh Devendra, Managing Director	2,00,000	516
04/08/2022	Mr. Mohan, Chief Operating Officer	30,000	292
24/01/2023	Dr. Sudhir Nambiar Chief Scientific Officer	12,400	309
24/01/2023	Mr. Rajeev Singh, Chief Human Resource Officer	12,400	309
24/01/2023	Mr. Ganesh Mukundan Sasikala, Vice President	12,400	309
24/01/2023	Ms. Neeta Dani, Vice President (Generics)	12,400	309
24/01/2023	Mr. Poorvank Purohit Chief Executive Officer	45,000	309

8. The Board of Directors in their board meeting dated 25th January 2023 has proposed for incorporation of wholly owned subsidiary in Brazil, to cater the new market opportunities.
9. Mr. Poorvank Purohit was appointed as CEO and KMP of the Company with effect from 03rd February 2023.
10. The shareholders through postal ballot dated 26th February 2023 have approved the re-appointment of the following independent directors for a term

of 5 years from 11.04.2023 – 10.04.2028 by way of passing a special resolution:

- Mr. Nirmal Bhogilal
  - Mr. R. Ramakrishnan
  - Dr. Kausalya Santhanam
11. The Composition of the Board of Directors of the Company as on 31st March 2023 is given in "Annexure B".
  12. The Composition of the Committee of the Company as on 31st March 2023 is given in "Annexure C".

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: F004347E000263421

Place: Chennai.

Date: 12-05-2023

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.

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## 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: F004347E000263421

Place: Chennai.

Date: 12-05-2023

## Annexure B

### Composition of Board of Directors as on 31st March 2023:

S. No.	Name	Designation	Date of Appointment at Current Designation	Date of Appointment
1.	Mr. Aditya Puri	Non-Executive - Non Independent Director, Chairperson	17/10/2021	04/08/2021
2.	Mr. Jitesh Devendra	Executive Director, MD	01/06/2022	29/04/2022
3.	Mr. Subramanian Hariharan	Executive Director	01/06/2022	09/03/2022
4.	Mr. Ankur Nand Thadani	Non-Executive - Non Independent Director	14/08/2019	16/05/2019
5.	Mr. Arun Kumar Pillai	Non-Executive - Non Independent Director	17/10/2021	04/08/2021
6.	Mr. Nirmal P Bhogilal	Non-Executive - Independent Director	28/09/2018	11/04/2018
7.	Mr. R Ramakrishnan	Non-Executive - Independent Director	28/09/2018	11/04/2018
8.	Mrs. Kausalya Santhanam	Non-Executive - Independent Director	28/09/2018	11/04/2018
9.	Mrs. Vineeta Rai	Non-Executive - Independent Director	17/10/2021	17/10/2021

### Key Managerial Personnel:

S. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Mr. S. Murali Krishna	Company Secretary and Compliance officer	26/03/2018	-
2.	Mr. S. Hariharan	Chief Financial Officer	09/03/2022	-
3.	Mr. Poorvank Purohit	Chief Executive Officer	03/02/2023	-
4.	Mr. Jitesh Devendra	Managing Director	29/04/2022	-

## Annexure C:

### Composition of Committees as on 31st March 2023:

#### 1. Audit Committee:

S. No.	Name	Designation	Position held in the Committee
1.	Mr. R. Ramakrishnan	Non-Executive - Independent Director	Chairperson
2.	Mr. Nirmal P. Bhogilal	Non-Executive - Independent Director	Member
3.	Mrs. Kausalya Santhanam	Non-Executive - Independent Director	Member
4.	Mrs. Vineeta Rai	Non-Executive - Independent Director	Member
5.	Mr. Ankur Nand Thadani	Non-Executive - Non - Independent Director	Member

#### 2. Nomination and Remuneration Committee:

S.No.	Name	Designation	Position held in the Committee
1.	Mr. Nirmal P Bhogilal	Non-Executive - Independent Director	Chairperson
2.	Mr. R Ramakrishnan	Non-Executive - Independent Director	Member
3.	Mr. Aditya Puri	Non-Executive - Non Independent Director	Member
4.	Mr. Ankur Nand Thadani	Non-Executive - Non Independent Director	Member
5.	Mrs. Kausalya Santhanam	Non-Executive - Independent Director	Member
6.	Mrs. Vineeta Rai	Non-Executive - Independent Director	Member

#### 3. Stakeholders Relationship Committee:

S.No.	Name	Designation	Position held in the Committee
1.	Mr. Nirmal P Bhogilal	Non-Executive - Independent Director	Chairperson
2.	Mrs. Kausalya Santhanam	Non-Executive - Independent Director	Member
3.	Mr. Subramanian Hariharan	Executive Director	Member

#### 4. Corporate Social Responsibility Committee:

S.No.	Name	Designation	Position held in the Committee
1.	Mrs. Kausalya Santhanam	Non-Executive - Independent Director	Chairperson
2.	Mr. R Ramakrishnan	Non-Executive - Independent Director	Member
3.	Mrs. Vineeta Rai	Non-Executive - Independent Director	Member
4.	Mr. Ankur Nand Thadani	Non-Executive - Non Independent Director	Member
5.	Mr. Jitesh Devendra	Executive Director	Member

#### 5. Risk Management Committee:

S. No.	Name	Designation	Position held in the Committee
1.	Mr. Nirmal P Bhogilal	Non-Executive - Independent Director	Chairperson
2.	Mr. Ankur Nand Thadani	Non-Executive - Non Independent Director	Member
3.	Mr. Jitesh Devendra	Executive Director	Member
4.	Mr. R Ramakrishnan	Non-Executive - Independent Director	Member
5.	Mrs. Kausalya Santhanam	Non-Executive - Independent Director	Member
6.	Mrs. Vineeta Rai	Non-Executive - Independent Director	Member

## Annexure 5 to the Board's Report

### 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. Ankur Thadani (DIN 03566737) Age: 39 years DoB: 01.04.1984 Qualification: MBA 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: 16.05.2019 Shareholding in the Company as on March 31, 2023: Nil Relationship between directors inter-se and other KMPs of the Company - None	Mr. Ankur Thadani is a Principal at TPG Growth, based in Mumbai. He joined TPG in 2013 and has worked on multiple investments in Healthcare, Energy and Consumer sectors across India and the broader South-Asia region. Ankur also serves on the board of CTSI, Rhea Healthcare, Fourth Partner Energy and Asiri Hospitals. Prior to joining TPG, he worked with an Indian private equity fund, India Equity Partners, focusing on investments in consumer and healthcare sectors. Ankur received his MBA from IIFT, where he was awarded a Gold Medal for all-round achievement.	Information provided in Corporate Governance report.	

#### Notes:

- None of the Directors mentioned above are related with other Directors on the Board or Key Managerial Personnel of the company.
- 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 12, 2023

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

**S. Hariharan**  
Executive Director & CFO  
DIN: 05297969

## 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, 2023	<p>As at March 31, 2023 the Board has 9 Directors - comprising of two Executive Directors, four Independent Directors and three Non-Executive Directors.</p> <p>The Non-Executive &amp; Independent Directors receive sitting fees of ₹ 100,000/- for attending each meeting of the Board and Audit Committee.</p> <p>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, 2023 are as below:</p> <p>Mr Jitesh Devendra, Managing Director – 1: 30.8</p> <p>Mr S Hariharan, Executive Director and Chief Financial Officer – 1:28.0</p> <p>The median remuneration for the period under review is ₹ 7,05,360/- per annum (without considering the Sitting Fees paid to Non-Executive &amp; Independent Directors of the Company).</p>										
2	The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer and Company Secretary in the financial year ending March 31, 2023:	<table border="1"> <thead> <tr> <th>Name</th> <th>% of Increase</th> </tr> </thead> <tbody> <tr> <td>Jitesh Devendra</td> <td>NA</td> </tr> <tr> <td>S Hariharan</td> <td>15.38%</td> </tr> <tr> <td>Poorvank Purohit</td> <td>NA</td> </tr> <tr> <td>S Murali Krishna</td> <td>5.49%</td> </tr> </tbody> </table>	Name	% of Increase	Jitesh Devendra	NA	S Hariharan	15.38%	Poorvank Purohit	NA	S Murali Krishna	5.49%
Name	% of Increase											
Jitesh Devendra	NA											
S Hariharan	15.38%											
Poorvank Purohit	NA											
S Murali Krishna	5.49%											
3	The percentage increase in the median remuneration of employees in the financial year ending March 31, 2023	11.99%										
4	The number of permanent employees on the rolls of Company as at March 31, 2023	2,361 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 10.93 %.										

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

Place: Bengaluru  
Date: May 12, 2023

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

**S. Hariharan**  
Executive Director & CFO  
DIN: 05297969

# 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, 2023 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.	Aditya Puri	00062650	17/10/2021	04/08/2021
2.	Arun Kumar Pillai	00084845	17/10/2021	04/08/2021
3.	Ramakrishnan Rajagopal	00161542	28/09/2018	11/04/2018
4.	Nirmal Pratap Bhogilal	00173168	28/09/2018	11/04/2018
5.	Ankur Nand Thadani	03566737	14/08/2019	16/05/2019
6.	Subramanian Hariharan	05297969	01/06/2022	23/02/2017
7.	Jitesh Devendra	06469234	01/06/2022	23/02/2017
8.	Kausalya Santhanam	06999168	28/09/2018	11/04/2018
9.	Vineeta Rai	07013113	17/10/2021	17/10/2021

Ensuring the eligibility of 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: F004347E000263562

Place: Chennai

Date: 12.05.2023



## SECRETARIAL COMPLIANCE REPORT OF

### SOLARA ACTIVE PHARMA SCIENCES LIMITED FOR THE YEAR ENDED 31.03.2023

[Pursuant to Regulation 24A (2) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019]

To,

**Solara Active Pharma Sciences Limited,**  
201, Devavrata, Sector 17, Vashi, Navi Mumbai,  
Mumbai City - 400703

I, A. Mohan Kumar, Practicing Company Secretary,  
have examined:

- (a) all the documents and records made available to us/me and explanations/ representations provided by **SOLARA ACTIVE PHARMA SCIENCES LIMITED** having Corporate Identification Number **L24230MH2017PLC291636** ("the listed entity");
- (b) the filings/ submissions made by the listed entity to the BSE Limited (BSE) and National Stock Exchange of India (NSE), where its equity shares are listed ("the stock exchanges"); with Scrip Code/Symbol of "541540" and "SOLARA" respectively;
- (c) website of the listed entity; and
- (d) any other documents/ filings, as may be relevant, which has been relied upon to make this certification

**for the financial year ended 31.03.2023** ("Review Period") in respect of compliance with the provisions of:

- (a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

**The Specific Regulations**, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:

- (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – **During the financial year under review, there were no issue of shares.**

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **During the financial year under review, the promoters of the company, have made necessary disclosure under this regulation.**

(d) 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;**

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Applicable upto August 12, 2021) and Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (with effect from August 13, 2021) – **During the financial year under review, the company has issued 3,24,600 shares under this regulation.**

(f) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from August 16, 2021) - **During the financial year under review the Company has not issued any Non-Convertible Securities and hence not applicable;**

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

(h) Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018;

and circulars/guidelines issued there-under; and based on the above examination, **I hereby report that**, during the Review Period:

(a) The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder.

(b) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder:

S No	Compliance Requirement (Regulations/ Circulars/ guideline including specific clause)	Regulation/ circular No.	Deviations	Action Taken by	Type of action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
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NIL

(c) The listed entity has taken the following actions to comply with the observations made in previous reports issued for the financial year 31.03.2022: Not applicable

S. No.	Compliance Requirement (Regulations/ Circulars/ guideline including specific clause)	Regulation/ circular No.	Deviations	Action Taken by	Type of action	Details of Violation	Fine Amount	Observations/ Remarks of the Practicing Company Secretary	Management Response	Remarks
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(d) The Additional Affirmations to be provided based on the Circulars issued by the Recognized Stock Exchanges in consultation with SEBI are as follows:

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/ Remarks by PCS
1.	Secretarial Standards The compliances of listed entities are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI)	Yes	
2.	Adoption and timely updation of the Policies: - All applicable policies under SEBI Regulations are adopted with the approval of board of directors of the listed entities - All the policies are in conformity with SEBI Regulations and has been reviewed & timely updated as per the regulations/circulars/guidelines issued by SEBI	Yes Yes	
3.	Maintenance and disclosures on Website: - The Listed entity is maintaining a functional website - Timely dissemination of the documents/ information under a separate section on the website - Web-links provided in annual corporate governance reports under Regulation 27(2) are accurate and specific which redirects to the relevant document(s)/ section of the website	Yes Yes No	The web-links provided in the report directs to the home page of the website.
4.	Disqualification of Director: None of the Director of the Company are disqualified under Section 164 of Companies Act, 2013	Yes	
5.	To examine details related to Subsidiaries of listed entities: (a) Identification of material subsidiary companies (b) Requirements with respect to disclosure of material as well as other subsidiaries	Yes	
6.	Preservation of Documents: The listed entity is preserving and maintaining records as prescribed under SEBI Regulations and disposal of records as per Policy of Preservation of Documents and Archival policy prescribed under SEBI LODR Regulations, 2015	Yes	
7.	Performance Evaluation: The listed entity has conducted performance evaluation of the Board, Independent Directors and the Committees at the start of every financial year as prescribed in SEBI Regulations	Yes	
8.	Related Party Transactions: (c) (a) The listed entity has obtained prior approval of Audit Committee for all Related party transactions (b) In case no prior approval obtained, the listed entity shall provide detailed reasons along with confirmation whether the transactions were subsequently approved/ ratified/rejected by the Audit committee	Yes	
9.	Disclosure of events or information: The listed entity has provided all the required disclosure(s) under Regulation 30 along with Schedule III of SEBI LODR Regulations, 2015 within the time limits prescribed thereunder.	Yes	
10.	Prohibition of Insider Trading: The listed entity is in compliance with Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Yes	

Sr. No.	Particulars	Compliance status (Yes/No/NA)	Observations/Remarks by PCS
11.	Actions taken by SEBI or Stock Exchange(s), if any: No Actions taken against the listed entity/ its promoters/ directors/ subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under SEBI Regulations and circulars/ guidelines issued thereunder	NIL	No actions taken for the Financial Year ended 31st March, 2023.
12.	Additional Non-compliances, if any: No any additional non-compliance observed for all SEBI regulation/circular/guidance note etc.	NA	

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: F004347E000263562

Place: Chennai

Date: 12.05.2023

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

## Annexure A

To,

**Solara Active Pharma Sciences Limited**

[CIN: L24230MH2017PLC291636]

My Secretarial Compliance Report of even date for the financial year ended 31st March 2023 is to be read along with this Annexure.

- The management of the listed entity is responsible for maintenance of records and compliance with the provisions of the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI").
- I have followed the audit practices and processes as were considered appropriate to obtain reasonable assurance about the correctness of the contents of the said records.
- While forming an opinion on compliance and issuing this report, I have taken an overall view based on the compliance process and procedures followed by the listed entity, and have considered compliance related actions taken by the listed entity after 31st March 2023, but before the issue of this report.
- I have considered compliance related actions taken by the listed entity based on independent legal/profession opinion obtained, as being in compliance with law, wherever there was scope for multiple interpretations. We have relied on confirmations by the listed entity and its representatives for the purposes of reporting as to the actions, if any, taken against the listed entity, its promoters or directors,

by SEBI or the stock exchanges under the SEBI or the SCRA.

- I have verified the records furnished to us/me on a test basis to see whether the correct facts are reflected therein. I have also examined the compliance procedures followed by the listed entity on a test basis. We believe that the processes and practices I followed provide a reasonable basis for our opinion.
- I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, I have obtained the Management representation about the Compliance of laws, rules, regulations, circulars and guidelines issued by SEBI under SEBI Act and SCRA and the happening of events etc.
- The Secretarial Compliance 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

Place: Chennai

UDIN: F004347E000263562

Date: 12.05.2023

## Annexure 8 to the Board's Report

### Details of Solara Employee Stock Option Plan 2018 pursuant to SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and Companies Act, 2013

#### 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	2,63,178
6	Options granted during the year under review	3,24,600
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	2,86,000
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, 2023	1,43,600
14	Available for further grant	2,63,178
15	Employee-wise details of options granted during the year under review	Nil
	(i) Key Management 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	₹ (6.17)
	(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	₹ 399.81/-
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	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

For and on behalf of Board of Directors

Place: Bengaluru  
Date: May 12, 2023

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

**S. Hariharan**  
Executive Director & CFO  
DIN: 05297969

# 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 2022-23 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, 2023 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.	189.78	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 12, 2023

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

**S. Hariharan**  
Executive Director & CFO  
DIN: 05297969

# 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 a Non-Executive Director. All the directors on the Board are highly experienced in their respective fields.

1. Mr. Aditya Puri, Non-Executive Director and Chairman of the Company
2. Ms. Vineeta Rai, Independent Director
3. Dr. Kausalya Santhanam, Independent Director
4. Mr. Nirmal P Bhogilal, Independent Director
5. Mr. R. Ramakrishnan, Independent Director

6. Mr. Ankur Nand Thadani, Non-Executive Director
7. Mr. Arun Kumar Pillai, Non-Executive Director
8. Mr. Jitesh Devendra, Managing Director
9. Mr. S. Hariharan, Executive Director & CFO

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. Rajender Rao Juvvadi resigned from the post of MD & CEO of the Company on April 28, 2022.
2. Mr. Jitesh Devendra was appointed as Managing Director of the Company on April 29, 2022, and he has been designated as Key Managerial Personnel.
3. Mr. Kartheek Raju Chintalapati resigned from the directorship of the Company on August 3, 2022.
4. Mr. Nirmal P Bhogilal was re-appointed as an Independent Director for second Consecutive term of five years, with effect from April 11, 2023
5. Mr. R Ramakrishnan was re-appointed as an Independent Director for second Consecutive term of five years, with effect from April 11, 2023
6. Dr. Kausalya Santhanam was re-appointed as an Independent Director for second Consecutive term of five years, with effect from April 11, 2023

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, 2023. 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/2023/06/Draft%20Letter%20of%20Re-appointment%20of%20Independent%20Director.pdf>

## Board Meetings held during the year

During the financial year 2022-23, the Directors met four times i.e., on April 29, 2022; August 4, 2022; November 9, 2022; and January 25, 2023.

## 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 2022-23		No. of shares held	Whether attended last AGM held on August 25, 2022
				Membership	Chairmanship	Held	Attended		
Mr. Aditya Puri	Chairman & Non-Executive Director	2	-	1	-	4	4	-	Yes
Mr. Nirmal P Bhogilal	Independent Director	2	Eimco Elecon (India) Limited – Independent Director Batliboi Limited – Whole-time Director	2	1	4	3	1,39,508	Yes
Ms. Vineeta Rai	Independent Director	2	Indraprastha Medical Corporation Limited – Independent Director	2	-	4	4	-	No
Mr R. Ramakrishnan	Independent Director	-	-	-	-	4	4	21,000	Yes
Dr. Kausalya Santhanam	Independent Director	2	Sequent Scientific Limited – Independent Director Strides Pharma Science Limited – Independent Director	1	-	4	4	-	Yes
Mr. Ankur Nand Thadani	Non-Executive Director	3	Campus Activewear Limited – Non-Executive Director	3	2	4	1	-	No
Mr. Arun Kumar Pillai	Non-Executive Director	2	Strides Pharma Science Limited – Executive Director	1	-	4	4	16,68,463	Yes
Mr. S. Hariharan	Executive Director & CFO	-	-	-	-	4	4	51,641	Yes
Mr. Jitesh Devendra	Managing Director	-	-	-	-	4	4	3,09,000	Yes

### 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. Aditya Puri	#	#	#	#		#	#	
Mr. Nirmal P Bhogilal		#	#	#		#	#	
Ms. Vineeta Rai	#	#	#	#		#	#	
Mr. R. Ramakrishnan	#		#	#		#	#	
Dr. Kausalya Santhanam		#		#	#	#	#	
Mr. Ankur Nand Thadani	#	#	#			#	#	
Mr. Arun Kumar Pillai		#	#	#	#	#	#	#
Mr. Jitesh Devendra		#	#	#	#	#	#	#
Mr. S. Hariharan	#	#	#	#	#	#	#	#

### Meetings of Independent Directors

Independent Directors of the Company met on January 24, 2023, 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.

#### Details of remuneration paid / payable to Executive Directors during FY 2022-23 is as under:

S. No	Particulars of Remuneration	Name of MD / WTD / Manager		
		Jitesh Devendra	S Hariharan	Total
		April 1, 2022, to Mar 31, 2023 (₹ in Cr)	April 1, 2022, to Mar 31, 2023 (₹ in Cr)	₹ In Cr
1	Gross Salary	-	-	-
	Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961*	2.30	1.98	4.28
	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	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission as percentage of profit	-	-	-
5	Others (Bonus)**	-	-	-
	<b>Total</b>	<b>2.30</b>	<b>1.98</b>	<b>4.28</b>

\* 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 2022-23 is as under:

S. No	Name of Directors	Particulars of Remuneration			Total
		Fee for attending board / committee meetings	Commission	Others	
		₹ Cr	₹ Cr	₹ Cr	
1	Aditya Puri	0.04	-	-	0.04
2	Nirmal P Bhogilal	0.06	-	-	0.06
3	Vineeta Rai	0.08	-	-	0.08
4	R. Ramakrishnan	0.08	-	-	0.08
5	Kausalya Santhanam	0.08	-	-	0.08
	<b>Total</b>	<b>0.34</b>	<b>-</b>	<b>-</b>	<b>0.34</b>

#### 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/2023/06/Independent%20Director%20Familiarisation%20Programme.pdf>

### 3. COMMITTEES OF THE BOARD

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

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee
- 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	4	4
Mr. Nirmal P Bhogilal	Member	Independent Director	4	3
Dr. Kausalya Santhanam	Member	Independent Director	4	4
Ms. Vineeta Rai	Member	Independent Director	4	4
Mr. Ankur Nand Thadani	Member	Non-Executive Director	4	0

The Committee met four times during the period under review i.e., on April 29, 2022, August 4, 2022, November 9, 2022; and January 25, 2023. 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. Nirmal P Bhogilal	Chairman	Independent Director	3	3
Mr. R. Ramakrishnan	Member	Independent Director	3	3
Mr. Aditya Puri	Member	Non-Executive Director	3	3
Mr. Ankur Thadani	Member	Non-Executive Director	3	0
Ms. Vineeta Rai	Member	Independent Director	3	3
Dr. Kausalya Santhanam	Member	Independent Director	3	2

The Committee met three times during the period under review i.e., on April 29, 2022; August 4, 2022, and January 24, 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 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 caliber talent. The Policy is available at the company's website [https://solara.co.in/wp-content/uploads/2020/10/Solara\\_Nomination\\_Remuneration-Policy.pdf](https://solara.co.in/wp-content/uploads/2020/10/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
Mr. Nirmal P Bhogilal	Chairman	Independent Director	1	1
Dr. Kausalya Santhanam	Member	Independent Director	1	1
Mr. S. Hariharan	Member	Executive Director	1	1

The Committee met once during the period under review i.e., on August 4 2022. 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, 2023.

### 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	3	3
Mr. R. Ramakrishnan	Member	Independent Director	3	3
Mr. Ankur Thadani	Member	Non-Executive Director	3	1
Ms. Vineeta Rai	Member	Independent Director	3	3
Mr. Jitesh Devendra	Member	Executive Director	3	3

The Committee met three times during the period under review i.e., on April 29, 2022; November 9, 2022 and January 25, 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: -

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. Nirmal Bhogilal	Chairman	Independent Director	4	4
Mr. Ankur Thadani	Member	Non-Executive Director	4	0
Mr. Jitesh Devendra	Member	Executive Director	4	4
Mr. R. Ramakrishnan	Member	Independent Director	0	0
Dr. Kausalya Santhanam	Member	Independent Director	0	0
Ms. Vineeta Rai	Member	Independent Director	0	0

The Committee met four times during the period under review i.e., on April 29, 2022; August 4, 2022, and November 9, 2022, and January 24, 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 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.
- Advise 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. 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, 2020	August 4, 2020, at 10.30 am	Video Conference	Payment of Commission to Non-Executive Directors of the Company
2.	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.
3.	AGM for FY ending March 31, 2022	August 25, 2022, at 9.30 am	Video Conference	Nil

#### 5. POSTAL BALLOT AND E-VOTING

During the year under review i.e., FY 2022-23, the Company conducted two Postal Ballot in which 5 (Five) Special Resolutions and 1 (One) Ordinary 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 April 29, 2022, and January 25, 2023, and the consolidated results of the same was approved on June 1, 2022, and February 26, 2023, respectively.

Sr. No.	Particulars of the Resolution	Type of Resolution	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	Appointment of Mr. S. Hariharan as an Executive Director & Chief Financial Officer	Special	25704679	24152802 constituting 93.96 %	1551877 constituting 6.04 %	-
2	Appointment of Mr. Jitesh Devendra as a Managing Director	Special	25704679	24278070 constituting 94.45 %	1426609 constituting 5.55 %	-
3	Change in designation and appointment of Mr. Rajender Rao Juvvadi from Executive Director and Vice Chairman to Managing Director & Chief Executive Officer for the period from March 1, 2022, till April 28, 2022	Ordinary	25704663	25701001 constituting 99.99%	3662 constituting 0.01%	-



Sr. No.	Particulars of the Resolution	Type of Resolution	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)
4	Re-appointment of Mr. Nirmal Bhogilal as Independent Director of the Company	Special	24059203	23688691 constituting 98.46 %	370512 constituting 1.54 %	-
5	Re-appointment of Mr. R. Ramakrishnan as Independent Director of the Company	Special	24059661	23691209 constituting 98.47 %	368452 constituting 1.53 %	-
6	Re-appointment of Dr. Kausalya Santhanam as Independent Director of the Company	Special	24059661	23690437 constituting 98.47 %	369224 constituting 1.53 %	-

## 6. 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 dematerialised form and in the physical form confirms to the issued and paid-up equity share capital of the Company.

## 7. 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 are effected within stipulated time. The said certificate has also been submitted to the Stock Exchanges within the prescribed time.

## 8. OTHER AFFIRMATIONS AND DISCLOSURES

- 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.
- 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.

- 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.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on matters relating to capital markets.
- 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>
- 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.
- The company has not received any complaint of sexual harassment during the year 2022-23.
- The company has formulated the policy for transacting with the related parties which is uploaded on the website of the company.

## 9. MEANS OF COMMUNICATION

- 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.
- The results are published generally in Business Standard (English) and Pratahkal (Marathi) newspapers.
- 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>
- 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) In view of continuing COVID-19 pandemic, 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 Sixth AGM along with the Annual Report for FY 2022-23, 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 <https://solara.co.in/investor-relations/annual-reports/>

## General Shareholder's information

### 1. Annual General Meeting 2023

The Sixth Annual General Meeting of the Shareholders of the company will be held on September 15, 2023, at 9.30 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 9, 2023 to September 15, 2023 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2022-23.

### 3. Financial Calendar for the year 2023-24

Financial reporting for	Month / year
Quarter ending June 30, 2023	August 2023
Quarter ending September 30, 2023	November 2023
Quarter ending December 31, 2023	February 2024
Quarter ending, March 31, 2024	May 2024

### 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.

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 : 91-44-47406200 / 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 : 91-44-47406200 / 91-44-47406190  
E- mail: muralikrishna@solara.co.in / 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 / Mrs. R. Komala, Senior 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. Dematerialisation 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 3,59,70,589 shares are in dematerialized form and balance 0.07% representing 25,678 shares of the Company is in physical form.

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

## 12. Shareholding Pattern

Category	No. of Shares	% to total shareholding
Promoters	1,47,48,804	40.97
Mutual Funds	7,96,191	2.21
Banks, Financial Institutions, Insurance Companies	15,209	0.04
Foreign Portfolio Investors / FIIs	69,50,114	19.31
Non-resident Indians/Foreign Nationals/OCBs	44,99,062	12.50
Bodies Corporates / NBFC	21,38,119	5.94
Directors	87,616	0.24
Others (including Indian Public, Clearing Members, Trusts, Funds - IEPF, AIF, Central & State Govt., etc.)	67,61,152	18.78
<b>Total</b>	<b>3,59,96,267</b>	<b>100.00</b>

## 13. Distribution of shareholding

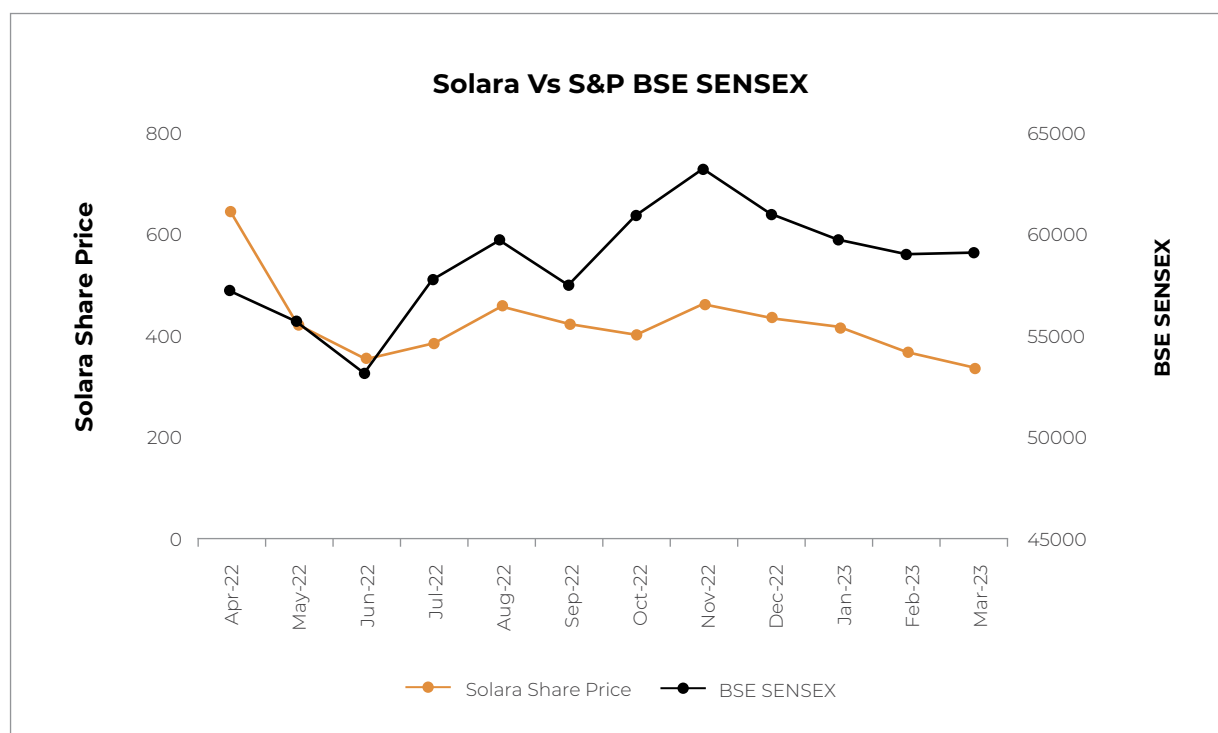
Sl. No.	CATEGORY	No. of Holders	% of Total Holders	Shares	Amount	% On Amount
1	Between 10 - 5000	74580	97.71	28,27,129	2,82,71,290	7.85
2	Between 5001 - 10000	882	1.16	6,65,435	66,54,350	1.85
3	Between 10001 - 20000	405	0.53	5,82,231	58,22,310	1.62
4	Between 20001 - 30000	149	0.20	3,76,280	37,62,800	1.05
5	Between 30001 - 40000	62	0.08	2,21,695	22,16,950	0.62
6	Between 40001 - 50000	41	0.05	1,92,324	19,23,240	0.53
7	Between 50001 -100000	90	0.12	6,57,167	65,71,670	1.83
8	> 100000	116	0.15	3,04,74,006	30,47,40,060	84.66
<b>Total:</b>		<b>76,325</b>	<b>100.00</b>	<b>3,59,96,267</b>	<b>35,99,62,670</b>	<b>100.00</b>

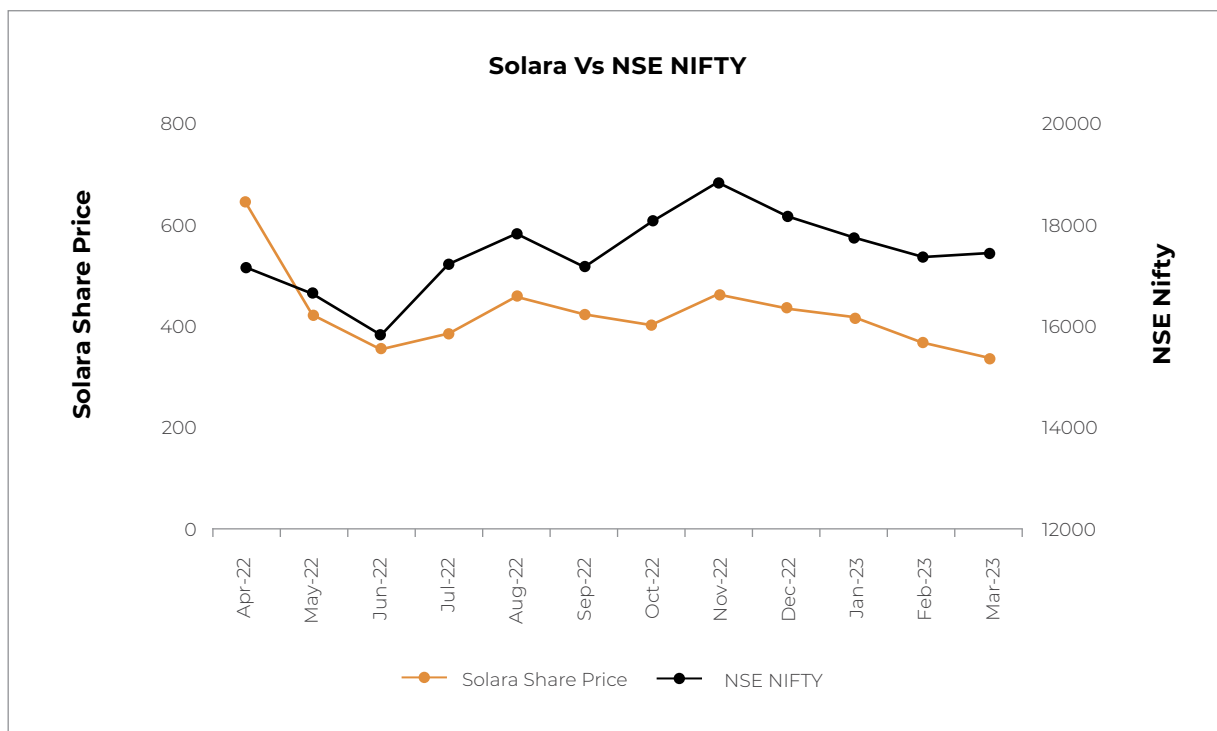
## 14. Market Price Data

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 2022	838.90	617.90	3913000	838.35	617.55	374084
May 2022	636.05	382.00	4828000	635.00	384.40	601299
June 2022	416.35	320.00	2391000	418.90	323.65	199304
July 2022	405.00	338.20	2462000	404.00	338.20	226378
August 2022	490.00	358.00	6169000	489.00	358.05	559077
September 2022	476.50	406.00	2534000	476.45	406.00	297161
October 2022	449.90	396.00	1026000	450.05	397.00	179983
November 2022	484.90	392.40	2634000	484.65	392.45	259683
December 2022	495.00	421.95	3686000	494.90	422.10	357176
January 2023	449.25	405.20	1473000	449.95	402.20	148862
February 2023	420.00	355.05	806000	420.00	354.90	178799
March 2023	447.80	322.90	1740000	397.50	326.00	496630

### 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, Periakalpet, 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

**Bangalore** : No 11, KIADB Industrial area, Phase I, Jigani, Anekal Taluk, Bangalore - 560105

#### 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 2022-23 (₹ In Crores)	Fees paid for the year 2021-22 (₹ In Crores)
Statutory audit fees	0.66	0.66
Others	0.07	0.16
<b>Total</b>	<b>0.73</b>	<b>0.82</b>

## 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, 2023, 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 12, 2023

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

# Business Responsibility and Sustainability Report

## OUR COMMITMENT TO SUSTAINABILITY

Company has laid highest priority to sustainability with core belief that Sustainable performance would be a strong business enabler and bring competitive advantage going forward. This maiden BRSR report is a testimony of our commitment to Sustainability in areas of Environment, Social, Governance (ESG). ESG has been core to our Business ever since Solara has formed as a separate Pure Play API company from our group company in year 2018. In this year, company has taken advance steps by setting strategic direction and establishing 2025 medium term goals. In this year of reporting, we have maintained good performance across all ESG levers especially GHG emissions. We have undertaken important projects and improved substantially renewable source of energy especially electricity from Solar, Wind across all sites. We continue to invest on the renewable source of energy and partner with companies undertaking group captive solar power projects. With respect to absolute values of electricity, water we envisage some increase going forward due to Vizag site ramping up production and capacity utilization. However, we are confident and committed to reducing / compensating GHG emissions with renewable sources or other means of fuels and undertaking ZLD projects.

Company also undertaken cost improvement programs especially increasing product yields, solvent recovery, which helped in doing more of output with less inputs and thus helping sustainability.

We have significantly improved in our Diversity & Inclusion agenda. We have increased gender diversity by improving woman employees share by 50% over 2021-22 baseline.

Besides sustainable performance within our sites, we have started to look beyond our sites, that is supply chain performance. We have engaged our supply chain partners for sustainability and take their commitment covering environmental, social and governance.

We have been assessing our company sustainability performance with world renowned sustainability rating agency Eco Vadis from past 4 years. We continue show improvement in sustainability performance with significant score rise in Labour, human rights and maintaining good position in Environment and supply chain. I am happy to share company stood at 67% percentile in Eco Vadis network and top 24% of pharma companies assessed in this year.

## Way forward

As I said previously, we want Sustainability and Sustainable performance of our company as a business enabler, core to way of our work and would supplement our RITE values (Responsibility, Integrity, Transparency and Efficiency). We are committed to taking our company performance to top quartile among all companies on EcoVadis platform and aim for silver medal rating in near term. Finally, we would like to be leading a pure play API company and contributing immensely for sustainability in the interest of future and future generation.

Warmly,

**Jitesh Devendra**  
Managing Director

## Highlights:

### Principle 1 - Ethics

100%

BOARD OF DIRECTORS AND KMPS TRAINING ON THE 9 NGRBC PRINCIPLES

No

MONETARY/NON-MONETARY CHARGES

### Principle 2 - Product Stewardship

PHARMACEUTICAL INDUSTRY PRINCIPLES FOR RESPONSIBLE SUPPLY CHAIN MANAGEMENT POLICY IN PLACE ENCOMPASSING THE VARIOUS ASPECTS OF ETHICS, HUMAN RIGHTS AND ENVIRONMENT. THIS FORMS AS A GUIDING DOCUMENT FOR SUPPLIER ENGAGEMENT

### Principle 3 - Employee Well being

100%

OF EMPLOYEES PROVIDED WITH HEALTH INSURANCE, ACCIDENTAL INSURANCE AND PATERNITY BENEFITS.

100%

OF THE PLANTS AND OFFICES ASSESSED FOR HEALTH AND SAFETY PRACTICES

### Principle 4 - Stakeholder Engagement

## Stakeholder Engagement Policy

ESTABLISHED DURING THE REPORTING PERIOD TO FORM MEANS AND PROCEDURES TO ENGAGE WITH OUR STAKEHOLDERS.

### Principle 5 - Human Rights

No

CHILD LABOUR, FORCED/ INVOLUNTARY LABOUR, SEXUAL HARASSMENT, DISCRIMINATION AT WORKPLACE AND WAGES ISSUE

### Principle 6 - Environment

79

KILO JOULES OF ENERGY UTILISED FOR EVERY RUPEE OF TURNOVER IN FY23

25

MILLI LITRE OF WATER UTILISED FOR EVERY RUPEE OF TURNOVER IN FY23

37

METRIC TONNES OF CO<sub>2</sub> EQUIVALENT FOR EVERY CR. RUPEES OF TURNOVER IN FY23

### Principle 7 - Public Policy Advocacy

Zero

CASE FILED REGARDING UNFAIR TRADE PRACTICES AND ANTI-COMPETITIVE BEHAVIOUR

### Principle 8 - CSR

7%

DIRECTLY SOURCED FROM MSMES/ SMALL PRODUCERS

11%

SOURCED DIRECTLY FROM WITHIN THE DISTRICT AND NEIGHBORING DISTRICTS

### Principle 9 - Customer Relations

Zero

RECALL OF PRODUCT



## BRSR Overview:

**SECTION A** – General disclosures

**SECTION B** – Management and process disclosures

**SECTION C** – Principle-wise performance disclosure

Principle 1	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable
Principle 2	Businesses should provide goods and services in a manner that is sustainable and safe
Principle 3	Businesses should respect and promote the well-being of all employees, including those in their value chains
Principle 4	Businesses should respect the interests of and be responsive to all its stakeholders
Principle 5	Businesses should respect and promote human rights
Principle 6	Businesses should respect and make efforts to protect and restore the environment
Principle 7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
Principle 8	Businesses should promote inclusive growth and equitable development
Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner

## SECTION A – GENERAL DISCLOSURES

### Details

1.	Corporate Identity Number (CIN) of the Listed Entity	L24230MH2017PLC291636
2.	Name of the company	SOLARA ACTIVE PHARMA SCIENCES LIMITED
3.	Year of incorporation	2017
4.	Registered office address	201, Devavrata, Sector 17, Vashi, Navi Mumbai Mumbai City MH 400703 IN
5.	Corporate address	2nd Floor, Admin Block, 27 Vandaloor Kelambakkam Rd. Keelakottaiyur Village, Melakottaiyur Post Chennai 600127 TN IN
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	2022-2023
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
11.	Paid-up Capital	35,99,62,670 ₹
12.	Name of contact details of the person who may be contacted in case of any queries on the BRSR Report	S Murali Krishna, (Compliance officer), 91 44 47406200, muralikrishna@solara.co.in
13.	Reporting boundary	Standalone (Indian Operations)

### Products and Services

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

S. No.	Description of Main Activity	Description of Business Activity	% Of Turnover of the entity
1	Active Pharmaceutical Ingredients	21001	100%

#### 15. 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%

### Operations

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

Location	Number of Manufacturing Unit(s)	Number of R&D unit(s)	Number of office(s)	Total
National	6	1	3	10
International	0	0	0	0

#### 17. Markets served by the entity:

The company operates in the following markets mentioned below:

##### a. Number of locations

Locations	Number
National (No. of States)	The Company sells its products in all the 28 states and 8 Union territories in the country
International (No. of Countries)	The Company sells its products in over 75 countries globally

##### b. What is the contribution of exports as a percentage of the total turnover of the entity? 51%

##### c. A brief on types of customers

Generic pharma companies and innovator pharma companies are our customers and our core business is Active Pharma Ingredients (API)

### Employees

#### 18. Details as at the end of Financial Year:

##### a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	1,632	1,494	92%	138	8%
2.	Other than Permanent (E)	10	8	80%	2	20%
3.	Total employees (D + E)	1,642	1,502	91%	140	9%
<b>WORKERS</b>						
4.	Permanent (F)	729	728	99.9%	1	0.1%
5.	Other than Permanent (G)	1,093	988	90%	105	10%
6.	Total workers (F + G)	1,822	1,716	94%	106	6%

b. Differently abled Employees and workers:

<b>Differently abled employees</b>						
S. No	Particulars	Total (A)	Male		Female	
			No. (B)	% (B / A)	No. (C)	% (C / A)
1.	Permanent (D)	5	4	80%	1	20%
2.	Other than Permanent (E)	-	-	-	-	-
3.	Total differently abled employees (D + E)	5	4	80%	1	20%
<b>Differently abled workers</b>						
4.	Permanent (F)					
5.	Other than permanent (G)					
6.	Total differently abled workers (F + G)					

19. Participation/Inclusion/Representation of women

	Total (A)	No. and percentage of Females	
		No. (B)	% (B / A)
Board of Directors	9	2	22%
Key Management Personnel	2	0	0%

20. Turnover rate for permanent employees and workers

(Disclose trends for the past 3 years)

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	23%	2%	25%	24%	2%	26%	11%	1%	12%
Permanent Workers	2%	0	2%	2%	0	2%	2%	0	2%

Holding, subsidiary and associate companies (including joint ventures)

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

The company has a total of 4 active subsidiaries.

S. 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 (India)	Subsidiary	49%	
2	Sequent Penems Private Limited (India)	Subsidiary	100%	No
3	Shasun USA Inc (USA)	Subsidiary	100%	
4	Solara Active Pharma Sciences LTDA (Brazil)	Subsidiary	100%	

CSR

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No) - Yes

(ii) Turnover (in ₹) – 1,465.95 Crores

(iii) Net worth (in ₹) – 1,503.13 Crores

## Transparency and Disclosure Compliances

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

Overview of the entity's material responsible business conduct issues

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2022-23 Current Financial Year			FY 2021-22 Previous Financial Year		
		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	0	0	-	0	0	-
Shareholders and Investors	Yes	0	0	-	0	0	-
Employees and workers	Yes	0	0	-	0	0	-
Customers	Yes,	28	10	-	15	2	Closed in April & June 22
Value Chain Partners	Yes	0	0	-	0	0	-
Other (please specify)	0	0	0	-	0	0	-

#### Note:

Weblinks:

<https://solara.co.in/investor-relations/company-secretary-and-compliance-officer/>

[https://solara.co.in/wp-content/uploads/2021/03/Solara\\_Whistle%20Blower%20Policy.pdf](https://solara.co.in/wp-content/uploads/2021/03/Solara_Whistle%20Blower%20Policy.pdf)

### 24. 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 identified issue	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 helps to reduce operational costs in the long run.	We are in the process of setting internal target to improve year on year efficiency.	Positive
2	Water Stewardship	O	Uninterrupted water availability is a critical requirement for any API manufacturing entity. We see it as an opportunity to continuously work towards reducing and optimizing our water consumption	Reduced freshwater usage across all operations by 15% by 2025 from the baseline year FY 2021-22.	Positive
3	Waste Management	O	Waste Management in API manufacturing units is a critical aspect considering the hazardous nature of waste generated. Improper disposal of waste can lead to extensive damage to the ecosystem.	To reduce disposal to landfill by 20% and to reduce incinerable waste by 15% from the baseline year FY 2021-22 and utilise it for coprocessing by 2025.	Positive
4	Health and safety	O	Employees are the biggest asset to the organization and unhealthy, unsafe and hazardous work conditions prove detrimental to the physical and mental well-being of the employees. Robust systems for hazard identification and mitigation promotes efficiency and higher productivity.	We are committed to creating a robust health and safety system by identifying and eliminating the causes of injuries and accidents.	Positive
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 thus critical to conduct proactive checks which is vital for adherence to regulatory requirements.	We have robust and stringent checks and balances in place to ensure we adhere to all policies and regulatory requirement.	Negative

## 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. At Solara, we have a robust management framework in place which enables us to align with the NGRBC Principles with respect to structure and policies to ensure we continue to deliver our best in an ethical, and responsible way. This encompasses transparent and principled business practices that hold us accountable, as well as protect the interests of our stakeholders, including customers and employees.

Principle 1	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable
Principle 2	Businesses should provide goods and services in a manner that is sustainable and safe
Principle 3	Businesses should respect and promote the well-being of all employees, including those in their value chains
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Principle 7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
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Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and Management Disclosures</b>									
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	<a href="https://solara.co.in/investor-relations/policies/">https://solara.co.in/investor-relations/policies/</a>								
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. Forest 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 and ISO 14001 adopted by our company								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	<ul style="list-style-type: none"> <li>- Partners in Sustainable Performance. Engages with Tier-1 suppliers in committing to supplier code of conduct and sustainable performance. 100% Tier-1 suppliers engagement in sustainability by 2025.</li> <li>- Zero accident Target</li> <li>- Improve usage % electricity generated from RE sources from 27% to 40%. Up by 50% in 2025 over 2021-22 baseline.</li> <li>- Reduced Fresh Water usage across all operations by 15% in 2025 over 2021-22 baseline.</li> <li>- Reduce waste disposal to Landfill by 20% in 2025 over 2021-22 baseline.</li> <li>- Reduce Incinerable waste by 15% in 2025 over baseline of 2021-22 and put to good use in co-processing..</li> </ul>								
6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	In the current reporting period, we achieved 38.5% electricity from RE sources and a gender diversity ratio of 5.8% in our permanent employee category. Our performance in waste, water, social initiatives and sustainability in supply chain are aligned to our target set for the year 2025.								
<b>Governance Leadership and Oversight</b>									
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) Please refer page 76									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	DIN: 05297969 <ul style="list-style-type: none"> <li>- Name: Mr. S. Hariharan</li> <li>- Designation: Executive Director &amp; CFO</li> </ul>								
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 ESG committee headed by CEO.								

**Policy and management processes**

10. Details of Review of NGRBCs by the Company:

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ ESG 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
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y	A	A	A	A	A	A	A	A	A
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.	<b>P1</b>		<b>P2</b>		<b>P3</b>		<b>P4</b>		<b>P5</b>		<b>P6</b>		<b>P7</b>		<b>P8</b>		<b>P9</b>	
	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
The entity does not consider the Principles material to its business (Yes/No)								
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)								

Not Applicable

**SECTION C – PRINCIPLE WISE PERFORMANCE DISCLOSURE**
**Principle 1 – Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable**

At Solara, ethical business practices serve as the cornerstone for fostering operational excellence and a sustainable business. As a result, our corporate governance is strong and upholds the values of Responsibility, Integrity, Transparency and Efficiency (R.I.T.E). The Board’s commitment to impactful governance is echoed throughout the organisation, ensuring appropriate culture and procedures to effectively manage risk while upholding the highest standards of ethics, justice, and honesty.

SDG Linkages-


**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	% of persons in respective category covered by the awareness programmes
Board of directors	1	The programmes comprised of: – Overview of BRSR & environmental laws Programme covered all principles	100%
Key managerial personnel	1	The programmes comprised of: – Overview of BRSR & environmental laws Programme covered all principles	100%

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Employees other than BoD and KMPs	242	Whistle Blower Business Ethics and Practices Conflicts of Interest & Corporate Responsibilities Bribes & Improper payments Political contributions & Activities Equal Employment Opportunities Discrimination & Harassment Sexual Harassment Safety, Health and Environment Legal & Compliance Insider Trading, Fair Dealing Confidential information protection Media, skill upgradation, public and Government Queries handling.	100%
Workers	737	Training provided to permanent workers as per Standing Orders and training concerning safety & skill upgradation has been imparted during the year.	100%

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):

Monetary					
NGRBC Principle	Name of the regulatory/ enforcement agency/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Penalty/ Fine	Nil	Nil	Nil	Nil	Nil
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil
Non-Monetary					
NGRBC Principle	Name of the regulatory/ enforcement agency/ judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)	
Penalty/ Fine	Nil	Nil	Nil	Nil	Nil
Settlement	Nil	Nil	Nil	Nil	Nil
Compounding fee	Nil	Nil	Nil	Nil	Nil

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

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Nil	Nil

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-Corruption-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.

	FY 2022-23	FY 2021-22
Directors	Nil	Nil
KMPs	Nil	Nil
Employees	Nil	Nil
Workers	Nil	Nil

There have been no complaints against our BOD, KMPs, Employees and Workers.

## 6. Details of complaints with regard to conflict of interest:

	FY 2022-23	FY 2021-22
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil

## 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.

None

### Leadership Indicators

- Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programmes
Currently none, we are in the process of assessing our value chain partners. Solara shall conduct training programs to bridge the knowledge gap in the forthcoming years.		

## 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 core management team one level below the Executive Directors and all functional heads).

Code is designed to promote honest, fair and ethical conduct, including ethical handling of conflicts of interest between personal and professional relationships.

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

We are focused on manufacturing products that are socially beneficial and ecologically sustainable. We have implemented a robust IT-led system for all our key operations. The product suite, in addition to aggregation of development data for our DMFs, is prepared for regulatory filing, which helps us track the lifecycle of development until the product is launched. With a vision to contribute meaningfully in the healthcare space, we are focused on delivering value to our stakeholders, and community. The Company runs a multi-product business with several manufacturing facilities. It monitors resource consumption during the production stage, and the processes have been optimised to the extent possible. We extend significant importance to adopt the highest standards of environmental, social and governance practices across our manufacturing locations.

SDG Linkages-



### Essential Indicators

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

	FY 2022-23 (Current financial year)	FY 2021-22 (Previous financial year)	Details of improvements in environmental and social impacts
R&D	35%	37%	The R&D projects helped drive down costs of the active pharmaceutical ingredient there by reducing the cost of generic medicines and help enhance the access to health care.
Capex	4%	5%	

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

Yes. Solara promotes sustainable sourcing and continually working towards increasing the value of purchases made from such suppliers. To support sustainable sourcing, we encourage our suppliers and vendors to embrace moral, accountable, and sustainable practices in their operations.



Solara has developed Responsible Supply Chain Management policy that sets out fundamental values and integrity levels of business conduct. Vendors must act with integrity and are expected to demonstrate commitment to legal, ethical, safe and fair business practices. Our Vendor CoC covers various aspects of ESG, such as compliance with all applicable environmental laws and regulations, labour and human rights & anti-bribery, anti-corruption, data protection and data privacy.

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

We are in the process of assessing our value chain partners and tracking the suppliers on the context of sustainability will start from FY24.

**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 (including packaging)	The Company is in the process of implementing a mechanism to track the disposal and generation of plastic waste from the following year (FY24)
E-waste	E-Waste Safely disposed by sending to authorized recycler after making an agreement
Hazardous waste	Hazardous waste safely disposed by sending to authorized agency after making an agreement.
Other waste (wastepaper and paper products)	Other wastes are sent to the authorized waste disposal agency.

**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 EPR plan submitted to Pollution Control Boards?**

As per the Extended producer guideline company falls under PIBO category. However majority Solara sites are Exported Oriented Units and same are exempted from fulfilling EPR obligations. Company is taking up with local authorities on clarifications for registration requirement. Meanwhile we plan to register our DTA sites in EPR portal in FY24.

**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 Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency	Results communicated in public domain	If yes, provide the web-link.
No, Solara has not conducted life cycle perspective for any of our manufacturing product in current financial year. In FY 24 we have planned to conduct Life Cycle Perspective (LCA) for at least for 2 large tonnage products.						

**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
Not applicable, as no LCA performed.		

**3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**

Indicate input material	Recycled or re-used input material to total material	
	FY 2022-23 (Current financial year)	FY 2021-22 (Previous financial year)
Not applicable, as we are Active Pharmaceutical Ingredient (API) manufacturer.		

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed, as per the following format:

Waste Details	FY 2022-23 (Current financial year)			FY 2021-22 (Previous financial year)		
	Reused*	Recycled**	Safely disposed***	Reused*	Recycled**	Safely disposed***
Plastics (including packaging)	Not monitored	Not monitored	Not monitored	Not monitored	Not monitored	Not monitored
E-waste	0	1.5	Nil	Nil	1.8	Nil
Hazardous waste	6.03	26,594	6,408	0	23,650	6,745
Other waste	0	531	0	0	579	0

**Note:**

\*Materials are internally reused

\*\* The waste categories under recyclable Hazardous wastes are disposed to authorized Recycler.

\*\*\* The waste categories under "Safely disposed waste" are disposed via landfill, incineration and coprocessing to authorized hazardous waste agency

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
	Not applicable

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

Solara aims to create an environment where each person feels empowered to contribute their utmost. Through targeted training and engagement programmes, we continuously aim to promote the welfare and development of our employees while maintaining a secure and effective workplace. People are key to realising the business vision and their well-being is of utmost priority for us. As a progressive Company, we believe in extending equal opportunities of growth for all our people and promote gender diversity at the workplace.

Solara has zero tolerance for any kind of workplace harassment, bullying, or intimidation, including sexual, physical, verbal, and psychological abuse.

SDG Linkages-



**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 facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	1,494	1,494	100%	1,494	100%	NA	NA	1,494	100%	0	0%
Female	138	138	100%	138	100%	138	100%	NA	NA	0	0%
Total	1,632	1,632	100%	1,632	100%	138	100%	1,494	100%	0	0%
<b>Other than Permanent employees</b>											
Male	8	0	0%	0	0%	0	0%	0	0%	0	0%
Female	2	0	0%	0	0%	0	0%	0	0%	0	0%
Total	10	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)
<b>Permanent workers</b>											
Male	728	728	100%	728	100%	NA	NA	728	100%	0	0%
Female	1	1	100%	1	100%	1	100%	NA	NA	0	0%
Total	729	729	100%	729	100%	1	100%	728	100%	0	0%
<b>Other than Permanent workers</b>											
Male	988	0	0%	988	100%	0	0%	0	0%	0	0%
Female	105	0	0%	105	100%	0	0%	0	0%	0	0%
Total	1,093	0	0%	1,093	100%	0	0%	0	0%	0	0%

**2. Details of retirement benefits.**

Benefits	FY 2022-23			FY 2021-22		
	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%	100%	Y	100%	100%	Y
Gratuity	100%	100%	Y	100%	100%	Y
ESI	14%	7%	Y	16%	12%	Y
Others	-	-	-	-	-	-

Note: The above data is for permanent employees and workers.

**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's 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, Solara has an Equal Opportunity, Diversity and Inclusion Policy that promotes a fair and transparent work environment to ensure diversity and inclusion of all people, including people with disability.

The web link 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.**

Gender	Permanent employees		Permanent workers	
	Return to work rate %	Retention rate %	Return to work rate %	Retention rate %
Male	100%	96%	100%	100%
Female	100%	88%	100%	88%
Total	100%	94%	100%	88%

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

	(If yes, then give details of the mechanism in brief)
Permanent workers	Representation through recognised unions / standing orders/ Whistle Blower / POSH
Other than permanent workers	Whistle Blower / POSH
Permanent employees	All Grievance will be handled 1. line manager, 2, functional head 3. SLC / Whistle Blower / POSH
Other than permanent employees	1. Through Functional Head 2. Whistle Blower/ POSH

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

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees/ workers in the respective category, who are part of the association(s) or Union (B)	% (B/A)	Total employees/ workers in the respective category (C)	No. of employees/ workers in the respective category, who are part of the association(s) or Union (D)	% (D/C)
<b>Employees</b>						
Male	1,494	0	0%	1,900	0	0%
Female	138	0	0%	141	0	0%
Total	1,632	0	0%	2,041	0	0%
<b>Workers</b>						
Male	728	728	100%	761	761	100%
Female	1	1	100%	1	1	100%
Total	729	729	100%	762	762	100%

Note: The above data is for permanent employees and workers.

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

Category	FY 2022-23					FY 2021-22				
	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)
<b>Employees</b>										
Male	1,494	394	26%	1,281	86%	1,900	387	20%	1,414	74%
Female	138	28	20%	112	81%	141	20	14%	81	57%
Total	1,632	422	26%	1,393	85%	2,041	407	20%	1,495	73%
<b>Workers</b>										
Male	728	598	82%	692	95%	761	623	82%	711	93%
Female	1	1	100%	0	0	1	0	0%	0	0%
Total	729	599	82%	692	95%	762	623	82%	711	93%

Note: The above data is for permanent employees and workers.

## 9. Details of performance and career development reviews of employees and workers:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	1,494	1,263	85%	1,900	1,402	74%
Female	138	88	64%	141	122	87%
Total	1,632	1,351	83%	2,041	1,524	75%
<b>Workers</b>						
Male	728	728	100%*	761	761	100%*
Female	1	1	100%*	1	1	100%*
Total	729	729	100%*	762	762	100%*

Note: The above data is for permanent employees and workers.

\*For the workers, Performance is covered under Long term settlement agreement.

## 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, what is the coverage of such a system?

Yes, The Safety & Health Management system covers activities across all manufacturing locations ensuring the protection of environment and health & safety of its employees, contractors, visitors and relevant stakeholders. Our 4 of 7 sites are certified with ISO 45001:2018 & 14001:2015.

### 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 dropped in the drop box placed at various location in plant and R&D centre. It is also extended to contractors working on sites to ensure their concerns are captured.
- The closure of same is tracked to ensure risk control at 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 are conducted for employees as per the schedule.
- Hazard identification and risk assessment is in place.
- 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.**

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 procedure of reporting work-related hazards and the steps to remove themselves from such situations. We have drop box at various location in the site, so that employee can immediately report and unsafe act, condition and near miss and drop in the box.

**d. Do the employees/ workers of the entity have access to non-occupational medical and healthcare services?**

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 endeavour to promote physical and mental well-being 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 session.
2. 1 to 1 help platform
3. Annual Health check up
4. Distribution of health drinks

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

Safety incident/number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one-million-person hour worked)	Employees*	0.31	1.12
	Workers	0.56	0.00
Total recordable work-related injuries	Employees	2	7
	Workers	4	2
No. of fatalities	Employees	0	0
	Workers	1	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	1	4
	Workers	0	0

**Note:**

- \* Employee =Management employee: \*Worker = Union Employee
- \* Data don't include contract employees.

**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, Factory act and other state level regulatory requirements within its Environment Health and Safety (EHS) management system.

- The EHS policy advocates the provision of safe working environment to all the employees, contractors, sub-contractors, visitors and the neighbouring 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 recognises the critical areas requiring immediate corrective action. The safety incidents and hazards are investigated to determine the root cause, 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 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 being 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 board, Do's & Don'ts and safety instruction boards were displayed. The Company endeavours 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

	FY 2022-23			FY 2021-22		
	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 & 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	100%
Working conditions	100%

### 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 sites have 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, annual training calendar prepared, accordingly training is being imparted for employees to make them competent.
- Risk Based Process Safety Management has been implemented and monitored at all the site, to prevent intended release of chemical and other energies.
- Corporate EHS guideline and Procedures established for all activities, also it is being reviewed periodically.
- Periodic audit and inspection is being carried out on all critical equipment, potable tools and equipment.
- Preventive maintenance is being performed for all equipment and testing and calibration is being 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 is being regularly performed by site Leadership team to identify the unsafe act & condition.
- Identification & Reporting of Near miss by Employees is in place, 100% investigation of all near miss is in practice.

- 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 being checked during the safety inspection / audit.
- Personal Protective equipment (PPE) compliance is being monitored through strict supervision.

## 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).

Employee-Yes

Workers- Yes

### 2. Provide the measures undertaken by the entity 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. Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-23 (Current financial year)	FY 2021-22 (Previous financial year)	FY 2022-23 (Current financial year)	FY 2021-22 (Previous financial year)
Employees	1	4	0	2
Workers	1	0	0	0

### 4. 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, on case to case basis.

### 5. Details on assessment of value chain partner:

Details on assessment of value chain partners:	% of Tier 1 Suppliers (by value of business done with such partners) that were assessed
Health and safety practices	7%
Working Conditions	7%

\*(5 Tier 1 Suppliers were audited out of 68 suppliers).

Note: Top-40 RM procurement contributing to 68 suppliers are considered as Tier-1 / strategic suppliers who will be part of Vendor assessment in Phase-1.

As per the Solara supplier Code of Conduct, the value chain partners are expected to adhere to the principles of Health and safety practices, working conditions as per the extent regulations. However, no independent assessment is carried out.

### 6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

There are no significant risk / concern arising from EHS assessment of value chain partners. However, we encourage our value chain partners to improve EHS and sustainability performance by following points.

1. Certification of ISO 14001 & ISO 45001
2. Implementation of Risk based Process safety management
3. Training on health and safety for all the employees.
4. Periodic inspection /audit to be carried out at fixed intervals

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

Stakeholder participation is a vital component of business processes at Solara. We endeavour to create long-term, sustainable value for all our stakeholders, including our team members, clients, investors, suppliers and communities. To accomplish this, we regularly communicate and work together with our stakeholders to understand their expectations and requirements. Our approach for interacting with stakeholders who are either directly or indirectly connected to our business, is outlined in our stakeholder engagement policy.

SDG Linkages-



### Essential Indicators

#### 1. Describe the processes 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 of stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder group	Whether identified as vulnerable & marginalised 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	<ul style="list-style-type: none"> <li>Intranet Portal</li> <li>Functional and cross-functional committees</li> <li>Leader's talk</li> <li>Regular Employee Communication Forums</li> </ul>	On a regular basis	<ul style="list-style-type: none"> <li>Employee benefits</li> <li>Learning and development</li> <li>Safety and well-being</li> <li>Performance review and career development</li> <li>Business update</li> </ul>
Customers	No	<ul style="list-style-type: none"> <li>Customer Satisfaction Survey</li> <li>Customer meets</li> <li>Digital/ telephonic Interactions</li> </ul>	On a regular basis	<ul style="list-style-type: none"> <li>Customer feedback</li> <li>Resolution of their open issues</li> </ul>
Suppliers and Vendors	No	<ul style="list-style-type: none"> <li>Supplier and Vendor meets</li> <li>Face-to-face and electronic correspondence</li> <li>Digital/ telephonic Interactions</li> </ul>	Half yearly	<ul style="list-style-type: none"> <li>Resolving open issues</li> <li>Assessing performance</li> <li>Recognition and engagement activities</li> <li>Undertaking discussion on Sustainability Parameters</li> </ul>
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	<ul style="list-style-type: none"> <li>Physical meetings</li> <li>Digital interactions</li> </ul>	Concurrent /need basis	<ul style="list-style-type: none"> <li>Community development through various initiatives of CSR</li> <li>Community grievance redressal</li> </ul>
Regulatory and government bodies	No	<ul style="list-style-type: none"> <li>Physical meetings</li> <li>Digital communications</li> <li>Through submissions</li> </ul>	On a need basis	<ul style="list-style-type: none"> <li>Policy Advocacy with concerned authorities</li> <li>Deliberations and inputs on regulations and policies that have bearing on our operations and businesses</li> <li>For our core business activities of development, manufacturing and sales</li> </ul>



## 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 the 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 are taken to, address the concerns of vulnerable/ marginalised stakeholder groups.

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

### Principle 5: Businesses should respect and promote human rights

Solara is committed to respect and promote human rights of all stakeholders and ensures there is no violation while conducting business. Solara's Code of Conduct, Human Rights Policy, Equal Opportunity, Diversity and Inclusion Policy and Policy on Prevention of Sexual Harassment Policy (POSH), are built on these principles.

Leading international frameworks, such as the International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the UN Guiding Principles on Business and Human Rights, serve as our guides in our efforts to foster respect for human rights.

SDG Linkages-



## 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 2022-23			FY 2021-22		
	Total (A)	No. of employees/ workers covered (B)	% (B / A)	Total (C)	No. of employees/ workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	1,632	1,632	100%*	2,041	2,041	100%
Other than permanent	10	-	0%	2	-	-
Total employees	1,642	1,632	99%*	2,043	2,041	99.90%
<b>Workers</b>						
Permanent	729	729	100%	762	762	100%
Other than permanent	1,093	1,093	100%	1,044	1,044	100%
Total workers	1,822	1,822	100%	1,806	1,806	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. For FY 23, orientation training is also provided to the new joiners (around 29%). Accordingly, all permanent employees are covered under the training.

## 2. Details of minimum wages paid to employees and workers

Category	FY 2022-23					FY 2021-22				
	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)
<b>Permanent Employees</b>										
Male	1,494	297	20%	1,197	80%	1,900	455	24%	1,445	76%
Female	138	24	17%	114	83%	141	27	19%	114	81%
Total employees	1,632	321	20%	1,311	80%	2,041	482	24%	1,559	76%
<b>Permanent Workers</b>										
Male	728	138	19%	590	81%	761	58	8%	703	92%
Female	1	-	0%	1	100%	1	-	0%	1	100%
Total workers	729	138	19%	591	81%	762	58	8%	704	92%

Note: The above details are only considering permanent employees and workers.

## 3. Details of remuneration/salary/wages

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD)*	2	3,75,00,006	-	-
Key managerial personnel#	2	1,99,66,512	-	-
Employees other than BoD and KMP	1,490	5,83,194	138	5,05,002
Workers	728	7,95,477	1	4,45,499

\* All other board members receive sitting fees.

# KMPs mentioned above exclude BoD.

## 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.

Yes, the human rights policy has grievances redressal mechanism. The link of the policy is available in our website:

<https://solara.co.in/wp-content/uploads/2023/06/Human-Rights-Policy.pdf>

## 6. Number of complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	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	Nil	-	-	Nil	-	-
Discrimination at workplace	Nil	-	-	Nil	-	-
Child labour	Nil	-	-	Nil	-	-
Forced labour/Involuntary labour	Nil	-	-	Nil	-	-
Wages	Nil	-	-	Nil	-	-
Other human rights-related issues	Nil	-	-	Nil	-	-

## 7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

Solara strives to maintain a healthy, safe and productive work environment that is free from discrimination or any form of harassment. An Internal Complaints Committee has been constituted for timely and impartial resolution for any complaints that may arise in this regard. Further our code of conduct and POSH ensures that any discrimination and harassments are avoided.

The link to the policy addressing grievance and redressal mechanism: <https://solara.co.in/investor-relations/policies/>

**8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)**

Our business agreements and contracts emphasize the importance of compliance with all applicable laws, which includes upholding human rights standards. While specific mention of human rights requirements may not be present, it is explicitly stated that all parties involved in our business dealings are expected to comply with all applicable laws, thereby encompassing human rights obligations.

**9. Assessments of the year**

	<b>% of your plants and offices that were assessed (by the entity or statutory authorities or third parties)</b>
Child labour	100%
Forced/involuntary labour	100%
Sexual harassment	100%
Discrimination at workplace	100%
Wages	100%
Others – please specify	-

**10. Provide details of any corrective actions taken or underway to address significant risks/concerns arising from the assessments at Question 9 above.**

Not Applicable

**Leadership Indicators**

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

No business processes have been modified due to Human Rights Grievances.

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

No Due diligence regarding human rights conducted in the current financial year.

**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.

**4. Details on assessment of value chain partners:**

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>		
Sexual Harassment	-	-	-
Discrimination at workplace	-	-	-
Child Labour	-	-	-
Forced Labour/Involuntary Labour	-	-	-
Wages	-	-	-
Others – please specify	-	-	-

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

No assessment has been carried out.

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

We believe that as a corporate citizen, it is our responsibility to ensure our business practices are carried out while causing minimal impact on the environment. Our policy on 'Environment, Health & Safety' (EHS) provides us with the necessary guidance and direction towards climate change mitigation and adaptation efforts, alongside natural resource replenishment initiatives. Our policy on Environment, Health & Safety is applicable across all our operational facilities. As part of the policy, Solara commits to educate our stakeholders (employees, contractors, sub-contractors, transporters, visitors) about the EHS policy and emergency procedures. Solara identifies and assesses the potential environmental risks as per the Environmental Management System Standards ISO 14001:2015 and appropriate standard operating procedures (SOPs) is developed to address key environmental risks.

## SDG Linkages-


**Essential Indicators**
**1. Details of total energy consumption (in Joules or multiples) and energy intensity**

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A) MJ	32,17,75,709	31,86,25,200
Total fuel consumption (B) MJ	84,17,57,427	75,04,08,227
Energy consumption through other sources (C) MJ	-	-
Total energy consumption (A+B+C) MJ	1,16,35,33,136	1,06,90,33,427
Energy intensity per rupee of turnover MJ/ Rupees (Total energy consumption/ turnover in rupees)	0.079	0.083

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 independent assessment/ evaluation/assurance has been carried out.

**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:**

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	42,771	44,314
(iii) Third-party water (municipal water supplies)	3,17,546	3,22,625
(iv) Seawater / desalinated water	0	0
(v) Others	14,784	34,286
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	3,75,101	4,01,226
Total volume of water consumption (in kilolitres)	3,71,607	4,00,376
Water intensity per rupee of turnover (water consumed / turnover) Milli Litres/ Rupees	25.35	31.28

**4. Has the entity implemented a mechanism for zero liquid discharge? If yes, provide details of its coverage and implementation.**

5 units out of 7 units (6 manufacturing and 1 R&D centre) 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.

**5. Please provide details of air emissions (other than GHG emissions) by the entity:**

Parameter	Unit	FY 2022-23	FY 2021-22
NOx	-	Solara is in the process of measuring emissions and would be reporting in the next financial year (FY24).	
SOx	-		
Particulate matter (PM)	-		
Persistent organic pollutants (POP)	-		
Volatile organic compounds (VOC)	-		
Hazardous air pollutants (HAP)	-		
Others – ozone-depleting substances (HCFC - 22 or R-22)	-		

**6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity:**

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	11,168	10,169
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	43,425	50,693
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO <sub>2</sub> equivalent/ Cr. Rupees	37.24	47.51

Note: Its excluding Emission from ozone-depleting substances.

**7. Does the entity have any project related to reducing greenhouse gas emission? If Yes, then provide details.**

Solara has initiated process to increase renewable energy from 27 % to 40% by FY 25 (from the base year FY21) to address global environmental issues such as climate change, global warming and thereby reducing 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.

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

Parameter	FY 2022-23	FY 2021-22
Total waste generated (in metric tonnes)		
Plastic waste (A)	The company is in the process of implementing a mechanism to track the disposal and generation of plastic waste from the financial year 2024.	
E-waste (B)	1.6	1.1
Bio-medical waste (C)	2.4	7.0
Construction and demolition waste (D)	0	0
Battery waste (E)	4.4	3.9
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G) Spent solvent, spent oil, spent catalysts, distillation residues, chemical sludge, process residue, discarded/ off-specification products	32,976	30,393
Other Non-hazardous waste generated (H). Please specify, if any. Glass scrap, metal scrap, wooden scrap, storage drums, corrugated box, paper waste, boiler ash. Overall waste generated qty is shared and not material wise weights are updated	531	579
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>33,515</b>	<b>30,984</b>

Parameter	FY 2022-23	FY 2021-22
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	0	0
(ii) Re-used	6	0
(iii) Other recovery operations	0	0
<b>Total</b>	<b>6</b>	<b>0</b>
For each category of waste generated, total waste disposed of by nature of disposal method (in metric tonnes)		
Category of waste		
(i) Incineration	114	239
(ii) Landfilling	3,168	4,538
(iii) Other disposal operations	30,252	26,199
<b>Total</b>	<b>33,534</b>	<b>30,976</b>

**9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce the 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 chemical 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, recycle, reducing hazardous waste to landfill and incineration

10. 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	Solara Active Pharma research centre and corporate office situated at Keelakottaiyur Village, Melakottaiyur (PO) Chennai – 600127, which is 7.00Km from Vandaloor Zoo.	Research & Development and General administration	Yes, site is complying to consent to Operate (CFO/ CTO) conditions

11. 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					

12. 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 there under (Y/N). If not, provide details of all such non-compliances:

Sr. 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
We are compliant with all the applicable environmental law/ regulations/ guidelines.				

## Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

	Unit	FY23	FY22
<b>From renewable sources</b>			
Total electricity consumption (A)	MJ	12,38,89,685	8,76,16,800
Total fuel consumption (B)	MJ	70,82,87,151	62,40,08,669
Energy consumption through other sources (C)	MJ	-	-
Total energy consumed from renewable sources (A+B+C)	MJ	83,21,76,836	71,16,25,469
<b>From non-renewable sources</b>			
Total electricity consumption (D)	MJ	19,78,86,024	23,10,08,400
Total fuel consumption (E)	MJ	13,34,70,276	12,63,99,557
Energy consumption through other sources (F)	MJ	-	-
Total energy consumed from non-renewable sources (D+E+F)	MJ	33,13,56,300	35,74,07,957
<b>Total P+R (MJ)</b>	MJ	<b>1,16,35,33,136</b>	<b>1,06,90,33,427</b>

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 independent assessment/ evaluation/assurance has been carried out.

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

	<b>FY23</b>	<b>FY22</b>
Water discharge by destination and level of treatment (in kilolitres)	0	0
(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	10,035	14,320
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)	10,035	14,320

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 independent assessment/ evaluation/assurance has been carried out.

**3. 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- Puducherry site
- (ii) Nature of operations - Manufacturing of API
- (iii) Water withdrawal, consumption and discharge in the following format:

	<b>FY23</b>	<b>FY22</b>
Water withdrawal by source (in kilolitres)		
(i) Surface water	0	0
(ii) Groundwater	0	0
(iii) Third party water	35,803	35,362
(iv) Seawater / desalinated water	0	0
(v) Others		
Total volume of water withdrawal (in kilolitres)	14,784	34,286
Total volume of water consumption (in kilolitres)	50,587	69,648
Water intensity per rupee of turnover (Water consumed in milli litres / turnover ₹)	3.45	5.44
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		
No treatment		
With treatment – please specify level of treatment		
(ii) Into Groundwater		
No treatment		
With treatment – please specify level of treatment		
(iii) Into Seawater		
No treatment		
With treatment – please specify level of treatment		
(iv) Sent to third-parties		
No treatment		
With treatment – please specify level of treatment		
(v) Others		
No treatment		
With treatment – please specify level of treatment		
Total water discharged (in kilolitres)		

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 assessment by external agency has been carried out

#### 4. Please provide details of total Scope 3 emissions & their intensity:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	<i>To be monitored from the next financial year (FY24)</i>	
Total Scope 3 emissions per rupee of turnover	tCO <sub>2</sub> e/₹		
Total Scope 3 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 assessment by external agency has been carried out

#### 5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Even though our R&D centre Chennai and Corporate office is situated beyond stipulated minimum 1Km distance with respect to ESZ, an impact assessment was carried out as part of application for Environment Clearance. R&D centre Chennai and Corporate office has no impact on the ecosystem of the Zoo with research activities by R&D centre.

#### 6. 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 the outcome of such initiatives:

S. 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 consumption than conventional lighting
2.	Measures to conserve water	- Use of sensor-based taps and use of aerators in taps to reduce water flow	Reduction Water consumption
3.	Waste reduction	Installation of paddle dryer	Reduction in moisture content of waste resulted in reduction of waste qty generated hence qty disposed also reduced.

#### 7. 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 which may disrupt the business operations. The Company continuously enhances its existing plan by incorporating interferences and observations from disruptions faced in the unprecedented situations such as the pandemic. Further, the Company's risk management plan enables the minimisation 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.

#### 8. 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.

#### 9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

Top-40 RM procurement contributing 68 suppliers are considered as Tier-1 / strategic suppliers who will be part of Vendor assessment as a Phase-1 with respect environment impact. As on date 5 suppliers have been audited and constitute for 7% of value chain partners under Tier-1. Along with this we have done sustainability survey of our suppliers randomly including raw material packing material and consumable and achieved our target 100%.



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

Solara strives to create a positive impact and participate in making sound policy decisions to facilitate change in public policies that are beneficial to the sector. Solara believes that sustainable business growth can be achieved when worked in unison with the regulatory authorities, government and trading bodies. We are also part of industry bodies and associations that responsibly influence public and regulatory bodies.

SDG Linkages-



**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 a body) the entity is a member of/ affiliated to.**

S. 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 behaviour during the financial year.		

**Leadership Indicators**

1. **Details of public policy positions advocated by the entity:**

S. No.	Public policy advocated	Method resorted for such advocacy	Whether information available in the public domain? (Yes/No)	Frequency of review by board (Annually/ half yearly/ quarterly / others – please specify)	Web-link, if available
1			Nil		

**PRINCIPLE 8: Businesses should promote inclusive growth and equitable development**

Our objective is to secure the interests of the stakeholders, along with the healthy growth of the Company. Community development programmes are integral to our sustainability strategy. We have a robust CSR arm, and its actions are supported by adequate organisational contributions. We initiated multiple programmes for the marginalized, surrounding our area of operation. The Company’s CSR policy, encompasses our philosophy towards social responsibilities and lays down guidelines and mechanisms to undertake socially beneficial programmes for welfare and sustainable development of the community at large. Our CSR initiatives help address socioeconomic concerns in the realms of health, education, employability and disaster management. We have implemented the CSR programmes through our unit CSR Team, CSR advisory committee and external NGOs, to contribute to different sectors and causes of society. Projects to promote the social welfare has been developed post a comprehensive Community Need Analysis.

SDG Linkages-



## 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
-	-	-	-	-	-

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

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
-	-	-	-	-	-	-

Not Applicable

3. Describe the mechanisms to receive and redress grievances of the community.

- quarterly meeting with the representatives of the community to understand the requirements and the supported needed from our end.
- Third party assessment
- Government notifications

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

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	7%	7%
Sourced directly from within the district and neighbouring districts	11%	11%

## 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 ₹)
-	-	-	-

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No) -No  
 (b) From which marginalized /vulnerable groups do you procure? - Not Applicable  
 (c) What percentage of total procurement (by value) does it constitute? - Not Applicable

4. 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: Not Applicable

5. 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 authority	Brief of the Case	Corrective action taken
-	-	-

6. 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	Dispensaries - Puducherry and Cuddalore	14,640	100%
2	Provision of safe drinking water under Health & Hygiene initiatives @ Puducherry & Cuddalore	6,500	100%
3	Initiatives under Education @ Puducherry, Cuddalore, Mysore, Mangalore, Ambernath & Chennai	4,916	100%
4	Other Health Initiatives under Health @ Bangalore, Mangalore & Ambernath	16,100	100%

**PRINCIPLE 9: Businesses should engage with and provide value to their consumers in a responsible manner**

Customer centricity is among our core priorities, and we work to strengthen our purpose of offering consistent value to them, across functions and among our stakeholders. We aim to provide the best in class products and services, ensure data security and enhance customer experience by effective communication and redressal of grievances is critical for sustainable growth.

SDG Linkages-



**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/or services as a percentage of turnover from all products/services that carry information about:**

	As a % to total turnover
Environmental and social parameters relevant to the product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

**3. Number of consumer complaints in respect of the following:**

	FY 2022-23		Remarks	FY 2021-22		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	Nil	-		Nil	-	
Advertising	Nil	-		Nil	-	
Cyber-security	Nil	-		Nil	-	
Delivery of essential services	Nil	-		Nil	-	
Restrictive trade practices	Nil	-		Nil	-	
Unfair trade practices	Nil	-		Nil	-	
Other: Quality	20	8	--	9	0	--
Other: Packing issue	3	1	--	2	1	Closed in April 2022
Other: Other category	5	1	--	4	1	Closed in June 2022

**4. Details of instances of product recalls on account of safety issues.**

	Number	Reasons for Recall
Voluntary Recalls	0	N/A
Forced Recalls	0	N/A

**5. Does the entity have a framework/policy on cyber security and risks related to data privacy? If available, provide a web link to the policy.**

Yes, Solara has a robust privacy policy in place which applies to the information Solara collects through its Services, in email, text and other electronic communications sent through, or in connection with its products and services.

Link to 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 the safety of products/services.**

Not applicable

## Leadership Indicators

- 1. Channels/platforms where information on products and services of the entity can be accessed.**  
Solara's services and information can be accessed through the website [www.solara.co.in](http://www.solara.co.in).
- 2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**  
Material Safety Data Sheet (MSDS) containing details of handling and usage of the product in a safe and responsible manner.
- 3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**  
Not applicable
- 4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**  
No
- 5. Provide the following information relating to data breaches:**
  - a. Number of instances of data breaches along-with impact.**  
Solara reported zero data breaches for FY 21-22 and FY 22-23
  - b. Percentage of data breaches involving personally identifiable information of customers.**  
There were no data breaches during the reporting period.

# 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 2023 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, 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	<p><b>Revenue Recognition:</b></p> <p>Refer note 2.1 (v) and note 26 of the standalone financial statements.</p> <p>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.</p>	<p><b>Principal audit procedures performed:</b></p> <p>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.</p> <p>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.</p> <p>On sample basis, we performed test of details of sales recorded close to year end through following procedures:</p> <ul style="list-style-type: none"><li>- Analysed the terms and conditions of the underlying contract with the customers and</li><li>- Verified the evidence for the transfer of control of the goods prior to the balance sheet date or otherwise, from relevant supporting documents.</li></ul>

Sr. No.	Key Audit Matter	Auditor's Response
2	<p><b>Carrying Value of Goodwill Relating to Human API Business:</b></p> <p>Refer note 7 of the standalone financial statements.</p> <p>The Company carries goodwill of ₹ 357.95 Crores as at balance sheet date arising from past acquisition of the Human API Business.</p> <p>As indicated in note 2.1 (xvi) to the standalone financial statements, the management of the Company assesses the impairment of the goodwill annually.</p> <p>The carrying value of the goodwill 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.</p> <p>We focused on this area because of the significance of the balance and the significant judgements and assumptions involved in impairment assessment by the management about the future results of the Human API business</p>	<p><b>Principal Audit Procedures performed:</b></p> <p>We assessed the management's process for impairment assessment of goodwill.</p> <p>We performed testing of details and operating effectiveness of internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>- Evaluated the design of the management's internal control around the impairment assessment process.</li> <li>- Understood the key assumptions considered in the management's estimates of future cash flows.</li> <li>- Involving our valuation specialists, we evaluated the short-term and long-term growth rates considered in the estimates of future cash flows and the discount rate used in the calculations.</li> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> <li>- We further assessed the adequacy of the disclosures made in the financial statements for the year ended 31 March 2023</li> </ul>

### Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report, Corporate Governance Report and Business Responsibility Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do 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, 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 income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement 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 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 intends 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 control 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 control 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 so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the 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 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls 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.
- g) 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.
- h) 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, other than as disclosed in the note 50 (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, other than as disclosed in the note 50 (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. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. 1 April 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.
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**

Place: Bengaluru  
Date: 12 May 2023

(Membership No. 206920)  
(UDIN 23206920BGYMEF8213)



# 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 of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date which includes internal financial controls with reference to standalone financial statements of the company.

### **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 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 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 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 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 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 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 on internal financial controls with reference to standalone financial statements, 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 2023, 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)

Place: Bengaluru  
Date: 12 May 2023

**Sathya P. Koushik**  
(Membership No. 206920)  
(UDIN 23206920BCYMEF8213)

## 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, 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 disclosed in the 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 held in the name of the Company as at the balance sheet date except as below:

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 (Amount in ₹ Crores)	Carrying value in the financial statements (Amount 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
Freehold Land	0.33	0.33	Shasun Chemicals and Drugs Limited	No	01-10-17	Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal.
Freehold Land	2.09	2.09	Strides Shasun Limited	No	01-10-17	The Company is in the process of transferring in its name.
Freehold Land	52.18	52.18	Sequent Scientific Limited	No	01-10-17	
Freehold Land	0.14	0.14	Shasun Pharmaceuticals Limited	No	01-10-17	
Buildings	85.41	68.61	Shasun Drugs wholly owned by Messrs. Shasun Chemicals (Madras) Pvt. Ltd.	No	01-10-17	
Buildings	36.10	26.10	Sequent Scientific Limited	No	01-10-17	
Investment Property-Building	3.02	2.49	Sequent Scientific Limited	No	01-10-17	
	<b>179.48</b>	<b>152.15</b>				

- 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 2023 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 stocks held with third parties were physically verified during the year by the Management at reasonable intervals. In our opinion and according to 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 have been

obtained. 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 quarters ended 30 June 2023, 30 September 2023 and 31 December 2023.
- iii) The Company has made investments in and granted unsecured advances in the nature of loans, to companies or any other parties during the year, in respect of which:
- a) The Company has made granted advances in the nature of loans, to companies during the year, in respect of which:

	Advances in nature of loans (₹ in Crores)
<b>Aggregate amount investments made / Loan granted during the year:</b>	
Subsidiary	0.02
Others	-
<b>Balance outstanding as at balance sheet date in respect of above cases:</b>	
Subsidiaries	0.02
Others	-

The Company has not provided any loans or stood guarantee, or provided security to any other entity during the year.

- b) The investments made and the terms and conditions of the grant of advances in the nature of loans, are, in our opinion, prima facie, not prejudicial to the Company's interest.
- c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation and 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 our comments in paragraph iii (e) below
- 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) Refer note 10(ii) in the standalone financial statements. During the year, loans aggregating to ₹ 42.35 crore fell due from Aurore Life Sciences Private Limited and the said loans were extended by the Company. The details of such loans that fell due and were extended during the year are stated below:

Name of the party	Aggregate amount of loans that fell due during the year (Rupees)	Date they fell due	Amount of loans renewed during the year (Rupees)	Percentage of the aggregate to the total loans granted during the year
Aurore Life Sciences Private Limited	50.00 crore	30 September, 2022	42.35 crore	100 %

Further, the repayment period for the above loan was further extended until October 2023 in April 2023 and the details of such loans that fell due and were extended are stated below:

Name of the party	Aggregate amount of loans that fell due during the year (Rupees)	Date they fell due	Amount of loans renewed during the year (Rupees)	Percentage of the aggregate to the total loans granted during the year
Aurore Life Sciences Private Limited	42.35 crore	31 March 2023	32.35Cr	100 %

- 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:

	₹ 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
<b>Total (A+B)</b>	<b>8.89</b>	<b>-</b>	<b>8.89</b>
Percentage of advances in nature of loans to the total loans	21%		21%

\* The amounts reported are at gross amounts, without considering provisions 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, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.
- b) Details of dues of Service Tax, Customs Duty and Excise Duty which have not been deposited as on 31 March 2023 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
Central Excise Act, 1944	Central Excise	High Court of Madras	F.Y. 2003-04	0.34	0.31
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	0.86	0.28
Customs Act, 1962	Custom Duty	Commissioner of Customs	F.Y. 2017-18	0.12	0.12
Income Tax Act, 1961	Income Tax	Commissioner of Income-tax (Appeals)	F.Y. 2017-18	40.52	-
Income Tax Act, 1961	Income Tax	Commissioner of Income-tax (Appeals)	F.Y. 2019-20	64.56	-
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 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 2023.
- 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 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 2023 to March 2023 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 as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016 and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- xvii) The Company has not incurred cash losses during the financial year covered by our audit and 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 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**

(Membership No. 206920)

(UDIN 23206920BGYMEF8213)

Place: Bengaluru

Date: 12 May 2023

# Standalone Balance Sheet

as at March 31, 2023

₹ in Crores

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
<b>A ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	3	860.20	835.67
(b) Right-of-use assets	4(i)	53.77	56.49
(c) Capital work in progress	5	238.47	238.65
(d) Investment property	6	8.79	9.15
(e) Goodwill	7	364.90	364.90
(f) Other intangible assets	8	54.35	67.94
(g) Financial assets			
(i) Investments	9	16.05	14.77
(ii) Loans	10(i)	-	0.27
(iii) Other financial assets	11(i)	14.41	12.46
(h) Deferred tax assets (net)	12	78.54	55.14
(i) Income tax assets (net)	13	4.53	18.13
(j) Other non-current assets	14(i)	10.07	24.00
<b>Total non-current assets</b>		<b>1,704.08</b>	<b>1,697.57</b>
<b>II Current assets</b>			
(a) Inventories	15	558.09	575.55
(b) Financial assets			
(i) Trade receivables	16	539.65	489.67
(ii) Cash and cash equivalents	17	8.55	46.27
(iii) Bank balances other than (ii) above	18	0.16	0.87
(iv) Loans	10(ii)	32.62	51.58
(v) Other financial assets	11(ii)	14.09	10.26
(c) Other current assets	14(ii)	37.71	65.67
<b>Total current assets</b>		<b>1,190.87</b>	<b>1,239.87</b>
<b>Total assets (I + II)</b>		<b>2,894.95</b>	<b>2,937.44</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	19	36.00	36.00
(b) Other equity	20	1,467.13	1,491.05
<b>Equity attributable to the owners of the company</b>		<b>1,503.13</b>	<b>1,527.05</b>
<b>II Liabilities</b>			
<b>I Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21(i)	235.10	283.04
(ii) Lease liabilities	4(ii)	11.15	10.70
(iii) Other financial liabilities	22(i)	0.42	0.42
(b) Provisions	23	10.67	9.49
(d) Other non-current liabilities	24(i)	38.36	50.71
<b>Total non-current liabilities</b>		<b>295.70</b>	<b>354.36</b>
<b>II Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21(ii)	766.05	741.53
(ii) Lease liabilities	4(ii)	0.55	2.10
(iii) Trade payables			
- Dues of micro and small enterprises	25	11.96	8.07
- Dues of other than micro and small enterprises	25	288.73	260.47
(iv) Other financial liabilities	22(ii)	14.33	18.22
(b) Provisions	23	2.08	3.44
(c) Other current liabilities	24(ii)	12.42	22.20
<b>Total current liabilities</b>		<b>1,096.12</b>	<b>1,056.03</b>
<b>Total liabilities</b>		<b>1,391.82</b>	<b>1,410.39</b>
<b>Total equity and liabilities (I + II)</b>		<b>2,894.95</b>	<b>2,937.44</b>

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

For and on behalf of Board of Directors

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

**S Murali Krishna**  
Company Secretary  
Membership Number: 13372

**Poorvank Purohit**  
Chief Executive Officer

**S. Hariharan**  
Executive Director and  
Chief Financial Officer  
DIN: 05297969

Place : Bengaluru  
Date : May 12, 2023

Place : Bengaluru  
Date : May 12, 2023

# Standalone Statement of Profit and Loss

for the year ended March 31, 2023

₹ in Crores

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>1 REVENUE FROM OPERATIONS</b>	26	1,443.81	1,268.34
<b>2 Other income</b>	27	22.14	18.76
<b>3 Total Income (1+2)</b>		<b>1,465.95</b>	<b>1,287.10</b>
<b>4 EXPENSES</b>			
(a) Cost of materials consumed	28	773.90	858.86
(b) Purchases of stock-in-trade	29	7.88	53.78
(c) Changes in inventories of finished goods and work-in-progress	30	7.05	(258.75)
(d) Employee benefits expense	31	228.05	234.20
(e) Finance costs	32	90.06	75.27
(f) Depreciation and amortisation expenses	33	110.90	112.01
(g) Other expenses	34	292.89	299.90
<b>Total expenses (4)</b>		<b>1,510.73</b>	<b>1,375.27</b>
<b>5 PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS (3-4)</b>		<b>(44.78)</b>	<b>(88.17)</b>
<b>6 EXCEPTIONAL ITEM GAIN/ (LOSS) (NET)</b>	35	-	(3.49)
<b>7 PROFIT/(LOSS) BEFORE TAX (5 + 6)</b>		<b>(44.78)</b>	<b>(91.66)</b>
<b>8 TAX EXPENSE</b>	36		
(a) Current tax		(0.11)	-
(b) Deferred tax		(22.46)	(33.10)
<b>Total tax expense (8)</b>		<b>(22.57)</b>	<b>(33.10)</b>
<b>9 PROFIT/(LOSS) FOR THE YEAR (7-8)</b>		<b>(22.21)</b>	<b>(58.56)</b>
<b>10 OTHER COMPREHENSIVE INCOME</b>			
<b>A Items that will not be reclassified subsequently to profit or loss:</b>			
(i) Remeasurement gains/(losses) of defined benefit plans		(2.70)	3.09
(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		0.94	(1.08)
<b>B Items that may be reclassified to subsequently to profit or loss:</b>			
(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		-	-
<b>Total other comprehensive income/(loss) for the year (10)</b>		<b>(1.76)</b>	<b>2.01</b>
<b>11 TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR (9+10)</b>		<b>(23.97)</b>	<b>(56.55)</b>
<b>12 EARNINGS PER EQUITY SHARE (FACE VALUE OF ₹ 10/- EACH)</b>	41		
- Basic (in ₹)		(6.17)	(16.29)
- Diluted (in ₹)		(6.17)	(16.29)

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 12, 2023

**For and on behalf of Board of Directors**

**Jitesh Devendra**

Managing Director

DIN: 06469234

**S Murali Krishna**

Company Secretary

Membership Number: 13372

Place : Bengaluru

Date : May 12, 2023

**Poorvank Purohit**

Chief Executive Officer

**S. Hariharan**

Executive Director and

Chief Financial Officer

DIN: 05297969



# Standalone Statement of Cash Flows

for the year ended March 31, 2023

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax for the year</b>	<b>(44.78)</b>	<b>(91.66)</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	110.90	112.01
Interest expense on borrowings	90.06	75.27
Share based compensation expense	0.05	(1.31)
Rental income from investment property	(4.45)	(5.59)
Interest income	(5.92)	(7.92)
Liabilities / provisions no longer required written back	(9.49)	(0.25)
Loss / (Gain) on sale of property, plant and equipment	0.45	0.77
Provision for doubtful trade and other receivables	5.66	8.82
Unrealised exchange (gain) / loss (net)	(0.38)	0.18
<b>Operating profit before working capital changes</b>	<b>142.10</b>	<b>90.32</b>
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	17.46	(280.58)
Trade receivables	(55.46)	(14.61)
Other assets (financial & non-financial)	22.29	(29.30)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	41.30	(24.50)
Other liabilities (financial & non-financial)	(25.23)	34.95
<b>Cash generated from operations</b>	<b>142.46</b>	<b>(223.72)</b>
Net income tax (paid) / refunds	13.71	(18.05)
<b>Net cash flow generated from operating activities (A)</b>	<b>156.17</b>	<b>(241.77)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure for property, plant and equipment and intangible assets, including capital advances	(111.31)	(208.87)
Proceeds from sale of property, plant and equipment	1.30	0.13
Investments in other entities	(1.28)	-
Intercorporate deposit (given) / received	17.65	(50.00)
Interest received	7.36	10.07
Rental income from investment property	4.45	5.59
(Increase)/decrease in balance held as margin money	0.70	-
<b>Net cash flow utilised in investing activities (B)</b>	<b>(81.13)</b>	<b>(243.08)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	-	2.91
Proceeds from non-current borrowings	68.30	262.40
Repayment of non-current borrowings	(130.62)	(93.76)
Net increase / (decrease) in current borrowings	39.44	248.67
Dividends paid (net of taxes)	-	(10.78)
Lease payments	(2.43)	(2.46)
Interest paid on borrowings	(87.45)	(73.39)

# Standalone Statement of Cash Flows

for the year ended March 31, 2023

₹ in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Net cash flow generated from financing activities (C)</b>	<b>(112.76)</b>	<b>333.59</b>
<b>Net increase in cash and cash equivalents during the year (A+B+C)</b>	<b>(37.72)</b>	<b>(151.26)</b>
Cash and cash equivalents at the beginning of the year	46.27	197.53
<b>Cash and cash equivalents at the end of the year</b>	<b>8.55</b>	<b>46.27</b>
<b>Reconciliation of cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer note 17)	8.55	46.27
<b>Cash and cash equivalents at the end of the year *</b>	<b>8.55</b>	<b>46.27</b>
<b>* Comprises</b>		
Cash on hand	0.10	0.04
Balance with banks:		
- In current account	8.40	3.76
- In deposit account	0.05	42.47
<b>Total</b>	<b>8.55</b>	<b>46.27</b>

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 12, 2023

**For and on behalf of Board of Directors**

**Jitesh Devendra**

Managing Director

DIN: 06469234

**S Murali Krishna**

Company Secretary

Membership Number: 13372

Place : Bengaluru

Date : May 12, 2023

**Poorvank Purohit**

Chief Executive Officer

**S. Hariharan**

Executive Director and

Chief Financial Officer

DIN: 05297969

# Standalone Statement of Changes in Equity

for the year ended March 31, 2023

## A. EQUITY SHARE CAPITAL

Particulars	₹ in Crores Amount
<b>Balance as at April 01, 2021</b>	<b>35.93</b>
<b>Changes in equity share capital during the year</b>	
- Shares issued pursuant to exercise of stock options (refer note 43)	0.07
<b>Balance as at March 31, 2022</b>	<b>36.00</b>
<b>Changes in equity share capital during the year</b>	
- Shares issued pursuant to exercise of stock options (refer note 43)	-
<b>Balance as at March 31, 2023</b>	<b>36.00</b>

## B. OTHER EQUITY

Particulars	Reserves and Surplus				Total equity attributable to the owners of the company
	Capital reserve	Securities premium	Retained earnings	Share options outstanding account	
<b>Balance as at April 01, 2021</b>	0.01	1,211.72	341.34	3.79	1,556.86
Profit for the year	-	-	(58.56)	-	(58.56)
Other comprehensive income for the year	-	-	2.01	-	2.01
Issue of shares pursuant to exercise of share options (refer note 43)	-	4.31	-	(1.48)	2.83
Payment of dividends	-	-	(10.78)	-	(10.78)
Employee stock compensation expenses	-	-	-	(1.31)	(1.31)
<b>Balance as at March 31, 2022</b>	<b>0.01</b>	<b>1,216.03</b>	<b>274.01</b>	<b>1.00</b>	<b>1,491.05</b>
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
<b>Balance as at March 31, 2023</b>	<b>0.01</b>	<b>1,216.03</b>	<b>250.04</b>	<b>1.05</b>	<b>1,467.13</b>

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 12, 2023

**For and on behalf of Board of Directors**

**Jitesh Devendra**  
 Managing Director  
 DIN: 06469234

**S Murali Krishna**  
 Company Secretary  
 Membership Number: 13372

Place : Bengaluru  
 Date : May 12, 2023

**Poorvank Purohit**  
 Chief Executive Officer

**S. Hariharan**  
 Executive Director and  
 Chief Financial Officer  
 DIN: 05297969

# Notes

to the standalone financial statements for the year ended March 31, 2023

## 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 May 12, 2023.

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 significant accounting policies and other explanatory information (together the “standalone financial statements”).

## 2.1 Significant 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.

### (iii) Business combinations

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

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

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

Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the

# Notes

to the standalone financial statements for the year ended March 31, 2023

financial statements of the transferee. Identity of the reserves appearing in the financial statements of the transferor is preserved and appears in the financial statements of the transferee in the same form. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

#### (iv) Goodwill

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

#### (v) 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. Where the collection of accounts receivable is expected to be after one year from the date of sale, revenues are discounted for the time value of money.

#### 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.

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 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.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion, provided there is no uncertainty as to measurement or collectability of the consideration.

#### Share of Profit and Royalties

Share of profits and royalty incomes under manufacturing and supply agreements with customers are accrued based on sales as confirmed by the customers.

#### (vi) 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.

#### (vii) 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.

#### (viii) Leases

##### The Company as lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Leases, for which the Company is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts.

## Notes

to the standalone financial statements for the year ended March 31, 2023

The sub-lease is classified as a finance lease or an operating lease by reference to the RoU asset arising from the head-lease.

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 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 has entered into lease arrangements for its factory land and office premises. 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.

### (ix) 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 (₹), 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.

# Notes

to the standalone financial statements for the year ended March 31, 2023

## (x) 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.

## (xi) 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.

# Notes

to the standalone financial statements for the year ended March 31, 2023

## (xii) 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.

## (xiii) 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



# Notes

to the standalone financial statements for the year ended March 31, 2023

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.

### (xiv) Investment property

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

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

### (xv) Intangible assets

#### Intangible assets acquired separately

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

#### Intangible assets acquired in a business combination

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

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

# Notes

to the standalone financial statements for the year ended March 31, 2023

## 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

## (xvi) Impairment of assets

### Impairment of financial assets:

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

### Impairment of investment in subsidiaries

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

### Impairment of goodwill

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating

unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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

### Impairment of non-financial assets other than goodwill

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

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

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the

# Notes

to the standalone financial statements for the year ended March 31, 2023

asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in statement of profit and loss.

## (xvii) 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

## (xviii) Provisions

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

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

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

### Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as

provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

## (xix) 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.

## (xx) 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.

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to the standalone financial statements for the year ended March 31, 2023

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 collateralized 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.

### **(xxi) 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.

### **(xxii) Dividend and dividend distribution tax**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are linked more directly to past transactions or events that generated distributable profits than to distribution to owners and accordingly, recognized in profit or loss or other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The Finance Act 2020 has abolished the Dividend Distribution Tax (DDT) and has shifted the tax liability on dividends to the shareholders. Accordingly, the Company distributes the dividend after deducting the taxes at applicable rates

### **(xxiii) Key sources of estimation uncertainty**

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

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

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

### **Impairment of goodwill and other non-financial assets**

Determining whether the asset is impaired requires to assess the recoverable amount of the asset or Cash Generating Unit (CGU) which is compared to the carrying amount of the asset or CGU, as applicable. Recoverable amount is the higher of fair value less costs of disposal

# Notes

to the standalone financial statements for the year ended March 31, 2023

and value in use. Where the carrying amount of an asset or CGU exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

### **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.

### **Leases under Ind AS 116:**

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

## Notes

to the standalone financial statements for the year ended March 31, 2023

### NOTE NO. 3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross block			Accumulated depreciation			Net block		
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Eliminated on disposal	As at March 31, 2023	As at March 31, 2022
Freehold Land	71.65	0.01	-	71.66	-	-	-	71.66	71.65
Leasehold Improvements	(70.76)	(0.89)	-	(71.65)	-	-	-	(71.65)	(70.76)
Buildings	14.77	0.92	-	15.69	11.63	2.19	-	13.82	3.14
	(14.44)	(0.33)	-	(14.77)	(9.03)	(2.60)	-	(11.63)	(5.41)
	291.76	25.49	0.04	317.21	43.59	12.41	0.04	55.96	248.17
	(272.73)	(19.25)	(0.22)	(291.76)	(31.57)	(12.07)	(0.05)	(43.59)	(241.16)
Plant and equipments	759.35	90.38	3.25	846.48	261.53	72.99	1.58	332.94	497.82
	(699.23)	(61.98)	(1.86)	(759.35)	(190.57)	(72.19)	(1.23)	(261.53)	(508.66)
Furniture and fixtures	7.09	0.06	0.11	7.04	3.24	0.69	0.08	3.85	3.85
	(6.84)	(0.25)	-	(7.09)	(2.43)	(0.81)	-	(3.24)	(4.41)
Vehicles	1.39	-	0.01	1.38	0.86	0.13	0.01	0.98	0.53
	(1.32)	(0.07)	-	(1.39)	(0.66)	(0.20)	-	(0.86)	(0.66)
Office equipments	38.58	1.55	0.20	39.93	28.07	3.73	0.16	31.64	10.51
	(36.65)	(1.96)	(0.03)	(38.58)	(22.40)	(5.69)	(0.02)	(28.07)	(14.25)
<b>Total</b>	<b>1,184.59</b>	<b>118.41</b>	<b>3.61</b>	<b>1,299.39</b>	<b>348.92</b>	<b>92.14</b>	<b>1.87</b>	<b>439.19</b>	<b>835.67</b>
<b>Previous year</b>	<b>(1,101.97)</b>	<b>(84.73)</b>	<b>(2.11)</b>	<b>(1,184.59)</b>	<b>(256.66)</b>	<b>(93.56)</b>	<b>(1.30)</b>	<b>(348.92)</b>	<b>(845.31)</b>

Notes:

- Figures in brackets relates to previous year.
- All the assets are owned by the Company unless otherwise stated.
- Refer note 21 for properties, plant and equipment pledged as security towards borrowings by the Company.
- The title deeds of freehold land and building (as at March 31, 2023 gross block ₹ 176.46 Crores and net block of ₹ 149.66 Crores) (as at March 31, 2022: gross block ₹ 171.12 Crores and net block of ₹ 149.27 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.



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to the standalone financial statements for the year ended March 31, 2023

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	85.41 (83.00)	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	36.10 (33.11)	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 (0.16)	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.

## Notes

to the standalone financial statements for the year ended March 31, 2023

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	- (0.04)	C. Baskar Rao	No	October 1, 2017	The title deeds were in the name of erstwhile employee of the Company. The titles deeds have been transferred to the Company's name during the financial year.
<b>Total</b>		<b>176.46</b>				
<b>Previous year</b>		<b>(171.12)</b>				

### NOTE NO. 4 LEASES

#### (i) Right-of-use assets

₹ in Crores

Particulars	Gross block			Accumulated depreciation				Net block		
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Eliminated on disposal	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Leasehold Land	59.85	-	-	59.85	4.50	1.58	-	6.08	53.77	55.35
	(59.85)	-	-	(59.85)	(2.92)	(1.58)	-	(4.50)	(55.35)	(56.93)
Buildings	9.68	-	9.68	-	8.54	1.13	9.67	-	-	1.14
	(9.68)	-	-	(9.68)	(7.31)	(1.23)	-	(8.54)	(1.14)	(2.37)
<b>Total</b>	<b>69.53</b>	<b>-</b>	<b>9.68</b>	<b>59.85</b>	<b>13.04</b>	<b>2.71</b>	<b>9.67</b>	<b>6.08</b>	<b>53.77</b>	<b>56.49</b>
<b>Previous year</b>	<b>(69.53)</b>	<b>-</b>	<b>-</b>	<b>(69.53)</b>	<b>(10.23)</b>	<b>(2.81)</b>	<b>-</b>	<b>(13.04)</b>	<b>(56.49)</b>	<b>(59.30)</b>

Notes:

(i) Figures in brackets relates to previous year.

#### (ii) Lease liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2022
<b>Opening balance</b>	12.80	13.82
Addition	-	-
Accretion of interest	1.33	1.44
Payments	(2.43)	(2.46)
Deletion	-	-
<b>Closing balance</b>	<b>11.70</b>	<b>12.80</b>
<b>Maturity analysis:</b>		
- Year 1	0.87	2.43
- Year 2	0.92	0.87
- Year 3	0.96	0.92
- Year 4	1.01	0.96
- Year 5	1.06	1.01
- Year 6 onwards	50.26	51.30
- Less: Unmatured finance charges	(43.38)	(44.69)
<b>Total</b>	<b>11.70</b>	<b>12.80</b>
Non-current	11.15	10.70
Current	0.55	2.10



## Notes

to the standalone financial statements for the year ended March 31, 2023

### (iii) Amounts recognised in the standalone statement of Profit or Loss

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Depreciation charge on Right-of-use asset	2.71	2.81
Finance cost: Interest expense	1.33	1.44
Short term lease payments (Refer Note (i) below)	1.39	2.94

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

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Cash outflows for lease payments	2.43	2.46

### NOTE NO. 5 CAPITAL WORK IN PROGRESS

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Opening balance	238.65	87.72
Add: Additions	120.33	238.98
Less: Capitalised	(120.51)	(88.05)
Closing balance	238.47	238.65

Notes:

#### (i) Ageing of Capital work in progress:

Particulars	Amount in Capital work in progress for a period of				As at 31st March, 2023	As at 31st March, 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Project in progress	80.40	115.34	42.09	0.64	238.47	(238.65)
	(178.71)	(55.08)	(4.87)	-	(238.65)	
<b>Total</b>	<b>80.40</b>	<b>115.34</b>	<b>42.09</b>	<b>0.64</b>	<b>238.47</b>	<b>(238.65)</b>
<b>Previous year</b>	<b>(178.71)</b>	<b>(55.08)</b>	<b>(4.87)</b>	<b>-</b>	<b>(238.65)</b>	

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.

### NOTE NO. 6 INVESTMENT PROPERTY

Particulars	Gross block			Accumulated depreciation				Net block		
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Eliminated on disposal	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Buildings	10.62	-	-	10.62	1.47	0.36	-	1.83	8.79	9.15
	(10.62)	-	-	(10.62)	(1.10)	(0.37)	-	(1.47)	(9.15)	(9.52)
<b>Total</b>	<b>10.62</b>	<b>-</b>	<b>-</b>	<b>10.62</b>	<b>1.47</b>	<b>0.36</b>	<b>-</b>	<b>1.83</b>	<b>8.79</b>	<b>9.15</b>
<b>Previous year</b>	<b>(10.62)</b>	<b>-</b>	<b>-</b>	<b>(10.62)</b>	<b>(1.10)</b>	<b>(0.37)</b>	<b>-</b>	<b>(1.47)</b>	<b>(9.15)</b>	<b>(9.52)</b>

Notes:

- (i) Figures in brackets relates to previous year.  
(ii) Refer note 21 for investment properties pledged as security towards borrowings by the Company.

## Notes

to the standalone financial statements for the year ended March 31, 2023

- (iii) The title deeds of investment property (as at March 31, 2023 gross block ₹ 3.02 Crores and net block of ₹ 2.49 Crores) (as at March 31, 2022: gross block ₹ 3.02 Crores and net block of ₹ 2.58 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.
<b>Total</b>		<b>3.02</b>				
<b>Previous year</b>		<b>(3.02)</b>				

### (vi) Details of assets given under an operating lease:

Particulars	₹ in Crores			
	Gross block		Net block	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Buildings*	10.62	10.62	9.15	9.52

\* There is no rental income from building situated in Ambarnath from January 2023 and the Company current focus is on finding a new lessee to rent out the property and accordingly the property has been classified as 'Investment Property'.

### (vii) 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, 2021 which indicated fair value of ₹ 63.78 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:

- 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%.
- Lease rent agreements are cancellable which are expected to be renewed either with the existing lessee or with others, on similar terms and conditions.

## Notes

to the standalone financial statements for the year ended March 31, 2023

### (viii) Amounts recognised in the standalone statement of Profit or Loss for investment properties

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Depreciation charge on investment properties	0.36	0.37
Other income: Rental income	4.45	5.59

### NOTE NO. 7 GOODWILL

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Goodwill	364.90	364.90
<b>Total</b>	<b>364.90</b>	<b>364.90</b>

### The above goodwill is allocated to the following cash generating units:

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Human API business	357.95	357.95
R&D business	0.43	0.43
Strides Chemicals Private Limited	6.52	6.52
<b>Total</b>	<b>364.90</b>	<b>364.90</b>

### Impairment assessment of goodwill allocated to the “Human API business” as at March 31, 2023:

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 13.00% (March 31, 2022: 17.5%). 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 4.00% (March 31, 2022: 2.75%) 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	2.00% decrease (2.75% decrease)
Post tax discount rate	1.50% increase (1.50% increase)
Expected net revenue growth rates	2% decrease for short term and 1.0% decrease for long term (3% decrease for short term and 1.5% decrease for long term)

The details given in brackets relate to previous year

## Notes

to the standalone financial statements for the year ended March 31, 2023

### NOTE NO. 8 OTHER INTANGIBLE ASSETS

₹ in Crores

Particulars	Gross block			Accumulated depreciation				Net block		
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Amortisation for the year	Eliminated on disposal	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
Registrations and brands	4.33	-	-	4.33	1.61	0.44	-	2.05	2.28	2.72
	(4.33)	-	-	(4.33)	(1.17)	(0.44)	-	(1.61)	(2.72)	(3.16)
Product portfolio (Refer note (ii) below)	105.50	-	-	105.50	47.84	10.64	-	58.48	47.02	57.66
	(105.50)	-	-	(105.50)	(37.20)	(10.64)	-	(47.84)	(57.66)	(68.30)
Software and licenses	24.59	2.10	0.02	26.67	17.03	4.61	0.02	21.62	5.05	7.56
	(21.46)	(3.32)	(0.19)	(24.59)	(12.94)	(4.19)	(0.10)	(17.03)	(7.56)	(8.52)
<b>Total</b>	<b>134.42</b>	<b>2.10</b>	<b>0.02</b>	<b>136.50</b>	<b>66.48</b>	<b>15.69</b>	<b>0.02</b>	<b>82.15</b>	<b>54.35</b>	<b>67.94</b>
<b>Previous year</b>	<b>(131.29)</b>	<b>(3.32)</b>	<b>(0.19)</b>	<b>(134.42)</b>	<b>(51.31)</b>	<b>(15.27)</b>	<b>(0.10)</b>	<b>(66.48)</b>	<b>(67.94)</b>	<b>(79.98)</b>

Notes:

- Figures in brackets relates to previous year.
- The remaining amortisation period of product portfolio as at March 31, 2023 is 4.5 years (March 31, 2022: 5.5 years).

### NOTE NO. 9 INVESTMENTS

₹ in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(A) Investments in subsidiaries (carried at cost less provision for impairment):</b>		
<b>Equity shares, unquoted</b>		
Shasun USA Inc., USA		
- 15,000 (As at March 31, 2022 - 15,000) shares of US\$ 1 each fully paid up	0.05	0.05
Sequent Penems Private Limited, India		
- 4,525,826 (As at March 31, 2022 - 4,525,826) shares of ₹10 each fully paid up	14.30	14.30
Chemsynth Laboratories Private Limited, India		
- 3,362,745 (As at March 31, 2022 - 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)
<b>Total [A]</b>	<b>14.35</b>	<b>14.35</b>
<b>(B) Investments carried at fair value through profit and loss:</b>		
<b>Equity shares, unquoted</b>		
Tulysan Nec Limited, India		
- 3,750 (As at March 31, 2022 - 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, 2022 - 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, 2022 - 2,600) shares of ₹10 each fully paid up		
Investment in Huoban Energy 3 Private Limited	1.28	-
- 7,07,182 (As at March 31, 2022 - Nil) shares of ₹10 each fully paid up		
SIPCOT Industrial Common Utilities Limited, India		
- 4,242 (As at March 31, 2022 - 4,242) shares of ₹100 each fully paid up	0.04	0.04
<b>Total [B]</b>	<b>1.70</b>	<b>0.42</b>
<b>Total [A+B]</b>	<b>16.05</b>	<b>14.77</b>
Aggregate amount of unquoted investments	16.05	14.77
Aggregate amount of investments carried at cost	14.35	14.35
Aggregate amount of financial assets carried at fair value through profit and loss	1.70	0.42

# Notes

to the standalone financial statements for the year ended March 31, 2023

Note:

- (i) The Board at its meeting held on February 3, 2021 has approved to acquire additional share capital in Sequent Penems Private Limited, subsidiary company of Solara. During the previous year end, the said transaction was completed and Sequent Penems Private Limited is wholly owned subsidiary of Company with effect from April 27, 2021.
- (ii) During the current year, the Company has invested in 7,07,182 shares of ₹ 10 each of Huoban Energy 3 Private Limited for 26% stake in order to become captive user as per electricity laws, resulting to electricity at subsidised prices. As per the share holder agreement, the Company is not allowed to directly or indirectly participate in the management of Huoban Energy. As there is no significant influence by the Company over Huoban Energy, it is not considered an associate company.

## NOTE NO. 10 LOANS

### (i) Non-current loans

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Loans to employees	-	0.27
<b>Unsecured, considered doubtful:</b>		
Loan to related party	1.34	1.34
- Less: Provision for doubtful loans	(1.34)	(1.34)
	-	-
<b>Total</b>	<b>-</b>	<b>0.27</b>

### (ii) Current loans

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Loans to employees	0.27	1.58
Loan to related party *	-	50.00
Loan to other than related parties *	32.35	-
<b>Total</b>	<b>32.62</b>	<b>51.58</b>

### (iii) Loans to Promoters, Directors, KMP and Related Parties as at March 31, 2023

Particulars	Amount of loan or advance in the nature of loan outstanding*	Percentage to the total Loans and Advances in the nature of loans
Related Parties	-	0%

### (iv) Loans to Promoters, Directors, KMP and Related Parties as at March 31, 2022

Particulars	Amount of loan or advance in the nature of loan outstanding*	Percentage to the total Loans and Advances in the nature of loans
Related Parties	50.00	96%

\*Subsequent to August 3, 2022, Aurore Life Sciences Private Limited (ALS) is not a related party of the Company (Refer note 40). Accordingly, loan given to ALS has been classified as 'Loan to other than related parties' for the year ended March 31, 2023.

The loan was originally fully repayable by September 30, 2022. The repayment period for the loan was extended vide Board meeting dated August 4, 2022 upto March 31, 2023.

Further, in April 14, 2023, the Board through a circular resolution, approved extension of the repayment period upto October 31, 2023.

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 11 OTHER FINANCIAL ASSETS

### (i) Non-current financial assets

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Security deposits	14.41	12.46
<b>Total</b>	<b>14.41</b>	<b>12.46</b>

### (ii) Current financial assets

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Interest accrued on deposit	-	1.38
Interest accrued on loans given	1.84	1.90
Incentives receivables	12.25	6.94
Insurance claim receivables	-	0.04
<b>Total</b>	<b>14.09</b>	<b>10.26</b>

## NOTE NO. 12 DEFERRED TAX BALANCES

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	161.85	135.99
Deferred tax liabilities	(83.31)	(80.85)
<b>Deferred tax asset / (liability) (net)</b>	<b>78.54</b>	<b>55.14</b>

	₹ in Crores				
	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Adjusted with Provision for tax	Closing balance
<b>2022-23</b>					
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 business loss and unabsorbed depreciation	37.07	22.11	-	-	59.18
MAT Credit entitlement	69.95	-	-	-	69.95
<b>Total</b>	<b>55.14</b>	<b>22.46</b>	<b>0.94</b>	<b>-</b>	<b>78.54</b>

	₹ in Crores				
	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Adjusted with Provision for tax	Closing balance
<b>2021-22</b>					
Property, plant and equipment	(70.49)	1.04	-	-	(69.45)
Intangible assets - other than goodwill	(12.20)	0.80	-	-	(11.40)
Right-of-use assets	3.95	0.41	-	-	4.36
Provision for employee benefits	15.90	0.34	(1.08)	-	15.16
Provision for doubtful receivables	5.99	3.46	-	-	9.45
Carry forward business loss and unabsorbed depreciation	10.02	27.05	-	-	37.07
MAT Credit entitlement	72.38	-	-	(2.43)	69.95
<b>Total</b>	<b>25.55</b>	<b>33.10</b>	<b>(1.08)</b>	<b>(2.43)</b>	<b>55.14</b>

# Notes

to the standalone financial statements for the year ended March 31, 2023

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, 2023
- (ii) Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a certain period and can be set off against the future tax liabilities. MAT is recognised as deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefits associated with the asset will be realised.
- (iii) 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".
- (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 and the Company's appeal is pending at the Commission of Income Tax. The Company has conservatively 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 conservative 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, 2023, the potential unrecognised tax credits in respect of the above amount to ₹ 579.01 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.

## NOTE NO. 13 INCOME TAX ASSETS (NET)

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Advance income tax (net of provisions)	4.53	18.13
<b>Total</b>	<b>4.53</b>	<b>18.13</b>

## NOTE NO. 14 OTHER ASSETS

### (i) Other non-current assets

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Capital advances	8.74	22.70
Prepaid expenses	0.51	0.48
<b>Balances with Government authorities:</b>		
- VAT/CST refund receivable	0.82	0.82
<b>Considered doubtful - unsecured:</b>		
Capital advances	0.61	0.61
Advances to others	7.55	7.55
Less: Allowance for doubtful advances	(8.16)	(8.16)
<b>Total</b>	<b>10.07</b>	<b>24.00</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

### (ii) Other current assets

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Advances to suppliers	3.21	4.38
Advances to employees	0.25	0.44
Prepaid expenses	9.99	8.41
<b>Balances with Government authorities:</b>		
- GST credit & other receivable	24.26	52.44
<b>Considered doubtful - unsecured:</b>		
Advances to suppliers	0.06	0.12
Less: Allowance for doubtful advances	(0.06)	(0.12)
	-	-
<b>Total</b>	<b>37.71</b>	<b>65.67</b>

### NOTE NO. 15 INVENTORIES

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Raw materials	116.59	128.56
- Goods-in-transit	2.61	2.54
Work-in-progress	274.99	249.65
Finished goods	155.78	188.17
Stores and spares	8.12	6.63
<b>Total</b>	<b>558.09</b>	<b>575.55</b>

Note:

- (i) Value by which inventories have been written down to net realisable value amounted to ₹ 7.30 Crores (As at March 31, 2022: ₹ 6.83 Crores)
- (ii) As at March 31, 2023, the Company carries inventories relating to Anti-virals/COVID-19 of ₹ 117.33 Crores. The Company expects to liquidate these inventories within its shelf life.

### NOTE NO. 16 TRADE RECEIVABLES

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Trade receivables considered good - unsecured	539.65	489.67
Trade receivables - credit impaired	16.20	10.54
	555.85	500.21
Less: Allowance for credit loss	(16.20)	(10.54)
<b>Total</b>	<b>539.65</b>	<b>489.67</b>

Notes:

#### (i) Outstanding for the following period from due date of payments as at March 31, 2023:

Particulars	₹ in Crores					
	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	464.72	16.74	52.40	-	-	533.86
(ii) Undisputed Trade Receivables - credit impaired	-	0.39	15.25	0.56	-	16.20
(iii) Disputed Trade Receivables - Considered Good	-	5.79	-	-	-	5.79
<b>Total</b>	<b>464.72</b>	<b>22.92</b>	<b>67.65</b>	<b>0.56</b>	<b>-</b>	<b>555.85</b>



## Notes

to the standalone financial statements for the year ended March 31, 2023

### (ii) Outstanding for the following period from due date of payments as at March 31, 2022:

Particulars	₹ in Crores					As at March 31, 2022
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered Good	466.11	23.56	-	-	-	489.67
(ii) Undisputed Trade Receivables - credit impaired	-	5.36	3.84	0.08	1.26	10.54
<b>Total</b>	<b>466.11</b>	<b>28.92</b>	<b>3.84</b>	<b>0.08</b>	<b>1.26</b>	<b>500.21</b>

(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:

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Opening balance</b>	10.54	1.72
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	5.66	8.82
<b>Closing balance</b>	<b>16.20</b>	<b>10.54</b>

(v) The Company has receivable from two customers aggregating to ₹ 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

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Cash on hand	0.10	0.04
Balance with banks:		
- In current accounts	8.40	3.76
- In deposit accounts	0.05	42.47
<b>Total</b>	<b>8.55</b>	<b>46.27</b>

### NOTE NO. 18 BANK BALANCES OTHER THAN ABOVE

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>In earmarked accounts:</b>		
Unpaid dividend accounts	0.16	0.17
Balance held as margin money		
- against working capital facilities with banks	-	0.70
<b>Total</b>	<b>0.16</b>	<b>0.87</b>

### NOTE NO. 19 EQUITY SHARE CAPITAL

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b>		
120,000,000 equity shares of ₹ 10/- each with voting rights (March 31, 2022: 120,000,000 equity shares of ₹ 10/- each)	120.00	120.00
	<b>120.00</b>	<b>120.00</b>
<b>Issued, subscribed and fully paid-up</b>		
35,996,267 equity shares of ₹ 10/- each with voting rights (March 31, 2022: 35,996,267 equity shares of ₹ 10/- each)	36.00	36.00
<b>Total</b>	<b>36.00</b>	<b>36.00</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

### (i) Reconciliation of number of shares and amount outstanding

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
<b>Equity share capital</b>				
Equity share of ₹ 10/- each				
<b>Opening balance</b>	<b>35,996,267</b>	<b>36.00</b>	<b>35,929,767</b>	<b>35.93</b>
Issue of shares pursuant to exercise of stock options (Refer note 4.3)		-	66,500	0.07
<b>Closing balance</b>	<b>35,996,267</b>	<b>36.00</b>	<b>35,996,267</b>	<b>36.00</b>

### (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, 2023		As at March 31, 2022	
	No. of shares	%	No. of shares	%
TPG Growth IV SF Pte. Ltd.	4,130,321	11.47%	4,130,321	11.47%
Devicam Capital LLP	3,053,045	8.48%	151,546	0.42%
Pronomz Ventures LLP	2,332,463	6.48%	2,121,243	5.89%
Arun Kumar Pillai	1,668,463	4.64%	3,168,463	8.80%
Karuna Business Solutions LLP	1,441,370	4.00%	2,841,370	7.89%

### (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	3,168,463	(1,500,000)	1,668,463	4.64%	-47.34%
Karuna Business Solutions LLP	2,841,370	(1,400,000)	1,441,370	4.00%	-49.27%
Pronomz Ventures LLP	2,121,243	211,220	2,332,463	6.48%	9.96%
SRJR Enterprise LLP	1,700,100	-	1,700,100	4.72%	0.00%
K R Ravishankar	1,325,260	-	1,325,260	3.68%	0.00%
Chayadeep Ventures LLP	1,005,000	7,400	1,012,400	2.81%	0.74%
Agnus Capital LLP	849,635	-	849,635	2.36%	0.00%
Chayadeep Properties Private Limited	525,730	-	525,730	1.46%	0.00%
Devicam Capital LLP	151,546	2,901,499	3,053,045	8.48%	1914.60%
Karuna Ventures Private Limited	103,333	-	103,333	0.29%	0.00%
Agnus Holdings Pvt. Ltd.	72,181	200,000	272,181	0.76%	277.08%
Deepa Arun Kumar	53,500	4,502	58,002	0.16%	8.41%
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	-	49,166	0.14%	0.00%
Padmakumar Karunakaran Pillai	41,393	-	41,393	0.11%	0.00%
Hemalatha Pillai	35,813	10,000	45,813	0.13%	27.92%
Sajitha Pillai	33,333	20,000	53,333	0.15%	60.00%
Rajitha Gopalakrishnan	27,500	-	27,500	0.08%	0.00%
K R Lakshmi	21,727	-	21,727	0.06%	0.00%
Araganya Private Trust	61,224	-	61,224	0.17%	0.00%
<b>Total</b>	<b>14,294,183</b>	<b>454,621</b>	<b>14,748,804</b>		

# Notes

to the standalone financial statements for the year ended March 31, 2023

## (v) Details of equity shares of ₹ 10/- each reserved for issuance:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Towards employee stock options	406,778	0.41	406,778	0.41

## NOTE NO. 20 OTHER EQUITY

Particulars	Notes	₹ in Crores	
		As at March 31, 2023	As at March 31, 2022
Capital reserve	20 (i)	0.01	0.01
Securities premium account	20 (ii)	1,216.03	1,216.03
Retained earnings	20 (iii)	250.04	274.01
Share options outstanding account	20 (iv)	1.05	1.00
<b>Total</b>		<b>1,467.13</b>	<b>1,491.05</b>

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>(i) Capital reserve</b>		
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
<b>Closing balance</b>	<b>0.01</b>	<b>0.01</b>
<b>(ii) Securities premium account</b>		
Amounts received on issue of shares in excess of the par value has been classified as securities premium.		
Opening balance	1,216.03	1,211.72
Add: Premium on shares issued during the year pursuant to exercise of options (Refer note 43)	-	4.31
<b>Closing balance</b>	<b>1,216.03</b>	<b>1,216.03</b>
<b>(iii) Retained earnings</b>		
Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.		
Opening balance	274.01	341.34
Add: Net profit attributable to owners of the Company	(22.21)	(58.56)
Less: Dividend paid	-	(10.78)
Add: Other comprehensive income arising from measurement of defined benefit obligation (net of tax)	(1.76)	2.01
<b>Closing balance</b>	<b>250.04</b>	<b>274.01</b>
<b>(iv) Share options outstanding account</b>		
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	1.00	3.79
Add: Employee stock compensation expenses (net) (Refer note below)	0.05	(1.31)
Less: Transferred to securities premium account on exercise (net)	-	(1.48)
<b>Closing balance</b>	<b>1.05</b>	<b>1.00</b>
Note: Employee stock compensation expenses for the year ended March 31, 2022 is negative as it is net-off of stock options lapsed during the previous year.		
<b>Total Reserves and surplus</b>	<b>1,467.13</b>	<b>1,491.05</b>

Notes:

### Distributions made:

- The Company has not declared any dividend during the year ended March 31, 2023 and March 31, 2022.
- The Board of Directors at their meeting held on May 06, 2021 had recommended a final dividend of ₹ 3/- per equity share of ₹10/- each for the financial year ended March 31, 2021 which was approved by the shareholders at the Annual General Meeting held on August 25, 2021. The aforesaid dividend was paid during the previous year.

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 21 BORROWINGS

### (i) Non-current borrowings

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
Term loans from banks (Refer note (i) to (vii) below)	205.42	245.81
Term loans from others (Refer note (viii) below)	29.68	37.23
<b>Total</b>	<b>235.10</b>	<b>283.04</b>

### Details of security and terms of repayment for the non-current borrowings

Terms of repayment and security	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
(i) Term loans from banks: Loan 1		
Non-current borrowings	71.17	118.10
Current maturities of non-current borrowings	47.44	47.45
Security: First Paripassu Charge on the Immovable Fixed Assets located at Pondicherry, Mangalore and Mysore of the Company and on all the movable Fixed Assets of the Company and Second Charge on Current Assets of the Company. Rate of interest: - 1 Year MCLR plus 1.65% p.a, (MCLR - 8.75%) Repayment terms: ₹ 3.95 Cr per month starting from Mar 22		
(ii) Term loans from banks: Loan 2		
Non-current borrowings	20.60	29.64
Current maturities of non-current borrowings	9.25	8.90
Security: First Paripassu Charge on the Movable and Immovable Fixed Assets (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 1.20% p.a, (MCLR - 8.80%) Repayment terms: 0.98 Cr per month starting from Feb 22		
(iii) Term loans from banks: Loan 3		
Non-current borrowings	48.61	63.51
Current maturities of non-current borrowings	15.29	6.25
Security: First paripassu charge on the movable and immovable fixed assets (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 0.55% p.a, (MCLR - 8.80%) Repayment terms: ₹1.72 Cr EMI per month ,starting from Nov 22		
(iv) Term loans from banks: Loan 4		
Non-current borrowings	-	-
Current maturities of non-current borrowings	-	12.50
Security: First paripassu charge on all moveable & immoveable fixed assets (except lease hold land at Cuddalore, Vizag & Ambernath) and second paripassu charge on all current assets of the Company. Rate of interest: - 9.70% p.a Repayment terms: ₹ 3.13 Cr per month		
(v) Term loans from banks: Loan 5		
Non-current borrowings	11.62	31.55
Current maturities of non-current borrowings	20.00	20.00
Security: First paripassu charge on all moveable & immoveable fixed assets (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

to the standalone financial statements for the year ended March 31, 2023

	₹ in Crores	
<b>Terms of repayment and security</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
(vi) Term loans from banks: Loan 6		
Non-current borrowings	-	3.11
Current maturities of non-current borrowings	3.19	28.33
Security: First pari passu charge by way of mortgage on immoveable fixed Assets (except lease hold land at Cuddalore, Vizag & Ambernath) of the Company both present & future. First pari passu charge by way of hypothecation over moveable fixed assets of the Company both present & future. Second pari passu 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		
(vii) Term loans from others: Loan 7		
Non-current borrowings	53.49	-
Current maturities of non-current borrowings	14.02	-
Security: First pari passu charge on all fixed assets (except lease hold land at Cuddalore , Vizag & Ambernath) of the Company present & future including intangible Assets, second pari passu on all current assets of the Company both present & future. Rate of interest: - 6 Months MCLR plus 1.20% p.a, (MCLR - 9.50%) Repayment terms: ₹ 1.17 Cr per month starting from Feb 23		
(viii) Term loans from others: Loan 8		
Non-current borrowings	29.61	37.13
Current maturities of non-current borrowings	8.06	8.20
Security: First pari passu charge on all fixed assets (except lease hold land at Cuddalore , Vizag & Ambernath) of the Company present & future including intangible Assets, second pari passu on all current assets of the Company both present & future. Rate of interest: 11.40% p.a Repayment terms: ₹ 0.99 Cr EMI per month		

	₹ in Crores	
<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Disclosed under non-current borrowings	235.10	283.04
Disclosed under current borrowings		
- Current maturities of non-current borrowings	117.25	131.63

During the financial year ended March 31, 2023, for non-current borrowings aggregating to ₹ 352.35 Crores (including current maturities of non-current borrowings), some of the financial covenants have been breached mainly due to temporary softness in demand for some of the key products. The Company has made representation to the lenders to waive from the testing of financial covenants for the year ended March 31, 2023.

## (ii) Current borrowings

	₹ in Crores	
<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>Secured loans repayable on demand from banks:</b>		
Working capital loans	648.80	609.90
Current maturities of non-current borrowings (Refer note 21(i))	117.25	131.63
<b>Total</b>	<b>766.05</b>	<b>741.53</b>

### Details of security for the current borrowings repayable on demand:

- Working capital loans from banks are secured by first pari passu charge over current assets of the Company and second pari passu charge on movable and immovable fixed assets of the Company.
- Rate of interest for ₹ borrowings ranges from 9.15% to 12.00%
- Rate of interest for US\$ borrowings ranges from 4.19% to 8.46%

## Notes

to the standalone financial statements for the year ended March 31, 2023

### NOTE NO. 22 OTHER FINANCIAL LIABILITIES

#### (i) Other non-current financial liabilities

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Security deposits	0.42	0.42
<b>Total</b>	<b>0.42</b>	<b>0.42</b>

#### (ii) Other current financial liabilities

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Advance from related party	0.18	0.40
Interest accrued but not due on borrowings	2.20	0.92
Unclaimed dividends*	0.16	0.17
<b>Other payables:</b>		
Payables on purchase of property, plant and equipment	11.79	16.73
<b>Total</b>	<b>14.33</b>	<b>18.22</b>

\*Investor Education and Protection Fund shall be credited when due.

### NOTE NO. 23 PROVISIONS

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits:		
Compensated absences	12.75	12.93
<b>Total</b>	<b>12.75</b>	<b>12.93</b>
Non-current	10.67	9.49
Current	2.08	3.44

### NOTE NO. 24 OTHER LIABILITIES

#### (i) Other non-current liabilities

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Contract liability:</b>		
Advance from customers	-	22.94
Income received in advance (unearned revenue)	-	0.19
<b>Provision for employee benefits:</b>		
Gratuity (Refer note 39)	38.36	27.58
<b>Total</b>	<b>38.36</b>	<b>50.71</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

### (ii) Other current liabilities

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Contract liability:</b>		
Advance from customers	7.20	15.75
Income received in advance (unearned revenue)	0.23	1.06
<b>Other payables:</b>		
- Advance rentals	-	1.17
- Statutory liabilities	4.99	4.22
<b>Total</b>	<b>12.42</b>	<b>22.20</b>

Note:

- (i) During the year ended March 31, 2023, the Company recognised revenue of ₹ 26.50 Crores (As at March 31, 2022: ₹ 8.43 Crores) arising from opening contract liability as of April 1, 2022.

### NOTE NO. 25 TRADE PAYABLES

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Trade payables:</b>		
Dues of micro and small enterprises (Refer note (iii) below)	11.96	8.07
Dues of other than micro and small enterprises	288.73	260.47
<b>Total</b>	<b>300.69</b>	<b>268.54</b>

Note:

#### (i) Outstanding for the following period from due date of payments as at March 31, 2023

Particulars	₹ in Crores					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2023
(i) MSME	-	11.96	-	-	-	11.96
(ii) Others	29.04	256.07	3.17	0.36	0.09	288.73
<b>Total</b>	<b>29.04</b>	<b>268.03</b>	<b>3.17</b>	<b>0.36</b>	<b>0.09</b>	<b>300.69</b>

#### (ii) Outstanding for the following period from due date of payments as at March 31, 2022

Particulars	₹ in Crores					
	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
(i) MSME	-	8.07	-	-	-	8.07
(ii) Others	49.24	206.14	3.86	0.23	1.00	260.47
<b>Total</b>	<b>49.24</b>	<b>214.21</b>	<b>3.86</b>	<b>0.23</b>	<b>1.00</b>	<b>268.54</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

### (iii) Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
(i) The principal amount due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	11.96	8.07
(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 deductible 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 and has been relied upon by the auditors.

### NOTE NO. 26 REVENUE FROM OPERATIONS

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products	1,374.01	1,207.44
Sale of services	5.18	23.11
Other operating revenues (Refer note (i) below)	64.62	37.79
<b>Total</b>	<b>1,443.81</b>	<b>1,268.34</b>

### Disaggregated revenue information

(a) In the following table, revenue from contracts with customers is disaggregated by primary geographical market

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Revenue from contracts with customers</b>		
Asia Pacific	846.04	841.28
Europe	329.95	219.14
North America	72.05	33.89
South America	37.18	44.42
Rest of the World	93.97	91.82
<b>Subtotal</b>	<b>1,379.19</b>	<b>1,230.55</b>
Revenue from other sources		
Other operating revenues	64.62	37.79
<b>Subtotal</b>	<b>64.62</b>	<b>37.79</b>
<b>Total</b>	<b>1,443.81</b>	<b>1,268.34</b>

Geographical revenue is allocated based on the location of the customers.



# Notes

to the standalone financial statements for the year ended March 31, 2023

## (b) Revenue from major customers

Revenue from one customer of the Company during the year ended March 31, 2023 was 189.70 Cr which is individually more than 10% of the Company's total revenue for the year. Revenue from such customer during previous year was ₹ 119.22 Crores. No customer individually contributed for more than 10% of the Company's total revenue during the year ended March 31, 2022.

### (i) Other operating revenue comprises:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Export incentives	17.20	5.06
Share of profit	1.01	1.60
Sale of by-products and scrap	45.38	29.31
Support service income	1.03	1.82
<b>Total</b>	<b>64.62</b>	<b>37.79</b>

### 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

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income (Refer note (i) below)	5.92	7.92
Rental income from investment properties	4.45	5.59
Other non-operating income		
- Liabilities / provisions no longer required written back	9.49	0.25
- Insurance claims	0.84	0.46
- Exchange fluctuation gain (net)	0.25	2.50
- Others	1.19	2.04
<b>Total</b>	<b>22.14</b>	<b>18.76</b>

Note:

### (i) Interest income comprises:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest from banks on deposits	0.09	3.42
Interest on loans and advances	4.83	4.10
Interest from others	1.00	0.40
<b>Total</b>	<b>5.92</b>	<b>7.92</b>

## NOTE NO. 28 COST OF MATERIALS CONSUMED

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening stock	131.10	109.50
Add: Purchases	762.00	880.46
Less: Closing stock	(119.20)	(131.10)
<b>Cost of materials consumed</b>	<b>773.90</b>	<b>858.86</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

### NOTE NO. 29 PURCHASES OF STOCK-IN-TRADE

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Traded goods	7.88	53.78
<b>Total</b>	<b>7.88</b>	<b>53.78</b>

### NOTE NO. 30 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Inventories at the end of the year:</b>		
- Finished goods	155.78	188.17
- Work-in-progress	274.99	249.65
	<b>430.77</b>	<b>437.82</b>
<b>Inventories at the beginning of the year:</b>		
- Finished goods	188.17	30.98
- Work-in-progress	249.65	148.09
	<b>437.82</b>	<b>179.07</b>
<b>Net (increase) / decrease</b>	<b>7.05</b>	<b>(258.75)</b>

### NOTE NO. 31 EMPLOYEE BENEFITS EXPENSE

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	188.02	194.80
Contribution to provident and other funds (Refer note 39)	19.34	18.92
Share based payments (Refer note 43) (Refer note below)	0.05	(1.31)
Other employee benefits	20.64	21.79
<b>Total</b>	<b>228.05</b>	<b>234.20</b>

Note: Employee stock compensation expenses for the year ended March 31, 2022 is negative as it is net-off of stock options lapsed during the year.

### NOTE NO. 32 FINANCE COSTS

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest costs:		
- Interest on bank overdrafts and loans	92.45	72.01
- Delayed payment of income tax	-	0.34
- Other interest expense	2.50	3.24
- Less: Amounts included in the cost of qualifying assets	(11.57)	(8.31)
Exchange difference regarded as an adjustment to borrowing costs	3.42	5.14
Other finance costs	3.26	2.85
<b>Total</b>	<b>90.06</b>	<b>75.27</b>

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 33 DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (Refer note 3)	92.14	93.56
Depreciation of investment properties (Refer note 6)	0.36	0.37
Depreciation of right-of-use assets (Refer note 4(i))	2.71	2.81
Amortisation of intangible assets (Refer note 8)	15.69	15.27
<b>Total</b>	<b>110.90</b>	<b>112.01</b>

## NOTE NO. 34 OTHER EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Subcontracting	16.29	16.47
Power and fuel	105.88	92.12
Water	2.07	1.58
Rent including lease rentals	1.39	2.94
Repairs and maintenance:		
- Buildings	3.08	2.60
- Machinery	21.09	18.04
- Others	25.91	33.33
Insurance	8.45	13.33
Rates and taxes	2.27	1.84
Communication	1.64	1.87
Travelling and conveyance	5.61	2.91
Printing and stationery	2.26	2.22
Freight and forwarding	25.70	24.89
Sales commission	5.92	6.56
Business promotion	0.85	0.38
Donations and contributions	0.29	0.10
Expenditure on Corporate Social Responsibility (Refer note (i) below)	1.68	2.58
Analytical charges	0.88	2.70
Regulatory expenses	4.18	4.99
Legal and professional fees	12.68	18.63
Payments to statutory auditors (Refer note (ii) below)	0.73	0.82
Bad debts written off / Allowance for doubtful trade and other receivables	5.66	8.82
Loss on sale of property, plant and equipment (net)	0.45	0.77
Consumption of stores and spares	24.39	27.43
Miscellaneous expenses	13.54	11.98
<b>Total</b>	<b>292.89</b>	<b>299.90</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

Notes:

### (i) Expenditure on Corporate Social Responsibility:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
(i) amount required to be spent by the company during the year,	1.61	2.60
(ii) amount of expenditure incurred,	1.68	2.58
(iii) set off from previous year excess spent	-	0.02
(iv) shortfall / (excess) at the end of the year,	(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:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
- Audit of standalone and consolidated financial statements including limited review	0.66	0.66
- Other services	0.03	0.14
- Reimbursement of expenses	0.04	0.02
<b>Total</b>	<b>0.73</b>	<b>0.82</b>

### NOTE NO. 35 EXCEPTIONAL ITEM GAIN/ (LOSS) (NET)

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Merger/acquisition and restructuring costs	-	3.49
<b>Total</b>	<b>-</b>	<b>3.49</b>

### NOTE NO. 36 TAX EXPENSES

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Continuing operations</b>		
<b>Current tax</b>		
Current tax expenses	(0.11)	-
<b>Deferred tax benefit</b>		
Deferred tax (credit) / expenses	(22.46)	(33.10)
<b>Net tax expense</b>	<b>(22.57)</b>	<b>(33.10)</b>

# Notes

to the standalone financial statements for the year ended March 31, 2023

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:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Profit before income taxes:</b>	(44.78)	(91.66)
Indian statutory income tax rate	34.94%	34.94%
<b>Expected income tax expense</b>	<b>(15.65)</b>	<b>(32.03)</b>
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expenses:</b>		
Effect of expenses that are not deductible in determining taxable profit	0.69	0.81
Effect on additional tax allowance	(1.83)	(0.59)
Effect of reversal of excess provision of prior year of subsidiary		
Effect of unrecognised tax credits and deductible temporary differences now recognised as deferred tax assets	(6.35)	-
Others (net)	0.57	(1.29)
<b>Total income tax expense</b>	<b>(22.57)</b>	<b>(33.10)</b>

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)

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Inhouse:</b>		
Salaries and wages	18.70	28.42
Depreciation and amortisation expense	10.57	11.53
Materials	2.58	0.48
Others	14.31	25.19
<b>Total</b>	<b>46.16</b>	<b>65.62</b>

In addition, the Company has also incurred capital expenditure in such facilities of ₹ 3.89 Crores (March 31, 2022: ₹2.65 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)

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>a) Contingent liabilities - Pending Litigations</b>		
(i) Indirect taxes	3.61	3.49
(ii) 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 amounting to ₹ 115.97 Crores. For the assessment year 2020-21, the officer disallowed the Company's claim for weighted deduction under Section 35(2AB) amounting to ₹ 20.60 Crores, depreciation on goodwill and product portfolio amounting to ₹ 164.04 Crores, and deemed income under Section 41 amounting to ₹ 0.13 Crores. The Company has preferred appeal to the above two assessment orders defending their claims and the matter is pending with Commissioner of income tax (appeals). The tax impact of above disallowance is ₹ 40.52 Crores for assessment year 2018-19 and ₹ 64.56 Crores for assessment year 2020-21. The Company has in its return of income for subsequent years also has claimed the aforesaid allowances. Refer note 12 (iv) for details.	-	-
<b>b) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
- Property, plant and equipment	34.20	63.10
- Intangible assets	0.19	0.29

## Notes

to the standalone financial statements for the year ended March 31, 2023

### 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 ₹12.69 Crores (March 31, 2022: ₹ 13.19 Crores) for provident fund contributions, ₹ 0.17 Crores (March 31, 2022: ₹ 0.23 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.

#### 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, 2023	March 31, 2022
Discount rate	7.39%	6.88%
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	58 years

## Notes

to the standalone financial statements for the year ended March 31, 2023

### Amounts recognised in statement of profit and loss and in other comprehensive income in respect of these defined benefit plan are as follows:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Service cost:</b>		
Current service cost	4.87	4.30
Past service cost and (gain)/loss from settlements	(0.05)	-
Net interest expense	1.64	1.43
<b>Components of defined benefit costs recognised in statement of profit and loss</b>	<b>6.46</b>	<b>5.73</b>
<b>Remeasurement on the net defined benefit liability:</b>		
Return on plan assets [excluding amounts included in net interest expense] (excess) / short return	0.49	0.20
Actuarial (gains) / losses arising from changes in financial assumptions	(1.39)	(0.77)
Actuarial (gains) / losses arising from experience adjustments	3.60	(2.52)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>2.70</b>	<b>(3.09)</b>
<b>Total</b>	<b>9.16</b>	<b>2.64</b>

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:

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Present value of funded defined benefit obligation	58.01	49.94
Fair value of plan assets	(19.65)	(22.36)
<b>Funded status</b>	<b>38.36</b>	<b>27.58</b>
<b>Net liability arising from defined benefit obligation</b>	<b>38.36</b>	<b>27.58</b>

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

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	49.94	49.27
<b>Expenses recognised in statement of profit and loss</b>		
Current service cost	4.87	4.30
Past service cost and (gain)/loss from settlements	(0.05)	-
Interest cost	3.18	3.01
<b>Remeasurement (gains)/losses:</b>		
Actuarial gains and losses arising from changes in financial assumptions	(1.39)	(0.77)
Actuarial gains and losses arising from experience adjustments	3.60	(2.52)
Liabilities assumed on employees transferred from group companies	1.88	-
Benefits paid	(4.02)	(3.35)
<b>Closing defined benefit obligation</b>	<b>58.01</b>	<b>49.94</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

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

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	22.36	24.07
Expected return on plan assets	1.54	1.58
<b>Remeasurement gain (loss):</b>		
Contributions from the employer	0.26	0.26
Actuarial (gains) / loss on plan assets	(0.49)	(0.20)
Benefits paid	(4.02)	(3.35)
<b>Closing fair value of plan assets</b>	<b>19.65</b>	<b>22.36</b>

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

If the discount rate increases (decrease) by 1%, the defined benefit obligation would be ₹ 55.36 Crores (₹ 60.83 Crores) as at March 31, 2023

If the expected salary growth increases (decrease) by 1%, the defined benefit obligation would be ₹ 60.80 Crores (₹ 55.46 Crores) as at March 31, 2023

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 cash outflows towards the plan are as follows-

Financial Year	₹ in Crores	
	Amount	
2023-24	9.32	
2024-25	9.31	
2025-26	8.38	
2026-27	7.67	
2027-28	7.57	
2028-29 to 2032- 33	25.39	



# Notes

to the standalone financial statements for the year ended March 31, 2023

## 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. No Investment has flown from the parent Company.

#### Other Subsidiaries:

Chemsynth Laboratories Private Limited

#### Director and Key Management Personnel:

Jitesh Devendra	Managing Director (Appointed wef April 29, 2022)
Rajendra Juvadi Rao	Managing Director and Chief Executive Officer (Appointed as Executive Director wef August 04, 2021 and as MD & CEO wef. March 01, 2022) (Resigned as MD & CEO wef. April 28, 2022)
Bharath R. Sessa	Managing Director and Chief Executive Officer (Resigned as MD & CEO wef. February 28, 2022)
S Hariharan	Executive Director and Chief Finance Officer (Appointed as Executive Director & CFO wef March 09, 2022)
Subhash Anand	Executive Director and Chief Finance Officer (Appointed as CFO wef. Oct 30, 2020 and Executive Director wef. Apr 01, 2021) (Resigned wef. March 09, 2022)
Poorvank Purohit	Chief Executive Officer (Appointed wef. February 03, 2023)
Aditya Puri	Non-Executive Director (Appointed wef. August 04, 2021)
Arun Kumar Pillai	Non-Executive Director (Appointed wef. August 04, 2021)
Kartheek Chintalapati Raju	Non-Executive Director (Appointed wef. August 04, 2021) (Resigned wef. August 03, 2022)
Vineeta Rai	Independent Director (Appointed wef. October 17, 2021)
R. Ramakrishnan	Independent Director
Nirmal P Bhogilal	Independent Director
Kausalya Santhanam	Independent Director
Deepak C Vaidya	Non-Executive Director (Resigned wef. August 04, 2021)
Ronald Tjeerd De Vries	Independent Director (Resigned wef. August 04, 2021)
Ankur Nand Thadani	Non-Executive Director
Rajesh Salwan	Chief Operating Officer (Resigned wef. February 03, 2022)
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

Shasun Enterprises LLP, India (formerly known as Devendra Estates LLP, India)

Sequent Scientific Limited (upto April 08, 2021)\*

Sequent Research Limited, India (upto April 08, 2021)\*

Alivira Animal Health Limited, India (upto April 08, 2021)\*

Tenshi Life Sciences Private Limited, India (merged with Tenshi Pharmaceuticals Limited wef November 29, 2022)

Aurore Life Sciences Private Limited, India (upto August 3, 2022)\*\*

Tenshi Kaizen Private Limited, India

Olene Life Sciences Private Limited, India

GMS Tenshi Holdings Pte Limited, Singapore

Stelis Biopharma Private Limited, India

## Notes

to the standalone financial statements for the year ended March 31, 2023

### Enterprises controlled, owned or significantly influenced by directors, key management personnel, promoter or person holding significant interest in the company:

Tenshi Pharmaceuticals Private Limited, India (formerly known as Steriscience Private Limited and Sovizen Life Sciences Private Limited)

Hydra Active Pharma Sciences Private Limited, India (formerly known as Tenshi Active Pharma Sciences Private Limited)

Velbiom Probiotics Private Limited, India (formerly known as Tenshi Life Care Private Limited)

Triphase Pharmaceuticals Private Limited, India

Outlook Therapeutics Inc, USA

Naari Pharma Private Limited, India

Tenshi Kaizen Inc., USA

Tenshi Kaizen USA Inc., USA

Batliboi Impex Limited, India

Tenshi Life Sciences Pte Ltd., Singapore

Biolexis Pte Ltd., Singapore

Navad Life Sciences Pte Ltd., Singapore

Aurore Pharmaceuticals Private Limited, India (upto August 3, 2022)\*\*

Tenshi Kaizen Pharma Pte Ltd., Singapore

Tenshi Kaizen Private Limited, UK

Tenshi KSM Private Limited, India

Steriscience Specialties Pvt. Ltd., India (formerly known as Steriscience Pharma Pvt. Ltd.)

Empyrean Life Sciences Pvt. Ltd., India

Steriscience Pte Limited, Singapore

Steriscience BV, Netherlands

Tenshi Kaizen B V, Netherlands

Steriscience Specialties Sp. z.o.o, Poland

Stelis Pte Ltd., Singapore

Stelis Biopharma LLC, USA

Chayadeep Properties Private Limited, India

Karuna Ventures Private Limited, India

Agnus Holdings Pvt. Ltd., India

Pronomz Ventures LLP, India

SRJR Enterprise LLP, India

Karuna Business Solutions LLP, India

Chayadeep Ventures LLP, India

Agnus Capital LLP, India

Devicam Capital LLP, India

Araganya Private Trust, India

Triumph Venture Holdings LLP, India

Axxelent Pharma Sciences Private Limited, India

Amicus Formulations India Private Limited, India (upto April 28, 2022)

Genesys Biologics Private Limited, India (upto April 28, 2022)

RA Labels and Stickers Private Limited, India (upto April 28, 2022)

Ilabs Capital LLP, India (upto April 28, 2022)

\*Company has filed an application with stock exchange for Reclassification of "Outgoing Promoters" from Promoter group to Public category on April 08, 2021. BSE and NSE has approved for reclassification on October 7, 2021.

# Notes

to the standalone financial statements for the year ended March 31, 2023

## 40B Transactions during the year

₹ in Crores

Description	Related party	March 31, 2023	March 31, 2022
Sale of goods/(sales return)	Strides Pharma Science Limited	188.69	117.61
	Aurore Life Sciences Private Limited	14.16	33.96
	Aurore Pharmaceuticals Private Limited	(2.68)	89.71
	Axxelent Pharma Sciences Private Limited	-	0.01
	Steriscience Specialties Pvt. Ltd.	0.01	4.92
	Stelis Biopharma Private Limited	0.03	0.19
	Tenshi Kaizen Private Limited	0.01	-
Sale of services	Strides Pharma Science Limited	0.01	0.01
	Tenshi Kaizen Private Limited	0.02	-
	Stelis Biopharma Private Limited	0.01	-
Interest income	Chemsynth Laboratories Private Limited	0.14	0.16
	Aurore Life Sciences Private Limited	1.69	3.96
Other operating revenue	Strides Pharma Science Limited	1.01	1.60
Sale of property, plant and equipment	Strides Pharma Science Limited	-	0.01
Purchase of goods	Strides Pharma Science Limited	0.00	-
	Aurore Life Sciences Private Limited	0.61	36.97
Purchase of services	Axxelent Pharma Sciences Private Limited	0.19	-
	Batliboi Impex Limited	0.78	1.20
Sales commission	Shasun USA Inc	0.81	1.48
Recovery of expenses from	Aurore Life Sciences Private Limited	1.67	-
	Karuna Business Solutions LLP	-	0.86
	Shasun USA Inc	3.24	-
	Sequent Penems Private Limited	0.22	-
	Strides Pharma Science Limited	13.51	9.81
Reimbursement of expenses to	Shasun USA Inc	-	0.04
	Strides Pharma Science Limited	1.08	-
	Tenshi Life Sciences Private Limited	1.14	2.09
	Tenshi Pharmaceuticals Private Limited	0.33	-
Rental Income	Aurore Life Sciences Private Limited	0.02	0.03
Rent & Maintenance for leased property	Strides Pharma Science Limited	1.60	1.52
	Sequent Penems Private Limited	0.10	0.46
Loan given	Aurore Life Sciences Private Limited	-	50.00
	Chemsynth Laboratories Private Limited	0.02	-
Loan / Advances refund received	Chemsynth Laboratories Private Limited	-	0.19
	Aurore Life Sciences Private Limited	7.65	-
Dividend paid	Arun Kumar Pillai	-	0.95
	K R Ravishankar	-	0.40
	Deepa Arun Kumar	-	0.02
	Aditya Arun Kumar	-	0.02
	Tarini Arun Kumar	-	0.02
	Padmakumar Karunakaran Pillai	-	0.01
	Vineetha Mohanakumar Pillai	-	0.01
	Hemalatha Pillai	-	0.01
	Sajitha Pillai	-	0.01
	Rajitha Gopalakrishnan	-	0.01
	K R Lakshmi	-	0.01
	Chayadeep Properties Private Limited	-	0.16
	Karuna Ventures Private Limited	-	0.03
	Agnus Holdings Pvt. Ltd.	-	0.02
	Pronomz Ventures LLP	-	0.64
	SRJR Enterprise LLP	-	0.51
Karuna Business Solutions LLP	-	0.84	

## Notes

to the standalone financial statements for the year ended March 31, 2023

		₹ in Crores	
Description	Related party	March 31, 2023	March 31, 2022
	Chayadeep Ventures LLP	-	0.30
	Agnus Capital LLP	-	0.25
	Devicam Capital LLP	-	0.05
Sitting fees paid to directors	Aditya Puri	0.04	0.06
	Deepak C Vaidya	-	0.07
	Kausalya Santhanam	0.08	0.16
	Nirmal P Bhogilal	0.06	0.16
	Ronald Tjeerd De Vries	-	0.07
	R. Ramakrishnan	0.08	0.16
	Vineeta Rai	0.08	0.07
Short term employee benefits paid to (refer note (i) below)	Jitesh Devendra	2.17	-
	S Hariharan	1.98	0.14
	Poorvank Purohit	0.50	
	Bharat R Sessa	-	0.20
	Subhash Anand	-	2.36
	Rajesh Salwan	-	1.63
	S Murali Krishna	0.42	0.44

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

### 40C Balances as at March 31, 2023

		₹ in Crores	
Description	Related party	As at March 31, 2023	As at March 31, 2022
Trade payables	Shasun USA Inc.	-	0.74
	Sequent Penems Private Limited	0.72	0.70
	Tenshi Life Sciences Private Limited	0.87	4.42
	Tenshi Pharmaceuticals Private Limited	0.36	-
	Aurore Life Sciences Private Limited	-	13.80
	Strides Pharma Science Limited	0.42	-
Trade receivables	Aurore Life Sciences Private Limited	-	7.70
	Aurore Pharmaceuticals Private Limited	-	58.33
	Strides Pharma Science Limited	119.38	78.22
	Steriscience Specialties Pvt. Ltd.	-	4.54
	Stelis Biopharma Private Limited	0.06	0.03
	Shasun USA Inc.	2.65	-
	Tenshi Kaizen Private Limited	0.03	-
	Karuna Business Solutions LLP	-	0.81
Other receivables	Chemsynth Laboratories Private Limited	0.86	0.73
	Aurore Life Sciences Private Limited	-	1.17
	Aurore Life Sciences Private Limited	-	50.00
	Chemsynth Laboratories Private Limited	1.34	1.32
	Sequent Penems Private Limited	(0.18)	(0.40)
Security deposit given	Strides Pharma Science Limited	0.72	0.72

\*\* The transaction with Aurore has been disclosed upto aforementioned date and the balance sheet balance has not been disclosed

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 41 EARNINGS PER SHARE:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Basic earnings per share:	(6.17)	(16.29)
Diluted earnings per share:	(6.17)	(16.29)

### Earnings used in computing basic and diluted earnings per share

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to the equity holders of the Company	(22.21)	(58.56)

### Weighted average number of shares used as the denominator

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Weighted average number of equity shares used as denominator in calculating basic earnings per share	35,996,267	35,940,826
Adjustments for calculation of diluted earnings per share:		
- employee stock options	189	1,348
Weighted average number of equity shares used as denominator in calculating diluted earnings per share*	35,996,456	35,942,174

\* Diluted earnings per share for the year ended March 31, 2023 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, 2023 and March 31, 2022

## 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" 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\*:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
India	1,595.08	1,614.93
<b>Total</b>	<b>1,595.08</b>	<b>1,614.93</b>

\*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 324,600 options (March 31, 2022: 85,000 options) under this plan during the current year.

## Notes

to the standalone financial statements for the year ended March 31, 2023

During the current year, employee compensation costs of ₹ 0.05 Crores (Previous year: ₹ (1.31) Crores) relating to the above referred Employee Stock Option Plan have been charged to the Statement of Profit and Loss. Employee stock compensation expenses for the previous year ended March 31, 2022 is negative as it is net-off of stock options lapsed during the previous year.

### 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: 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	100,000
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 standalone financial statements for the year ended March 31, 2023

## 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 previous year are as below:

Assumptions	Grant Date: Nov 11, 2021 (ESOP 2018)		
	Vest 1 Nov 11, 2021	Vest 2 Nov 11, 2022	Vest 3 Nov 11, 2023
	23%	30%	47%
No. of options	8,000	10,500	16,500
Fair market value of option at grant date (₹)	473.44	624.02	692.07
Fair market value of share at grant date (₹)	1,317.00	1,317.00	1,317.00
Exercise price (₹)	1,030.00	1,030.00	1,030.00
Expected volatility	42.74%	54.76%	52.10%
Option life (Years)	1	2	3
Expected Dividend Yield	22.00%	22.00%	22.00%
Risk-free interest rate	4.33%	4.55%	5.09%

Assumptions	Grant Date: Mar 15, 2022 (ESOP 2018)		
	Vest 1 Apr 29, 2023	Vest 2 Apr 29, 2024	Vest 3 Apr 29, 2025
	20%	30%	50%
No. of options	10,000	15,000	25,000
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%

## Employee stock options details as on the balance sheet date are as follows:

Particulars	During the year 2022-23		During the year 2021-22	
	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	1,05,000	782.40	3,90,000	659.39
Granted during the year	3,24,600	434.97	85,000	727.65
Exercised during the year	-	-	66,500	438.05
Lapsed/ cancelled during the year	2,86,000	580.17	3,03,500	684.45
Options outstanding at the end of the year	1,43,600	399.81	1,05,000	782.40
Options available for grant	2,63,178	-	3,01,778	-

## NOTE NO. 44 FINANCIAL INSTRUMENTS

### 44.1 Categories of financial instruments

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Financial assets:</b>		
<b>Measured at amortised cost</b>		
(a) Cash and bank balances	8.71	47.14
(b) Investments	1.70	0.42
(c) Trade receivables	539.65	489.67
(d) Loans receivable	32.62	51.85
(e) Other financial assets at amortised cost	28.50	22.72

## Notes

to the standalone financial statements for the year ended March 31, 2023

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Financial liabilities:</b>		
<b>Measured at amortised cost</b>		
(a) Borrowings including current maturities of non current borrowings	1,001.15	1,024.57
(b) Lease liabilities	11.70	12.80
(c) Trade payables	300.69	268.54
(d) Other financial liabilities	14.75	18.64

### 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, 2023		As at March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial liabilities:</b>				
Borrowings	1,001.15	1,004.66	1,024.57	1,028.11

### 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, 2023		As at March 31, 2022	
	In foreign currency (Crores)	in ₹ Crores	In foreign currency (Crores)	in ₹ Crores
<b>Exposure to the Currency</b>				
US\$	0.52	41.63	0.53	40.62
EUR	0.01	1.03	0.08	6.97
JPY	3.22	1.99	1.88	1.17

### 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:

Exposure to the Currency	₹ in Crores	
	Increase / (Decrease) in Equity / Profit	
	March 31, 2023	March 31, 2022
Appreciation in the US\$	2.08	2.03
Depreciation in the US\$	(2.08)	(2.03)
Appreciation in the EUR	0.05	0.35
Depreciation in the EUR	(0.05)	(0.35)



# Notes

to the standalone financial statements for the year ended March 31, 2023

The impact on profit has been arrived at by applying the effects of appreciation / depreciation 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:

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Fixed-rate instruments</b>		
<b>Financial assets</b>		
Balance with banks held as margin money	-	0.70
Balance with banks held in deposit account	0.05	42.47
<b>Financial liabilities</b>		
Lease liabilities	11.70	12.80
	<b>11.75</b>	<b>55.97</b>
<b>Variable-rate instruments</b>		
<b>Financial liabilities</b>		
Borrowings from bank	1,001.15	1,024.57
	<b>1,001.15</b>	<b>1,024.57</b>

## 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 ₹ 10.05 Crores (March 31, 2022: ₹ 9.33 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.

## Notes

to the standalone financial statements for the year ended March 31, 2023

### 44.6.1 Liquidity analysis for Non-Derivative Liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table include repayment of principal amounts. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
<b>Bank &amp; other borrowings</b>								
- As on March 31, 2023	768.68	109.16	77.10	38.03	11.68	-	1,004.66	1,001.15
- As on March 31, 2022	744.05	105.20	96.74	62.72	19.39	-	1,028.11	1,024.57
<b>Interest payable on borrowings</b>								
- As on March 31, 2023	2.20	-	-	-	-	-	2.20	2.20
- As on March 31, 2022	0.92	-	-	-	-	-	0.92	0.92
<b>Lease liabilities</b>								
- As on March 31, 2023	0.87	0.92	0.96	1.01	1.06	50.26	55.08	11.70
- As on March 31, 2022	2.43	0.87	0.92	0.96	1.01	51.30	57.49	12.80
<b>Trade and other payable</b>								
- As on March 31, 2023	313.24	-	-	-	-	-	313.24	313.24
- As on March 31, 2022	286.26	-	-	-	-	-	286.26	286.26

₹ in Crores

### 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.

Particulars	₹ in Crores	
	March 31, 2023	March 31, 2022
Debt (i)	1,012.85	1,037.37
Less:		
Cash and bank balances	8.71	47.14
<b>Net Debt (A)</b>	<b>1,004.14</b>	<b>990.23</b>
<b>Total Equity (B)</b>	<b>1,503.13</b>	<b>1,527.05</b>
<b>Net debt to equity ratio (A/B)</b>	<b>0.67</b>	<b>0.65</b>

(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings and lease liabilities.

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 46 RATIO ANALYSIS

₹ in Crores

Particulars	Methodology	As at March 31, 2023	As at March 31, 2022
Current ratio	Current Assets over Current Liabilities	1.1	1.2
Debt-Equity ratio	Debt over Equity	0.7	0.7
Debt Service Coverage ratio (refer note (a) below)	Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) over debt repayments and interest payments	0.7	0.5
Return on Equity ratio (refer note (b) below)	Net profit (PAT) over Tangible Equity	-2.0%	-5.4%
Inventory turnover ratio	Cost of goods sold over Average Inventory	1.4	1.5
Trade receivables turnover ratio	Sales Turnover over Average Trade receivables	2.7	2.5
Trade payables turnover ratio	Cost of goods sold over Average Trade payables	2.8	2.3
Net capital turnover ratio (refer note (c) below)	Sales Turnover over Working capital	14.6	6.7
Net profit ratio (refer note (d) below)	Net profit (PAT) over Total Income	-1.5%	-4.5%
Return on capital employed (refer note (e) below)	Earnings Before Interest and Taxes (EBIT) over Tangible Capital Employed	1.9%	-1.0%
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%:

- Increase in Debt Service Coverage ratio is on account of increase in Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)
- Increase in Return on Equity ratio is on account of reduction in Net loss (PAT)
- Increase in Net capital turnover ratio is on account of decrease in Inventory and increase in Sales Turnover.
- Increase in Net profit ratio is on account of reduction in Net loss (PAT)
- Increase in Return on capital employed ratio is on account of increase 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.

Tangible Equity is defined as Equity share capital and Other equity less Goodwill less Intangible Assets

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 actual non-current borrowings repaid during the year

Interest payments is defined as actual 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

Tangible Capital employed is defined as Equity and Debt less Goodwill less Intangible Assets

## Notes

to the standalone financial statements for the year ended March 31, 2023

### 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, 2022	Given during the year	Repayment during the year	As at March 31, 2023	Maximum amount outstanding during the year ended March 31, 2023
Chemsynth Laboratories Private Limited	Subsidiary	Unsecured	10.90%	1.31	0.02	-	1.33	1.33
Aurore Life Sciences Private Limited	Others	Unsecured	10.50%	50.00	-	17.65	32.35	50.00

### NOTE NO. 48

The Board of Directors in its meeting held on 29th April 2022 have considered and approved the withdrawal of the Scheme of amalgamation of Emphyrean Lifesciences Private Limited, Hydra Active Pharma Sciences Private Limited and demerger of pharma business of Aurore Life Science Private Limited ("Aurore") with the Company as the same is not financially viable. Aurore has not been able to achieve its financial goals set for FY22 due to weak demand for covid products and tactical opportunities. Further, there are uncertainties in the completion of the processes related to the Scheme due to disputes raised by one of the minority shareholder of the subsidiary of Aurore.

### NOTE NO. 49

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. 50 OTHER STATUTORY INFORMATION

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- The Company does not have any transactions with companies struck off.

- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,
- The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 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).
- 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.
- The Company has not been declared willful defaulter by any bank or financial Institution or other lender.
- 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:
  - 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 to or on behalf of the Ultimate Beneficiaries
    - The Company has not received any fund from any person(s) or entity(ies),

# Notes

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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. 51 AMENDMENTS EFFECTIVE FROM APRIL 1, 2023:**

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to the Company from April 1, 2023.

- i. Ind AS 101 – First time adoption of Ind AS
- ii. Ind AS 102 – Share-based payment
- iii. Ind AS 103 – Business Combinations
- iv. Ind AS 107 – Financial Instruments: Disclosures
- v. Ind AS 109 – Financial Instruments
- vi. Ind AS 115 – Revenue from Contracts with Customers
- vii. Ind AS 1 – Presentation of Financial Statements
- viii. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- ix. Ind AS 12 – Income Taxes
- x. Ind AS 34 – Interim Financial Reporting

The Company is in the process of evaluating the impact of the above amendments on the Company's financial statements.

## **NOTE NO. 52**

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**

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

**Poorvank Purohit**  
Chief Executive Officer

**S. Hariharan**  
Executive Director and  
Chief Financial Officer  
DIN: 05297969

**S Murali Krishna**  
Company Secretary  
Membership Number: 13372

Place : Bengaluru  
Date : May 12, 2023

# 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 2023, and 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 for the year then ended, and a summary of significant 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 the 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 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, 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 the other auditors in terms of their reports referred to in 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	<p><b>Revenue Recognition:</b></p> <p>Refer note 2.1 (vi) and note 28 of the Consolidated financial statements.</p> <p>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.</p>	<p><b>Principal audit procedures performed:</b></p> <p>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.</p> <p>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.</p> <p>On sample basis. We performed test of details of sales recorded close to year end through following procedures:</p> <ul style="list-style-type: none"> <li>- Analysed the terms and conditions of the underlying contract with the customers and</li> <li>- Verified the evidence for the transfer of control of the goods prior to the balance sheet date or otherwise, from relevant supporting documents.</li> </ul>

Sr. No.	Key Audit Matter	Auditor's Response
2	<p><b>Carrying Value of Goodwill Relating to Human API Business:</b> Refer note 7 of the Consolidated financial statements.</p> <p>The Company carried goodwill of ₹ 357.95 Crores as at balance sheet date arising from past acquisition of the Human API business.</p> <p>As Indicated in note 2.1 (xvii) to the Consolidated financial statements, the management of the Company assesses the impairment of the goodwill annually.</p> <p>The carrying value of the goodwill 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.</p> <p>We focused on this area because of the significance of the balance and the significant judgements and assumptions involved in impairment assessment by the management about the future results of the Human API business</p>	<p><b>Principal Audit Procedures performed:</b> We assessed the management's process for impairment assessment of goodwill.</p> <p>We performed testing of details and operating effectiveness of internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>- Evaluated the design of the management's internal control around the impairment assessment process.</li> <li>- Understood the key assumptions considered in the management's estimates of future cash flows.</li> <li>- Involving our valuation specialists, we evaluated the short-term and long-term growth rates considered in the estimates of future cash flows and the discount rate used in the calculations.</li> <li>- 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.</li> <li>- 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.</li> <li>- 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.</li> </ul> <p>We further assessed the adequacy of the disclosures made in the financial statements for the year ended 31 March 2023</p>

### 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 included in the Management Discussion and Analysis, Board's Report, Corporate Governance Report and Business Responsibility Report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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, 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 income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 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 intends 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 control 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 entities or business activities included in the consolidated financial statements, which have been audited by other auditors, such and 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 control 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

We did not audit the financial statements of 3 subsidiaries whose financial statements reflect total assets of ₹ 22.90 Crores as at 31 March 2023, total revenues of ₹ 1.45 Crores and net cash inflows amounting to ₹ 0.07 Crores for the year ended on that date, as considered in the consolidated financial statements. The financial statements of the subsidiaries 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 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 report of such 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 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 branch auditors and 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 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.
  - 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 2023 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 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls 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.
- g) 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 incorporated in India, the remuneration paid by the Parent and such subsidiary companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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, other than 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 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, other than 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 Company 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 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) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. 1 April 2023 to the Parent/ Holding Company and its subsidiaries incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.
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"/ "the Order") 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**  
(Membership No. 206920)  
(UDIN 23206920BGYMEG7948)

Place: Bengaluru  
Date: 12 May 2023

# 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 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 of and for the year ended 31 March 2023, 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 includes internal financial controls with reference to consolidated financial statements of its subsidiaries 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 branch auditors and other auditors referred to in the Other Matters paragraph below, 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 2023, 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 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)

Place: Bengaluru  
Date: 12 May 2023

**Sathya P. Koushik**  
(Membership No. 206920)  
(UDIN 23206920BCYMEG7948)

# Consolidated Balance Sheet

as at March 31, 2023

Particulars	Note No.	₹ in Crores	
		As at March 31, 2023	As at March 31, 2022
<b>A ASSETS</b>			
<b>I Non-current assets</b>			
(a) Property, plant and equipment	3	866.81	842.28
(b) Right-of-use assets	4(i)	53.77	56.49
(c) Capital work in progress	5	238.47	238.65
(d) Investment property	6	23.94	24.59
(e) Goodwill	7	365.09	365.09
(f) Other intangible assets	8	54.35	67.94
(g) Financial assets			
(i) Investments	9	1.70	0.42
(ii) Loans	10(i)	-	0.27
(iii) Other financial assets	11(i)	14.46	12.52
(h) Deferred tax assets (net)	12	78.56	55.14
(i) Income tax assets (net)	13	4.52	18.29
(j) Other non-current assets	14(i)	10.07	24.00
<b>Total non-current assets</b>		<b>1,711.74</b>	<b>1,705.68</b>
<b>II Current assets</b>			
(a) Inventories	15	558.09	575.55
(b) Financial assets			
(i) Trade receivables	16	536.99	489.67
(ii) Cash and cash equivalents	17	8.73	46.38
(iii) Bank balances other than (ii) above	18	0.16	0.87
(iv) Loans	10(ii)	32.62	51.58
(v) Other financial assets	11(ii)	13.23	9.53
(c) Other current assets	14(ii)	37.72	65.70
<b>Total current assets</b>		<b>1,187.54</b>	<b>1,239.28</b>
<b>Total assets (I + II)</b>		<b>2,899.28</b>	<b>2,944.96</b>
<b>B EQUITY AND LIABILITIES</b>			
<b>I Equity</b>			
(a) Equity share capital	19	36.00	36.00
(b) Other equity	20	1,464.21	1,488.87
<b>Equity attributable to the owners of the company</b>		<b>1,500.21</b>	<b>1,524.87</b>
Non-controlling interests	21	2.24	2.31
<b>Total equity</b>		<b>1,502.45</b>	<b>1,527.18</b>
<b>II Liabilities</b>			
<b>1 Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	22(i)	235.10	283.04
(ii) Lease liabilities	4(ii)	11.15	10.70
(iii) Other financial liabilities	23(i)	0.42	0.42
(b) Provisions	24	10.67	9.49
(c) Other non-current liabilities	25(i)	38.36	50.71
<b>Total Non-current liabilities</b>		<b>295.70</b>	<b>354.36</b>
<b>2 Current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	22(ii)	766.05	741.53
(ii) Lease liabilities	4(ii)	0.55	2.10
(iii) Trade payables			
- Dues of micro and small enterprises	26	11.96	8.07
- Dues of other than micro and small enterprises	26	293.90	267.92
(iv) Other financial liabilities	23(ii)	14.15	17.82
(b) Provisions	24	2.08	3.44
(c) Current tax liabilities (net)	27	0.01	0.33
(d) Other current liabilities	25(ii)	12.43	22.21
<b>Total current liabilities</b>		<b>1,101.13</b>	<b>1,063.42</b>
<b>Total liabilities</b>		<b>1,396.83</b>	<b>1,417.78</b>
<b>Total equity and liabilities (I + II)</b>		<b>2,899.28</b>	<b>2,944.96</b>

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 12, 2023

**For and on behalf of Board of Directors**

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

**S Murali Krishna**  
Company Secretary  
Membership Number: 13372

Place : Bengaluru  
Date : May 12, 2023

**Poorvank Purohit**  
Chief Executive Officer

**S. Hariharan**  
Executive Director and  
Chief Financial Officer  
DIN: 05297969

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2023

₹ in Crores

Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. CONTINUING OPERATIONS:</b>			
<b>1</b> Revenue from operations	28	1,443.81	1,268.34
<b>2</b> Other income	29	22.55	20.02
<b>3 Total Income (1+2)</b>		<b>1,466.36</b>	<b>1,288.36</b>
<b>4 EXPENSES</b>			
(a) Cost of materials consumed	30	773.90	858.86
(b) Purchase of stock-in-trade	31	7.88	53.78
(c) Changes in inventories of finished goods and work-in-progress	32	7.05	(258.75)
(d) Employee benefits expense	33	228.63	236.34
(e) Finance costs	34	90.06	75.28
(f) Depreciation and amortisation expenses	35	111.19	112.32
(g) Other expenses	36	292.47	298.14
<b>Total expenses (4)</b>		<b>1,511.18</b>	<b>1,375.97</b>
<b>5 PROFIT / (LOSS) BEFORE TAX (3-4)</b>		<b>(44.82)</b>	<b>(87.61)</b>
<b>6</b> Exceptional items - net gain / (loss)	37	-	(3.49)
<b>7 PROFIT BEFORE TAX (5-6)</b>		<b>(44.82)</b>	<b>(91.10)</b>
<b>8 TAX EXPENSE</b>	38		
(a) Current tax		(0.09)	0.17
(c) Deferred tax		(22.48)	(32.98)
<b>Total tax expense (8)</b>		<b>(22.57)</b>	<b>(32.81)</b>
<b>9 PROFIT FOR THE YEAR (7-8)</b>		<b>(22.25)</b>	<b>(58.29)</b>
<b>10 OTHER COMPREHENSIVE INCOME</b>			
<b>A ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:</b>			
(i) Remeasurement gains/(losses) of defined benefit plans		(2.70)	3.09
(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		0.94	(1.08)
<b>B ITEMS THAT MAY BE RECLASSIFIED TO SUBSEQUENTLY TO PROFIT OR LOSS:</b>			
(i) Exchange differences on translating the financial statements of foreign operations		(0.30)	(0.12)
(ii) Income tax relating to items that may be reclassified to statement of profit and loss		-	-
<b>Total other comprehensive income/(loss) for the year (10)</b>		<b>(2.06)</b>	<b>1.89</b>
<b>11 TOTAL COMPREHENSIVE INCOME FOR THE YEAR (9+10)</b>		<b>(24.31)</b>	<b>(56.40)</b>
<b>Profit for the year attributable to:</b>			
- Owners of the Company		(22.18)	(58.15)
- Non-controlling interests		(0.07)	(0.14)
		<b>(22.25)</b>	<b>(58.29)</b>
<b>Other Comprehensive income attributable to:</b>			
- Owners of the Company		(2.06)	1.89
- Non-controlling interests		-	-
		<b>(2.06)</b>	<b>1.89</b>
<b>Total Comprehensive income attributable to:</b>			
- Owners of the Company		(24.24)	(56.26)
- Non-controlling interests		(0.07)	(0.14)
		<b>(24.31)</b>	<b>(56.40)</b>
<b>12 EARNINGS PER EQUITY SHARE (FACE VALUE OF ₹ 10/- EACH)</b>			
- Basic (in ₹)	43	(6.16)	(16.18)
- Diluted (in ₹)		(6.16)	(16.18)

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 12, 2023

**For and on behalf of Board of Directors**

**Jitesh Devendra**  
 Managing Director  
 DIN: 06469234

**S Murali Krishna**  
 Company Secretary  
 Membership Number: 13372

Place : Bengaluru  
 Date : May 12, 2023

**Poorvank Purohit**  
 Chief Executive Officer

**S. Hariharan**  
 Executive Director and  
 Chief Financial Officer  
 DIN: 05297969

# Consolidated Statement of Cash Flows

for the year ended March 31, 2023

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax for the year</b>	<b>(44.82)</b>	<b>(91.10)</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expense	111.19	112.32
Interest expense on borrowings	90.06	75.28
Share based compensation expense	0.05	(1.31)
Rental income from investment property	(4.45)	(5.59)
Interest income	(5.78)	(7.76)
Liabilities / provisions no longer required written back	(10.02)	(1.75)
Loss / (Gain) on sale of property, plant and equipment	0.45	0.77
Provision for doubtful trade and other receivables	5.66	8.82
Unrealised exchange (gain) / loss (net)	(0.37)	0.18
<b>Operating profit before working capital changes</b>	<b>141.97</b>	<b>89.86</b>
<b>Changes in working capital:</b>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	17.32	(280.58)
Trade receivables	(52.80)	(14.55)
Other assets (financial & non-financial)	22.32	(29.49)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	38.90	(23.88)
Other liabilities (financial & non-financial)	(25.00)	34.71
<b>Cash generated from operations</b>	<b>142.71</b>	<b>(223.93)</b>
Net income tax (paid) / refunds	13.54	(18.10)
<b>Net cash flow generated from operating activities (A)</b>	<b>156.25</b>	<b>(242.03)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure for property, plant and equipment and intangible assets, including capital advances	(111.31)	(208.62)
Proceeds from sale of property, plant and equipment	1.30	0.13
Investments in other entities	(1.28)	-
Intercorporate deposit (given) / received	17.65	(50.00)
Interest received	7.35	10.05
Rental income from investment property	4.45	5.59
(Increase)/decrease in balance held as margin money	0.70	-
<b>Net cash flow utilised in investing activities (B)</b>	<b>(81.14)</b>	<b>(242.85)</b>

# Consolidated Statement of Cash Flows

for the year ended March 31, 2023

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of equity shares	-	2.90
Proceeds from non-current borrowings	68.30	262.40
Repayment of non-current borrowings	(130.62)	(93.76)
Net increase / (decrease) in current borrowings	39.44	248.67
Dividends paid (net of taxes)	-	(10.78)
Lease payments	(2.43)	(2.46)
Interest paid on borrowings	(87.45)	(73.40)
<b>Net cash flow generated from financing activities (C)</b>	<b>(112.76)</b>	<b>333.57</b>
<b>Net increase in cash and cash equivalents during the year (A+B+C)</b>	<b>(37.65)</b>	<b>(151.31)</b>
Cash and cash equivalents at the beginning of the year	46.38	197.69
<b>Cash and cash equivalents at the end of the year</b>	<b>8.73</b>	<b>46.38</b>

## Reconciliation of cash and cash equivalents with the Balance Sheet:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Cash and cash equivalents as per Balance Sheet (Refer note 17)	8.73	46.38
<b>Cash and cash equivalents at the end of the year *</b>	<b>8.73</b>	<b>46.38</b>
<b>* Comprises</b>		
Cash on hand	0.10	0.04
Balance with banks:		
- In current account	8.58	3.87
- In deposit account	0.05	42.47
<b>Total</b>	<b>8.73</b>	<b>46.38</b>

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 12, 2023

**For and on behalf of Board of Directors**

**Jitesh Devendra**

Managing Director

DIN: 06469234

**S Murali Krishna**

Company Secretary

Membership Number: 13372

Place : Bengaluru

Date : May 12, 2023

**Poorvank Purohit**

Chief Executive Officer

**S. Hariharan**

Executive Director and

Chief Financial Officer

DIN: 05297969



# Consolidated Statement of Changes in Equity

for the year ended March 31, 2023

## A. EQUITY SHARE CAPITAL

Particulars	₹ in Crores
<b>Balance as at April 01, 2021</b>	<b>35.93</b>
<b>Changes in equity share capital during the year</b>	
- Shares issued pursuant to exercise of stock options (refer note 45)	0.07
<b>Balance as at March 31, 2022</b>	<b>36.00</b>
<b>Changes in equity share capital during the year</b>	<b>-</b>
<b>Balance as at March 31, 2023</b>	<b>36.00</b>

## B. OTHER EQUITY

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				
<b>Balance as at April 01, 2021</b>	0.01	1,211.72	338.85	3.79	(1.77)	1,552.60	4.24	1,556.84
Net profit for the year	-	-	(58.15)	-	-	(58.15)	(0.14)	(58.29)
Other comprehensive income for the year	-	-	2.01	-	(0.12)	1.89	-	1.89
Non-controlling interests acquired during the year transferred to Retained earnings	-	-	1.79	-	-	1.79	(1.79)	-
Issue of shares pursuant to exercise of share options (refer note 45)	-	4.31	-	(1.48)	-	2.83	-	2.83
Payment of dividends (including dividend distribution tax)	-	-	(10.78)	-	-	(10.78)	-	(10.78)
Employee stock compensation expenses	-	-	-	(1.31)	-	(1.31)	-	(1.31)
<b>Balance as at March 31, 2022</b>	<b>0.01</b>	<b>1,216.03</b>	<b>273.72</b>	<b>1.00</b>	<b>(1.89)</b>	<b>1,488.87</b>	<b>2.31</b>	<b>1,491.18</b>
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
<b>Balance as at March 31, 2023</b>	<b>0.01</b>	<b>1,216.03</b>	<b>249.31</b>	<b>1.05</b>	<b>(2.19)</b>	<b>1,464.21</b>	<b>2.24</b>	<b>1,466.45</b>

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 12, 2023

**For and on behalf of Board of Directors**

**Jitesh Devendra**  
 Managing Director  
 DIN: 06469234

**S Murali Krishna**  
 Company Secretary  
 Membership Number: 13372

Place : Bengaluru  
 Date : May 12, 2023

**Poorvank Purohit**  
 Chief Executive Officer

**S. Hariharan**  
 Executive Director and  
 Chief Financial Officer  
 DIN: 05297969

# Notes

to the standalone financial statements for the year ended March 31, 2023

## 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 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 12, 2023.

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 significant accounting policies and other explanatory information (together the “consolidated financial statements”).

### 2.1 Significant 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.

#### (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

## Notes

to the standalone financial statements for the year ended March 31, 2023

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) Business combinations

Acquisitions of businesses (other than business combination between common control) are accounted for using the acquisition method.

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

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

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

Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. Identity of the reserves appearing in the financial statements of the transferor is preserved and appears in the financial statements of the transferee in the same form. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

### (v) Goodwill

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

# Notes

to the standalone financial statements for the year ended March 31, 2023

## (vi) 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. Where the collection of accounts receivable is expected to be after one year from the date of sale, revenues are discounted for the time value of money.

### 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.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion, provided there is no uncertainty as to measurement or collectability of the consideration.

## Share of Profit and Royalties

Share of profits and royalty incomes under manufacturing and supply agreements with customers are accrued based on sales as confirmed by the customers.

## (vii) 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.

## (viii) 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.

## (ix) Leases

### The Group as lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Leases, for which the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as a finance lease or an operating lease by reference to the RoU asset arising from the head-lease.

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

## Notes

to the standalone financial statements for the year ended March 31, 2023

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 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 has entered into lease arrangements for its factory land and office premises. 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.

### (x) 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).

# Notes

to the standalone financial statements for the year ended March 31, 2023

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.

## (xi) 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.

## (xii) 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

# Notes

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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.

## (xiii) 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.

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

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

### Current and deferred tax for the period

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

## Notes

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### (xiv) 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.

### (xv) 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 and where applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the 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.

### (xvi) 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



# Notes

to the standalone financial statements for the year ended March 31, 2023

of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

## **Intangible assets acquired in a business combination**

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

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

## **Derecognition of intangible assets**

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

## **Useful lives of intangible assets**

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

Product portfolio	: 10 years
Software Licenses	: 3 - 5 years
Registration and brands	: 5 - 10 years

## **(xvii) 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.

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

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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.

## (xviii) 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

## (xix) 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. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of

those cash flows (when the effect of the time value of money is material).

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

## Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the 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.

## (xx) 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.

## (xxi) 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

# Notes

to the standalone financial statements for the year ended March 31, 2023

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 collateralized 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.

#### **(xxii) 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.

#### **(xxiii) Dividend and dividend distribution tax**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are linked more directly to past transactions or events that generated distributable profits than to distribution to owners and accordingly, recognized in profit or loss or other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The Finance Act 2020 has abolished the Dividend Distribution Tax (DDT) and has shifted the tax liability on dividends to the shareholders. Accordingly, the Company distributes the dividend after deducting the taxes at applicable rates

#### **(xxiv) 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

## Notes

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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

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

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

## Notes

to the standalone financial statements for the year ended March 31, 2023

### Controlling parties assessment

The Company perform 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.

### 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.

### Leases under Ind AS 116:

Ind AS 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

## Notes

to the standalone financial statements for the year ended March 31, 2023

### NOTE NO. 3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross block			Accumulated depreciation			Net block		
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Eliminated on disposal	As at March 31, 2023	As at March 31, 2022
Freehold Land	78.25	0.01	-	78.26	-	-	-	78.26	78.25
Leasehold Improvements	(77.36)	(0.89)	-	(78.25)	-	-	-	(78.25)	(77.36)
Buildings	15.00	0.92	-	15.92	11.86	2.19	-	14.05	3.14
	(14.67)	(0.33)	-	(15.00)	(9.26)	(2.60)	-	(11.86)	(5.41)
	291.76	25.49	0.04	317.21	43.59	12.41	0.04	55.96	248.17
	(272.73)	(19.25)	(0.22)	(291.76)	(31.57)	(12.07)	(0.05)	(43.59)	(241.16)
Plant and equipments	759.32	90.38	3.25	846.45	261.51	72.99	1.58	332.92	497.81
	(699.20)	(61.98)	(1.86)	(759.32)	(190.55)	(72.19)	(1.23)	(261.51)	(508.65)
Furniture and fixtures	7.09	0.06	0.11	7.04	3.24	0.69	0.08	3.85	3.85
	(6.84)	(0.25)	-	(7.09)	(2.43)	(0.81)	-	(3.24)	(4.41)
Vehicles	1.39	-	0.01	1.38	0.86	0.13	0.01	0.98	0.53
	(1.32)	(0.07)	-	(1.39)	(0.66)	(0.20)	-	(0.86)	(0.66)
Office equipments	38.60	1.55	0.20	39.95	28.07	3.73	0.16	31.64	10.53
	(36.67)	(1.96)	(0.03)	(38.60)	(22.40)	(5.69)	(0.02)	(28.07)	(14.27)
<b>Total</b>	<b>1,191.41</b>	<b>118.41</b>	<b>3.61</b>	<b>1,306.21</b>	<b>349.13</b>	<b>92.14</b>	<b>1.87</b>	<b>439.40</b>	<b>842.28</b>
<b>Previous year</b>	<b>(1,108.79)</b>	<b>(84.73)</b>	<b>(2.11)</b>	<b>(1,191.41)</b>	<b>(256.87)</b>	<b>(93.56)</b>	<b>(1.30)</b>	<b>(349.13)</b>	<b>(851.92)</b>

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) The title deeds of freehold land and building (as at March 31, 2023 gross block ₹ 176.46 Crores and net block of ₹ 149.66 Crores) (as at March 31, 2022: gross block ₹ 171.12 Crores and net block of ₹ 149.27 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, 2023

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	85.41 (83.00)	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	36.10 (33.11)	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 (0.16)	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.
Property Plant and Equipment	Freehold Land	- (0.04)	C. Baskar Rao	No	October 1, 2017	The title deeds are in the name of erstwhile employee of the Company. The titles deeds have been transferred to the Company's name during the financial year.
<b>Total</b>		<b>176.46</b>				
<b>Previous year</b>		<b>(171.12)</b>				

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 4 LEASES

### (i) Right-of-use assets

₹ in Crores

Particulars	Gross block			Accumulated depreciation			Net block			
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Eliminated on disposal	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
Leasehold Land	59.85	-	-	59.85	4.50	1.58	-	6.08	53.77	55.35
	(59.85)	-	-	(59.85)	(2.92)	(1.58)	-	(4.50)	(55.35)	(56.93)
Buildings	9.68	-	9.68	-	8.54	1.13	9.67	-	-	1.14
	(9.68)	-	-	(9.68)	(7.31)	(1.23)	-	(8.54)	(1.14)	(2.37)
<b>Total</b>	<b>69.53</b>	<b>-</b>	<b>9.68</b>	<b>59.85</b>	<b>13.04</b>	<b>2.71</b>	<b>9.67</b>	<b>6.08</b>	<b>53.77</b>	<b>56.49</b>
<b>Previous year</b>	<b>(69.53)</b>	<b>-</b>	<b>-</b>	<b>(69.53)</b>	<b>(10.23)</b>	<b>(2.81)</b>	<b>-</b>	<b>(13.04)</b>	<b>(56.49)</b>	<b>(59.30)</b>

Notes:

(i) Figures in brackets relates to previous year.

### (ii) Lease liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2022
<b>Opening balance</b>	12.80	13.82
Addition	-	-
Accretion of interest	1.33	1.44
Payments	(2.43)	(2.46)
Deletion	-	-
<b>Closing balance</b>	<b>11.70</b>	<b>12.80</b>
<b>Maturity analysis:</b>		
- Year 1	0.87	2.43
- Year 2	0.92	0.87
- Year 3	0.96	0.92
- Year 4	1.01	0.96
- Year 5	1.06	1.01
- Year 6 onwards	50.26	51.30
- Less: Unmatured finance charges	(43.38)	(44.69)
<b>Total</b>	<b>11.70</b>	<b>12.80</b>
Non-current	11.15	10.70
Current	0.55	2.10

### (iii) Amounts recognised in the consolidated statement of Profit or Loss

₹ in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation charge on Right-of-use asset	2.71	2.81
Finance cost: Interest expense	1.33	1.44
Short term lease payments (Refer Note (i) below)	1.29	2.49

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).



# Notes

to the standalone financial statements for the year ended March 31, 2023

## (iv) Amounts recognised in the consolidated statement of cash flows

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Cash outflows for lease payments	2.43	2.46

## NOTE NO. 5 CAPITAL WORK IN PROGRESS

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Opening balance	238.65	87.98
Add: Additions	120.33	238.72
Less: Capitalised	(120.51)	(88.05)
<b>Closing balance</b>	<b>238.47</b>	<b>238.65</b>

Notes:

### (i) Ageing of Capital work in progress:

Particulars	Amount in Capital work in progress for a period of				As at 31st March, 2023	As at 31st March, 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Project in progress	80.40	115.34	42.09	0.64	238.47	(238.65)
	(178.71)	(55.08)	(4.87)	-	(238.65)	
<b>Total</b>	<b>80.40</b>	<b>115.34</b>	<b>42.09</b>	<b>0.64</b>	<b>238.47</b>	<b>(238.65)</b>
<b>Previous year</b>	<b>(178.71)</b>	<b>(55.08)</b>	<b>(4.87)</b>	<b>-</b>	<b>(238.65)</b>	

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.

## NOTE NO. 6 INVESTMENT PROPERTY

Particulars	Gross block				Accumulated depreciation			Net block		
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Eliminated on disposal	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Land	8.24	-	-	8.24	-	-	-	-	8.24	8.24
	(8.24)	-	-	(8.24)	-	-	-	-	(8.24)	(8.24)
Buildings	19.21	-	-	19.21	2.86	0.65	-	3.51	15.70	16.35
	(19.21)	-	-	(19.21)	(2.18)	(0.68)	-	(2.86)	(16.35)	(17.03)
<b>Total</b>	<b>27.45</b>	<b>-</b>	<b>-</b>	<b>27.45</b>	<b>2.86</b>	<b>0.65</b>	<b>-</b>	<b>3.51</b>	<b>23.94</b>	<b>24.59</b>
<b>Previous year</b>	<b>(27.45)</b>	<b>-</b>	<b>-</b>	<b>(27.45)</b>	<b>(2.18)</b>	<b>(0.68)</b>	<b>-</b>	<b>(2.86)</b>	<b>(24.59)</b>	<b>(25.27)</b>

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, 2023 gross block ₹ 3.02 Crores and net block of ₹ 2.49 Crores) (as at March 31, 2022: gross block ₹ 3.02 Crores and net block of ₹ 2.58 Crores) capitalised in the books of the Group are in the name of erstwhile Companies as given below. The Group 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, 2023

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.
<b>Total</b>		<b>3.02</b>				
<b>Previous year</b>		<b>(3.02)</b>				

### (vi) Details of assets given under an operating lease:

Particulars	₹ in Crores			
	Gross block		Net block	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Land	8.24	8.24	8.24	8.24
Buildings*	19.21	19.21	15.70	16.35

\* There is no rental income from building situated in Ambarnath from January 2023 and the Company current focus is on finding a new lessee to rent out the property and accordingly the property has been classified as 'Investment Property'.

### (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, 2021 which indicated fair value of ₹ 80.67 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:

- 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%.
- 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

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Depreciation charge on investment properties	0.65	0.68
Other income: Rental income	4.45	5.59

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 7 GOODWILL

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Goodwill	365.09	365.09
<b>Total</b>	<b>365.09</b>	<b>365.09</b>

The above goodwill is allocated to the following cash generating units:

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Human API business	358.14	358.14
R&D business	0.43	0.43
Strides Chemicals Private Limited	6.52	6.52
<b>Total</b>	<b>365.09</b>	<b>365.09</b>

### Impairment assessment of goodwill allocated to the “Human API business” as at March 31, 2023:

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 13.00% (March 31, 2022: 17.5%). 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 4.00% (March 31, 2022: 2.75%) 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.

	<b>Movement</b>
Terminal growth rate	2.00% decrease (2.75% decrease)
Post tax discount rate	1.50% increase (1.50% increase)
Expected net revenue growth rates	2% decrease for short term and 1.0% decrease for long term (3% decrease for short term and 1.5% decrease for long term)

The details given in brackets relate to previous year

## Notes

to the standalone financial statements for the year ended March 31, 2023

### NOTE NO. 8 OTHER INTANGIBLE ASSETS

₹ in Crores

Particulars	Gross block			Accumulated depreciation				Net block		
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Amortisation for the year	Eliminated on disposal	As at March 31, 2023	As at March 31, 2022	As at March 31, 2022
Registrations and brands	4.33	-	-	4.33	1.61	0.44	-	2.05	2.28	2.72
	(4.33)	-	-	(4.33)	(1.17)	(0.44)	-	(1.61)	(2.72)	(3.16)
Product portfolio (Refer note (ii) below)	105.50	-	-	105.50	47.84	10.64	-	58.48	47.02	57.66
	(105.50)	-	-	(105.50)	(37.20)	(10.64)	-	(47.84)	(57.66)	(68.30)
Software and licenses	24.59	2.10	0.02	26.67	17.03	4.61	0.02	21.62	5.05	7.56
	(21.46)	(3.32)	(0.19)	(24.59)	(12.94)	(4.19)	(0.10)	(17.03)	(7.56)	(8.52)
<b>Total</b>	<b>134.42</b>	<b>2.10</b>	<b>0.02</b>	<b>136.50</b>	<b>66.48</b>	<b>15.69</b>	<b>0.02</b>	<b>82.15</b>	<b>54.35</b>	<b>67.94</b>
<b>Previous year</b>	<b>(131.29)</b>	<b>(3.32)</b>	<b>(0.19)</b>	<b>(134.42)</b>	<b>(51.31)</b>	<b>(15.27)</b>	<b>(0.10)</b>	<b>(66.48)</b>	<b>(67.94)</b>	<b>(79.98)</b>

Notes:

- Figures in brackets relates to previous year.
- The remaining amortisation period of product portfolio as at March 31, 2023 is 4.5 years (March 31, 2022: 5.5 years).

### NOTE NO. 9 INVESTMENTS

₹ in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Investments carried at fair value through profit and loss:</b>		
<b>Equity shares, unquoted</b>		
Tulyan Nec Limited, India	0.01	0.01
- 3,750 (As at March 31, 2022 - 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, 2022 - 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, 2022 - 2600) shares of ₹ 10 each fully paid up		
Investment in Huoban Energy 3 Private Limited	1.28	-
- 7,07,182 (As at March 31, 2022 - Nil) shares of ₹ 10 each fully paid up		
SIPCOT Industrial Common Utilities Limited, India	0.04	0.04
- 4,242 (As at March 31, 2022 - 4,242) shares of ₹ 100 each fully paid up		
<b>Total</b>	<b>1.70</b>	<b>0.42</b>
Aggregate amount of unquoted investments	1.70	0.42
Aggregate amount financial assets carried at cost	-	-
Aggregate amount financial assets carried at fair value through profit and loss	1.70	0.42

Note:

- During the current year, the Parent has invested in 7,07,182 shares of ₹ 10 each of Huoban Energy 3 Private Limited for 26% stake in order to become captive user as per electricity laws, resulting to electricity at subsidised prices. As per the share holder agreement, the Parent is not allowed to directly or indirectly participate in the management of Huoban Energy. As there is no significant influence by the Parent over Huoban Energy, it is not considered an associate company.

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 10 LOANS

### (i) Non-current loans

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Loans to employees	-	0.27
<b>Total</b>	<b>-</b>	<b>0.27</b>

### (ii) Current loans

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Loans to employees	0.27	1.58
Loan to related party*	-	50.00
Loan to Other than related parties*	32.35	-
<b>Total</b>	<b>32.62</b>	<b>51.58</b>

### (iii) Loans to Promoters, Directors, KMP and Related Parties as at March 31, 2023

Particulars	Amount of loan or advance in the nature of loan outstanding*	Percentage to the total Loans and Advances in the nature of loans
Related Parties	-	0%

### (iv) Loans to Promoters, Directors, KMP and Related Parties as at March 31, 2022

Particulars	Amount of loan or advance in the nature of loan outstanding*	Percentage to the total Loans and Advances in the nature of loans
Related Parties	50.00	96%

\*Subsequent to August 3, 2022, Aurore Life Sciences Private Limited (ALS) is not a related party of the Company (Refer note 40). Accordingly, loan given to ALS has been classified as 'Loan to other than related parties' for the year ended March 31, 2023.

The loan was originally fully repayable by September 30, 2022. The repayment period for the loan was extended vide Board meeting dated August 4, 2022 upto March 31, 2023.

Further, in April 14, 2023, the Board through a circular resolution, approved extension of the repayment period upto October 31, 2023.

## NOTE NO. 11 OTHER FINANCIAL ASSETS

### (i) Non-current financial assets

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Security deposits	14.46	12.52
<b>Total</b>	<b>14.46</b>	<b>12.52</b>

### (ii) Current financial assets

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Interest accrued on deposit	-	1.38
Interest accrued on loans given	0.98	1.17
Incentives receivables	12.25	6.94
Insurance claim receivables	-	0.04
<b>Total</b>	<b>13.23</b>	<b>9.53</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

### NOTE NO. 12 DEFERRED TAX BALANCES

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	161.87	135.99
Deferred tax liabilities	(83.31)	(80.85)
<b>Deferred tax assets/ (liabilities) (net)</b>	<b>78.56</b>	<b>55.14</b>

	₹ in Crores				
	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Adjusted with Provision for tax	Closing balance
<b>2022-23</b>					
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 business loss and unabsorbed depreciation	37.07	22.11	-	-	59.18
MAT Credit entitlement	69.95	0.02	-	-	69.97
<b>Total</b>	<b>55.14</b>	<b>22.48</b>	<b>0.94</b>	<b>-</b>	<b>78.56</b>

	₹ in Crores				
	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Adjusted with Provision for tax	Closing balance
<b>2021-22</b>					
Property, plant and equipment	(70.49)	1.04	-	-	(69.45)
Intangible assets - other than goodwill	(12.20)	0.80	-	-	(11.40)
Right-of-use assets	3.95	0.41	-	-	4.36
Provision for employee benefits	15.90	0.34	(1.08)	-	15.16
Provision for doubtful receivables	5.99	3.46	-	-	9.45
Carry forward business loss and unabsorbed depreciation	10.09	26.98	-	-	37.07
MAT Credit entitlement	72.37	(0.05)	-	(2.37)	69.95
<b>Total</b>	<b>25.61</b>	<b>32.98</b>	<b>(1.08)</b>	<b>(2.37)</b>	<b>55.14</b>

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 financial statements for the year ended March 31, 2023.
- (ii) Under the Indian Income Tax Act, 1961, the Group is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a certain period and can be set off against the future tax liabilities. MAT is recognised as deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefits associated with the asset will be realised.
- (iii) 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".
- (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 and the Company's appeal is pending at the Commission of Income Tax. The Group has conservatively not recognised deferred tax assets in the books of account in respect

# Notes

to the standalone financial statements for the year ended March 31, 2023

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 conservative 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, 2023, the potential unrecognised tax credits in respect of the above amount to ₹ 579.01 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.

## NOTE NO. 13 INCOME TAX ASSETS (NET)

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Advance income tax (net of provisions)	4.52	18.29
<b>Total</b>	<b>4.52</b>	<b>18.29</b>

## NOTE NO. 14 OTHER ASSETS

### (i) Other non-current assets

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Capital advances	8.74	22.70
Prepaid expenses	0.51	0.48
<b>Balances with government authorities</b>		
- VAT/CST refund receivable	0.82	0.82
<b>Considered doubtful - unsecured:</b>		
Capital advances	0.61	0.61
Advances to others	7.55	7.55
Less: Allowance for doubtful advances	(8.16)	(8.16)
	-	-
<b>Total</b>	<b>10.07</b>	<b>24.00</b>

### (ii) Other current assets

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Considered good - unsecured:</b>		
Advances to suppliers	3.21	4.41
Advances to employees	0.25	0.44
Prepaid expenses	9.99	8.41
<b>Balances with government authorities:</b>		
- GST credit & other receivable	24.27	52.44
<b>Considered doubtful - unsecured:</b>		
Advances to suppliers	0.06	0.12
Less: Allowance for doubtful advances	(0.06)	(0.12)
	-	-
<b>Total</b>	<b>37.72</b>	<b>65.70</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

### NOTE NO. 15 INVENTORIES

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Raw materials	116.59	128.56
- Goods-in-transit	2.61	2.54
Work-in-progress	274.99	249.65
Finished goods	155.78	188.17
Stores and spares	8.12	6.63
<b>Total</b>	<b>558.09</b>	<b>575.55</b>

Note:

- Value by which inventories have been written down to net realisable value amounted to ₹ 7.30 Crores (As at March 31, 2022: ₹ 6.83 Crores)
- As at March 31, 2023, the Company carries inventories relating to Antivirals/ COVID-19 of ₹ 117.33 Crores. The Company expects to liquidate these inventories within its shelf life.

### NOTE NO. 16 TRADE RECEIVABLES

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Trade receivables considered good - unsecured	536.99	489.67
Trade receivables - credit impaired	16.20	10.54
	553.19	500.21
Less: Allowances for credit loss	(16.20)	(10.54)
<b>Total</b>	<b>536.99</b>	<b>489.67</b>

Notes:

#### (i) Outstanding for the following period from due date of payments:

Particulars	₹ in Crores					As at March 31, 2023
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered Good	462.06	16.74	52.40	-	-	531.20
(ii) Undisputed Trade Receivables - credit impaired	-	0.39	15.25	0.56	-	16.20
(iii) Disputed Trade Receivables - Considered Good	-	5.79	-	-	-	5.79
<b>Total</b>	<b>462.06</b>	<b>22.92</b>	<b>67.65</b>	<b>0.56</b>	<b>-</b>	<b>553.19</b>

#### (ii) Outstanding for the following period from due date of payments:

Particulars	₹ in Crores					As at March 31, 2022
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered Good	466.11	23.56	-	-	-	489.67
(ii) Undisputed Trade Receivables - credit impaired	-	5.36	3.84	0.08	1.26	10.54
<b>Total</b>	<b>466.11</b>	<b>28.92</b>	<b>3.84</b>	<b>0.08</b>	<b>1.26</b>	<b>500.21</b>

- 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.



# Notes

to the standalone financial statements for the year ended March 31, 2023

## (iv) Movement in expected credit loss allowance:

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Opening balance</b>	10.54	1.72
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	5.66	8.82
<b>Closing balance</b>	<b>16.20</b>	<b>10.54</b>

(v) The Group has receivable from two customers aggregating to ₹ 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

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Cash on hand	0.10	0.04
Balance with banks:		
- In current accounts	8.58	3.87
- In deposit accounts	0.05	42.47
<b>Total</b>	<b>8.73</b>	<b>46.38</b>

## NOTE NO. 18 BANK BALANCES OTHER THAN ABOVE

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>In earmarked accounts:</b>		
Unpaid dividend accounts	0.16	0.17
Balance held as margin money		
- against working capital facilities with banks	-	0.70
<b>Total</b>	<b>0.16</b>	<b>0.87</b>

## NOTE NO. 19 EQUITY SHARE CAPITAL

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b>		
120,000,000 equity shares of ₹ 10/- each with voting rights (March 31, 2022: 120,000,000 equity shares of ₹ 10/- each)	120.00	120.00
	<b>120.00</b>	<b>120.00</b>
<b>Issued, subscribed and fully paid-up</b>		
35,996,267 equity shares of ₹ 10/- each with voting rights (March 31, 2022: 35,996,267 equity shares of ₹ 10/- each)	36.00	36.00
<b>Total</b>	<b>36.00</b>	<b>36.00</b>

## (i) Reconciliation of number of shares and amount outstanding

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
<b>Equity share capital</b>				
Equity share of ₹ 10/- each				
<b>Opening balance</b>	<b>35,996,267</b>	<b>36.00</b>	<b>35,929,767</b>	<b>35.93</b>
Issue of shares pursuant to exercise of stock options (Refer note 45)	-	-	66,500	0.07
<b>Closing balance</b>	<b>35,996,267</b>	<b>36.00</b>	<b>35,996,267</b>	<b>36.00</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

### (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, 2023		As at March 31, 2022	
	No. of shares	%	No. of shares	%
TPG Growth IV SF Pte. Ltd.	4,130,321	11.47%	4,130,321	11.47%
Devicam Capital LLP	3,053,045	8.48%	151,546	0.42%
Pronomz Ventures LLP	2,332,463	6.48%	2,121,243	5.89%
Arun Kumar Pillai	1,668,463	4.64%	3,168,463	8.80%
Karuna Business Solutions LLP	1,441,370	4.00%	2,841,370	7.89%

### (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	3,168,463	(1,500,000)	1,668,463	4.64%	-47.34%
Karuna Business Solutions LLP	2,841,370	(1,400,000)	1,441,370	4.00%	-49.27%
Pronomz Ventures LLP	2,121,243	211,220	2,332,463	6.48%	9.96%
SRJR Enterprise LLP	1,700,100	-	1,700,100	4.72%	0.00%
K R Ravishankar	1,325,260	-	1,325,260	3.68%	0.00%
Chayadeep Ventures LLP	1,005,000	7,400	1,012,400	2.81%	0.74%
Agnus Capital LLP	849,635	-	849,635	2.36%	0.00%
Chayadeep Properties Private Limited	525,730	-	525,730	1.46%	0.00%
Devicam Capital LLP	151,546	2,901,499	3,053,045	8.48%	1914.60%
"Karuna Ventures Private Limited"	103,333	-	103,333	0.29%	0.00%
Agnus Holdings Pvt. Ltd.	72,181	200,000	272,181	0.76%	277.08%
Deepa Arun Kumar	53,500	4,502	58,002	0.16%	8.41%
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	-	49,166	0.14%	0.00%
Padmakumar Karunakaran Pillai	41,393	-	41,393	0.11%	0.00%
Hemalatha Pillai	35,813	10,000	45,813	0.13%	27.92%
Sajitha Pillai	33,333	20,000	53,333	0.15%	60.00%
Rajitha Gopalakrishnan	27,500	-	27,500	0.08%	0.00%
K R Lakshmi	21,727	-	21,727	0.06%	0.00%
Araganya Private Trust	61,224	-	61,224	0.17%	0.00%
<b>Total</b>	<b>14,294,183</b>	<b>454,621</b>	<b>14,748,804</b>		

### (v) Details of shares reserved for issue under options and contracts/commitments for the sale of shares:

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Towards employee stock options	406,778	0.41	406,778	0.41

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 20 OTHER EQUITY

Particulars	Notes	₹ in Crores	
		As at March 31, 2023	As at March 31, 2022
Capital reserve	20 (i)	0.01	0.01
Securities premium account	20 (ii)	1,216.03	1,216.03
Retained earnings	20 (iii)	249.31	273.72
Share options outstanding account	20 (iv)	1.05	1.00
Foreign currency translation reserve	20 (v)	(2.19)	(1.89)
<b>Total</b>		<b>1,464.21</b>	<b>1,488.87</b>

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>(A) Reserves and surplus</b>		
<b>(i) Capital reserve</b>		
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
<b>Closing balance</b>	<b>0.01</b>	<b>0.01</b>
<b>(ii) Securities premium account</b>		
Amounts received on issue of shares in excess of the par value has been classified as securities premium.		
Opening balance	1,216.03	1,211.72
Add: Premium on shares issued during the year pursuant to exercise of options (Refer note 45)	-	4.31
<b>Closing balance</b>	<b>1,216.03</b>	<b>1,216.03</b>
<b>(iii) Retained earnings</b>		
Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.		
Opening balance	273.72	338.85
Add: Net profit attributable to owners of the Company	(22.65)	(58.15)
Add: Non-controlling interests acquired during the year	-	1.79
Less: Dividend paid	-	(10.78)
Add: Other comprehensive income arising from measurement of defined benefit obligation (net of tax)	(1.76)	2.01
<b>Closing balance</b>	<b>249.31</b>	<b>273.72</b>
<b>(iv) Share options outstanding account</b>		
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	1.00	3.79
Add: Employee stock compensation expenses	0.05	(1.31)
Less: Transferred to securities premium account on exercise (net)	-	(1.48)
<b>Closing balance</b>	<b>1.05</b>	<b>1.00</b>
Note: Employee stock compensation expenses for the year ended March 31, 2022 is negative as it is net-off of stock options lapsed during the year.		
<b>Total Reserves and surplus (A)</b>	<b>1,466.40</b>	<b>1,490.76</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>(B) Items of other comprehensive income</b>		
<b>(v) Foreign currency translation reserve</b>		
Foreign currency translation reserve comprises of exchange (gain)/loss arising on translation of foreign subsidiary		
Opening balance	(1.89)	(1.77)
Add / (Less): Movement during the period	(0.30)	(0.12)
<b>Closing balance</b>	<b>(2.19)</b>	<b>(1.89)</b>
<b>Total items of other comprehensive income (B)</b>	<b>(2.19)</b>	<b>(1.89)</b>
<b>Attributable to equity holders of the Company [A + B]</b>	<b>1,464.21</b>	<b>1,488.87</b>

Notes:

### Distributions made:

- (i) The Company has not declared any dividend during the year ended March 31, 2023 and March 31, 2022.
- (ii) The Board of Directors at their meeting held on May 06, 2021 had recommended a final dividend of ₹ 3/- per equity share of ₹ 10/- each for the financial year ended March 31, 2021 which was approved by the shareholders at the Annual General Meeting held on August 25, 2021. The aforesaid dividend was paid during the previous year.

### NOTE NO. 21 NON-CONTROLLING INTERESTS

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Opening balance	2.31	4.24
Add: Profit for the year	(0.07)	(0.14)
Less: Non-controlling interests acquired during the year transferred to Retained earnings	-	(1.79)
<b>Closing balance</b>	<b>2.24</b>	<b>2.31</b>

### NOTE NO. 22 BORROWINGS

#### (i) Non-current borrowings

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Secured</b>		
Term loans from banks (Refer note (i) to (vi) below)	205.42	245.81
Term loans from others (Refer note (vii) below)	29.68	37.23
<b>Total</b>	<b>235.10</b>	<b>283.04</b>

# Notes

to the standalone financial statements for the year ended March 31, 2023

## Details of security and terms of repayment for the non-current borrowings

		₹ in Crores	
<b>Terms of repayment and security</b>		<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
(i) Term loans from banks: Loan 1			
Non-current borrowings		71.17	118.10
Current maturities of non-current borrowings		47.44	47.45
Security: First Paripassu Charge on the Immovable Fixed Assets located at Pondicherry, Mangalore and Mysore of the Company and on all the movable Fixed Assets of the Company and Second Charge on Current Assets of the Company. Rate of interest: - 1 Year MCLR plus 1.65% p.a ,(MCLR 8.75%) Repayment terms: ₹ 3.95 Cr per month starting from Mar 22			
(ii) Term loans from banks: Loan 2			
Non-current borrowings		20.6	29.64
Current maturities of non-current borrowings		9.25	8.90
Security: First Paripassu Charge on the Movable and Immovable Fixed Assets (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 1.20% p.a, (MCLR - 8.80%) Repayment terms: 0.98 Cr EMI per month starting from Feb 22			
(iii) Term loans from banks: Loan 3			
Non-current borrowings		48.61	63.51
Current maturities of non-current borrowings		15.29	6.25
Security: First paripassu charge on the movable and immovable fixed assets (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 0.55% p.a, (MCLR - 8.80%) Repayment terms: ₹ 1.72 Cr EMI per month ,starting from Nov 22			
(iv) Term loans from banks: Loan 4			
Non-current borrowings		-	-
Current maturities of non-current borrowings		-	12.50
Security: First paripassu charge on all moveable & immoveable fixed assets (except lease hold land at Cuddalore, Vizag & Ambernath) and second paripassu charge on all current assets of the Company. Rate of interest: - 9.70% p.a Repayment terms: ₹ 3.13 Cr per month			
(v) Term loans from banks: Loan 5			
Non-current borrowings		11.62	31.55
Current maturities of non-current borrowings		20.00	20.00
Security: First paripassu charge on all moveable & immoveable fixed assets (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			
(vi) Term loans from banks: Loan 6			
Non-current borrowings		-	3.11
Current maturities of non-current borrowings		3.19	28.33
Security: First paripassu charge by way of mortgage on immoveable fixed Assets (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			

## Notes

to the standalone financial statements for the year ended March 31, 2023

	₹ in Crores	
<b>Terms of repayment and security</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
(vii) Term loans from others: Loan 7		
Non-current borrowings	53.49	-
Current maturities of non-current borrowings	14.02	-
Security: First pari passu charge on all fixed assets (except lease hold land at Cuddalore, Vizag & Ambernath) of the Company present & future including intangible Assets, second pari passu on all current assets of the Company both present & future. Rate of interest: - 6 Months MCLR plus 1.20% p.a, (MCLR - 9.50%) Repayment terms: ₹ 1.17 Cr per month starting from Feb 23		
(viii) Term loans from others: Loan 8		
Non-current borrowings	29.61	37.13
Current maturities of non-current borrowings	8.06	8.20
Security: First pari passu charge on all fixed assets (except lease hold land at Cuddalore, Vizag & Ambernath) of the Company present & future including intangible Assets, second pari passu on all current assets of the Company both present & future. Rate of interest: 11.40% p.a Repayment terms: ₹ 0.99 Cr EMI per month		

	₹ in Crores	
<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Disclosed under non-current borrowings	235.10	283.04
Disclosed under current borrowings		
- Current maturities of non-current borrowings	117.25	131.63

During the financial year ended March 31, 2023, for non-current borrowings aggregating to ₹ 352.35 Crores (including current maturities of non-current borrowings), some of the financial covenants have been breached mainly due to temporary softness in demand for some of the key products. The Group has made representation to the lenders to waive from the testing of financial covenants for the year ended March 31, 2023.

### (ii) Current borrowings

	₹ in Crores	
<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>Secured loans repayable on demand from banks:</b>		
Working capital loans	648.80	609.90
Current maturities of non-current borrowings (Refer note 22(i))	117.25	131.63
<b>Total</b>	<b>766.05</b>	<b>741.53</b>

#### Details of security for the current borrowings repayable on demand:

- Working capital loans from banks are secured by first pari passu charge over current assets of the Company and second pari passu charge on movable and immovable fixed assets of the Company.
- Rate of interest for ₹ borrowings ranges from 9.15% to 12.00%
- Rate of interest for US\$ borrowings ranges from 4.19% to 8.46%

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 23 OTHER FINANCIAL LIABILITIES

### (i) Other non-current financial liabilities

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Security deposits	0.42	0.42
<b>Total</b>	<b>0.42</b>	<b>0.42</b>

### (ii) Other current financial liabilities

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	2.20	0.92
Unclaimed dividends*	0.16	0.17
<b>Other payables:</b>		
Payables on purchase of property, plant and equipment	11.79	16.73
<b>Total</b>	<b>14.15</b>	<b>17.82</b>

\*Investor Education and Protection Fund shall be credited when due.

## NOTE NO. 24 PROVISIONS

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Provision for employee benefits:</b>		
Compensated absences	12.75	12.93
<b>Total</b>	<b>12.75</b>	<b>12.93</b>
Non-current	10.67	9.49
Current	2.08	3.44

## NOTE NO. 25 OTHER LIABILITIES

### (i) Other non-current liabilities

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Contract liability:</b>		
Advance from customers	-	22.94
Income received in advance (unearned revenue)	-	0.19
<b>Provision for employee benefits:</b>		
Gratuity (Refer note 4.1)	38.36	27.58
<b>Total</b>	<b>38.36</b>	<b>50.71</b>

### (ii) Other current liabilities

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Contract liability:</b>		
Advance from customers	7.20	15.75
Income received in advance (unearned revenue)	0.23	1.06
<b>Other payables:</b>		
- Advance rentals	-	1.17
- Statutory liabilities	5.00	4.23
<b>Total</b>	<b>12.43</b>	<b>22.21</b>

Note:

- (i) During the year ended March 31, 2023, the Group recognized revenue of ₹ 26.50 Crores (As at March 31, 2022: ₹ 8.43 Crores) arising from opening contract liability as of April 1, 2022.

## Notes

to the standalone financial statements for the year ended March 31, 2023

### NOTE NO. 26 TRADE PAYABLES

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Trade payables:</b>		
Dues of micro and small enterprises (Refer note (iii) below)	11.96	8.07
Dues of other than micro and small enterprises	293.90	267.92
<b>Total</b>	<b>305.86</b>	<b>275.99</b>

Note:

#### (i) Outstanding for the following period from due date of payments

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	₹ in Crores
						As at March 31, 2023
(i) MSME	-	11.96	-	-	-	11.96
(ii) Others	33.72	255.91	2.72	1.46	0.09	293.90
<b>Total</b>	<b>33.72</b>	<b>267.87</b>	<b>2.72</b>	<b>1.46</b>	<b>0.09</b>	<b>305.86</b>

#### (ii) Outstanding for the following period from due date of payments

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	₹ in Crores
						As at March 31, 2022
(i) MSME	-	8.07	-	-	-	8.07
(ii) Others	53.90	206.66	6.13	0.23	1.00	267.92
<b>Total</b>	<b>53.90</b>	<b>214.73</b>	<b>6.13</b>	<b>0.23</b>	<b>1.00</b>	<b>275.99</b>

#### (iii) Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
(i) The principal amount due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	11.96	8.07
(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 deductible 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 and has been relied upon by the auditors.

### NOTE NO. 27 CURRENT INCOME TAX LIABILITIES (NET)

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax)	0.01	0.33
<b>Total</b>	<b>0.01</b>	<b>0.33</b>



# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 28 REVENUE FROM OPERATIONS

₹ in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products	1,374.01	1,207.44
Sale of services	5.18	23.11
Other operating revenues (Refer note (i) below)	64.62	37.79
<b>Total</b>	<b>1,443.81</b>	<b>1,268.34</b>

### 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, 2023	For the year ended March 31, 2022
<b>Revenue from contracts with customers</b>		
Asia Pacific	846.04	841.28
Europe	329.95	219.14
North America	72.05	33.89
South America	37.18	44.42
Rest of the World	93.97	91.82
<b>Subtotal</b>	<b>1,379.19</b>	<b>1,230.55</b>
Revenue from other sources		
Other operating revenues	64.62	37.79
<b>Subtotal</b>	<b>64.62</b>	<b>37.79</b>
<b>Total</b>	<b>1,443.81</b>	<b>1,268.34</b>

Geographical revenue is allocated based on the location of the customers.

### (b) Revenue from major customers

Revenue from one customer of the Group during the year ended March 31, 2023 was 189.70 Cr which is individually more than 10% of the Group's total revenue for the year. Revenue from such customer during previous year was ₹ 119.22 Crores.

No customer individually contributed for more than 10% of the Group's total revenue during the year ended March 31, 2022.

### (i) Other operating revenue comprises:

₹ in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Export incentives	17.20	5.06
Share of profit	1.01	1.60
Sale of by-products and scrap	45.38	29.32
Support service income	1.03	1.82
<b>Total</b>	<b>64.62</b>	<b>37.80</b>

### 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.

## Notes

to the standalone financial statements for the year ended March 31, 2023

### NOTE NO. 29 OTHER INCOME

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income (Refer note (i) below)	5.78	7.76
Rental income from investment properties	4.45	5.59
Other non-operating income		
- Liabilities / provisions no longer required written back	10.02	1.75
- Exchange gain (net)	0.27	2.42
- Insurance claims	0.84	0.46
- Others	1.19	2.04
<b>Total</b>	<b>22.55</b>	<b>20.02</b>

Note:

#### (i) Interest income comprises:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest from banks on deposits	0.09	3.42
Interest on loans and advances	4.69	3.95
Interest from others	1.00	0.39
<b>Total</b>	<b>5.78</b>	<b>7.76</b>

### NOTE NO. 30 COST OF MATERIALS CONSUMED

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening stock	131.10	109.50
Add: Purchases	762.00	880.46
Less: Closing stock	(119.20)	(131.10)
<b>Cost of materials consumed</b>	<b>773.90</b>	<b>858.86</b>

### NOTE NO. 31 PURCHASES OF STOCK-IN-TRADE

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Traded goods	7.88	53.78
<b>Total</b>	<b>7.88</b>	<b>53.78</b>

### NOTE NO. 32 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Inventories at the end of the year:</b>		
- Finished goods	155.78	188.17
- Work-in-progress	274.99	249.65
	<b>430.77</b>	<b>437.82</b>
<b>Inventories at the beginning of the year:</b>		
- Finished goods	188.17	30.98
- Work-in-progress	249.65	148.09
	<b>437.82</b>	<b>179.07</b>
<b>Net (increase) / decrease</b>	<b>7.05</b>	<b>(258.75)</b>

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 33 EMPLOYEE BENEFITS EXPENSE

₹ in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	188.51	196.79
Contribution to provident and other funds (Refer note 41)	19.36	18.92
Share based payments (Refer note 45)	0.05	(1.31)
Other employee benefits	20.71	21.94
<b>Total</b>	<b>228.63</b>	<b>236.34</b>

Note: Employee stock compensation expenses for the year ended March 31, 2022 is negative as it is net-off of stock options lapsed during the year.

## NOTE NO. 34 FINANCE COSTS

₹ in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest costs:		
- Interest on bank overdrafts and loans	92.45	72.01
- Delayed payment of income tax	-	0.34
- Other interest expense	2.50	3.24
- Less: Amounts included in the cost of qualifying assets	(11.57)	(8.31)
Exchange difference regarded as an adjustment to borrowing costs	3.42	5.14
Other finance costs	3.26	2.86
<b>Total</b>	<b>90.06</b>	<b>75.28</b>

## NOTE NO. 35 DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (Refer note 3)	92.14	93.56
Depreciation of investment properties (Refer note 6)	0.65	0.68
Depreciation of right-of-use assets (Refer note 4(i))	2.71	2.81
Amortisation of intangible assets (Refer note 8)	15.69	15.27
<b>Total</b>	<b>111.19</b>	<b>112.32</b>

## NOTE NO. 36 OTHER EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Subcontracting	16.29	16.47
Power and fuel	106.03	92.12
Water	2.07	1.58
Rent including lease rentals	1.29	2.49
Repairs and maintenance:		
- Buildings	3.08	2.60
- Machinery	21.09	18.07
- Others	25.91	33.33
Insurance	8.45	13.33
Rates and taxes	2.31	1.93
Communication	1.64	1.87
Travelling and conveyance	5.74	2.91
Printing and stationery	2.26	2.22

## Notes

to the standalone financial statements for the year ended March 31, 2023

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Freight and forwarding	25.70	24.89
Sales commission	5.12	5.01
Business promotion	0.86	0.38
Donations and contributions	0.29	0.10
Expenditure on Corporate Social Responsibility	1.68	2.58
Analytical charges	0.88	2.70
Regulatory expenses	4.18	4.99
Legal and professional fees	12.76	18.69
Payments to Statutory auditors (Refer note (i) below)	0.80	0.88
Bad debts written off / Allowance for doubtful trade and other receivables	5.66	8.82
Loss on sale of property, plant and equipment (net)	0.45	0.77
Consumption of stores and spares	24.39	27.43
Miscellaneous expenses	13.54	11.98
<b>Total</b>	<b>292.47</b>	<b>298.14</b>

Notes:

**(i) Payments to the Statutory Auditors comprises (net of taxes) for:**

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
- Audit of standalone and consolidated financial statements including limited review	0.66	0.66
- Other services	0.03	0.14
- For audit of financial statements of the subsidiaries of the Group paid to other auditors	0.07	0.06
- Reimbursement of expenses	0.04	0.02
<b>Total</b>	<b>0.80</b>	<b>0.88</b>

### NOTE NO. 37 EXCEPTIONAL ITEMS

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Merger/acquisition and restructuring costs	-	3.49
<b>Total</b>	<b>-</b>	<b>3.49</b>

### NOTE NO. 38 TAX EXPENSES

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Current tax</b>		
<b>Current tax expense</b>	(0.09)	0.17
Deferred tax benefit		
<b>Deferred tax (credit) / expenses</b>	(22.46)	(33.04)
MAT credit availed	(0.02)	0.06
<b>Net tax expense</b>	<b>(22.57)</b>	<b>(32.81)</b>

# Notes

to the standalone financial statements for the year ended March 31, 2023

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:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Profit before income taxes:</b>	(44.82)	(91.10)
Indian statutory income tax rate	34.94%	34.94%
<b>Expected income tax expense</b>	<b>(15.66)</b>	<b>(31.83)</b>
<b>Tax effect of adjustments to reconcile expected income tax expense to reported income tax expenses:</b>		
Effect of expenses that are not deductible in determining taxable profit	0.69	0.81
Effect on additional tax allowance	(1.83)	(0.59)
Effect of unrecognised tax credits and deductible temporary differences now recognised as deferred tax assets	(6.35)	-
Others (net)	0.58	(1.20)
<b>Total income tax expense</b>	<b>(22.57)</b>	<b>(32.81)</b>

Refer Note 12 for significant components of deferred tax assets and liabilities.

## NOTE NO. 39 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED (CHARGED TO STATEMENT OF PROFIT AND LOSS)

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Inhouse:</b>		
Salaries and wages	18.70	28.42
Depreciation and amortisation expense	10.57	11.53
Materials	2.58	0.48
Others	14.31	25.19
<b>Total</b>	<b>46.16</b>	<b>65.62</b>

In addition, the Group has also incurred capital expenditure in such facilities of ₹ 3.89 Crores (March 31, 2022: ₹ 2.65 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)

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>a) Contingent liabilities - Pending Litigations</b>		
(i) Indirect taxes	3.61	3.22
(ii) The Parent has received assessment orders from the assessing officer. For the assessment year 2018-19, the officer disallowed the Parent's claim for depreciation on goodwill and product portfolio amounting to ₹ 115.97 Crores. For the assessment year 2020-21, the officer disallowed the Parents's claim for weighted deduction under Section 35(2AB) amounting to ₹ 20.60 Crores, depreciation on goodwill and product portfolio amounting to ₹ 164.04 Crores, and deemed income under Section 41 amounting to ₹ 0.13 Crores. The Parent has preferred appeal to the above two assessment orders defending their claims and the matter is pending with Commisisoner of income tax (appeals). The tax impact of above disallowance is ₹ 40.52 Crores for assessment year 2018-19 and ₹ 64.56 Crores for assessment year 2020-21. The Parent 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>b) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
- Property, plant and equipment	34.20	63.10
- Intangible assets	0.19	0.29

## Notes

to the standalone financial statements for the year ended March 31, 2023

### 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 ₹ 12.69 Crores (March 31, 2022: ₹ 13.19 Crores) for provident fund contributions, ₹ 0.17 Crores (March 31, 2022: ₹ 0.23 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, 2023	March 31, 2022
Discount rate	7.39%	6.88%
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	58 years

## Notes

to the standalone financial statements for the year ended March 31, 2023

### Amounts recognised in statement of profit and loss and in other comprehensive income in respect of these defined benefit plan are as follows:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Service cost:</b>		
Current service cost	4.87	4.30
Past service cost and (gain)/loss from settlements	(0.05)	-
Net interest expense	1.64	1.43
<b>Components of defined benefit costs recognised in statement of profit and loss</b>	<b>6.46</b>	<b>5.73</b>
<b>Remeasurement on the net defined benefit liability:</b>		
Return on plan assets [excluding amounts included in net interest expense] (excess) / short return	0.49	0.20
Actuarial (gains) / losses arising from changes in financial assumptions	(1.39)	(0.77)
Actuarial (gains) / losses arising from experience adjustments	3.60	(2.52)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>2.70</b>	<b>(3.09)</b>
<b>Total</b>	<b>9.16</b>	<b>2.64</b>

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:

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Present value of funded defined benefit obligation	58.01	49.94
Fair value of plan assets	(19.65)	(22.36)
<b>Funded status</b>	<b>38.36</b>	<b>27.58</b>
<b>Net liability arising from defined benefit obligation</b>	<b>38.36</b>	<b>27.58</b>

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

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	49.94	49.27
<b>Expenses recognised in statement of profit and loss</b>		
Current service cost	4.87	4.30
Past service cost and (gain)/loss from settlements	(0.05)	-
Interest cost	3.18	3.01
<b>Remeasurement (gains)/losses:</b>		
Actuarial gains and losses arising from changes in financial assumptions	(1.39)	(0.77)
Actuarial gains and losses arising from experience adjustments	3.60	(2.52)
Liabilities assumed on employees transferred from group companies	1.88	-
Benefits paid	(4.02)	(3.35)
<b>Closing defined benefit obligation</b>	<b>58.01</b>	<b>49.94</b>

## Notes

to the standalone financial statements for the year ended March 31, 2023

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

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	22.36	24.07
Expected return on plan assets	1.54	1.58
<b>Remeasurement gain (loss):</b>		
Contributions from the employer	0.26	0.26
Actuarial (gains) / loss on plan assets	(0.49)	(0.20)
Benefits paid	(4.02)	(3.35)
<b>Closing fair value of plan assets</b>	<b>19.65</b>	<b>22.36</b>

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

If the discount rate increases (decrease) by 1%, the defined benefit obligation would be ₹ 55.36 Crores (₹ 60.83 Crores) as at March 31, 2023

If the expected salary growth increases (decrease) by 1%, the defined benefit obligation would be ₹ 60.80 Crores (₹ 55.46 Crores) as at March 31, 2023

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:

Financial Year	₹ in Crores
	Amount
2023-24	9.32
2024-25	9.31
2025-26	8.38
2026-27	7.67
2027-28	7.57
2028-29 to 2032- 33	25.39



# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 42 RELATED PARTY INFORMATION:

### 42A List of related parties:

#### Director and Key Management Personnel:

Jitesh Devendra	Managing Director (Appointed wef April 29, 2022)
Rajendra Juvvadi Rao	Managing Director and Chief Executive Officer (Appointed as Executive Director wef August 04, 2021 and as MD & CEO wef. March 01, 2022) (Resigned as MD & CEO wef. April 28, 2022)
Bharath R. Sesha	Managing Director and Chief Executive Officer(Resigned as MD & CEO wef. February 28, 2022)
S Hariharan	Executive Director and Chief Finance Officer (Appointed as Executive Director & CFO wef March 09, 2022)
Subhash Anand	Executive Director and Chief Finance Officer (Appointed as CFO wef. Oct 30, 2020 and Executive Director wef. Apr 01, 2021) (Resigned wef. March 09, 2022)
Poorvank Purohit	Chief Executive Officer (Appointed wef. February 03, 2023)
Aditya Puri	Non-Executive Director (Appointed wef. August 04, 2021)
Arun Kumar Pillai	Non-Executive Director (Appointed wef. August 04, 2021)
Karthek Chintalapati Raju	Non-Executive Director (Appointed wef. August 04, 2021) (Resigned wef. August 03, 2022)
Vineeta Rai	Independent Director (Appointed wef. October 17, 2021)
R. Ramakrishnan	Independent Director
Nirmal P Bhogilal	Independent Director
Kausalya Santhanam	Independent Director
Deepak C Vaidya	Non-Executive Director (Resigned wef. August 04, 2021)
Ronald Tjeerd De Vries	Independent Director (Resigned wef. August 04, 2021)
Ankur Nand Thadani	Non-Executive Director
Arun Kumar Pillai	Person holding significant interest in the company
Rajesh Salwan	Chief Operating Officer (Resigned wef. February 03, 2022)
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

Shasun Enterprises LLP, India (formerly known as Devendra Estates LLP, India)

Sequent Scientific Limited (upto April 08, 2021)\*

Sequent Research Limited, India (upto April 08, 2021)\*

Sterling Pharma Solutions Limited, UK (up to February 27, 2019)

Tenshi Life Sciences Private Limited, India (merged with Tenshi Pharmaceuticals Limited wef November 29, 2022)

Aurore Life Sciences Private Limited, India (upto August 3, 2022)\*\*

Tenshi Kaizen Private Limited, India

Olene Life Sciences Private Limited, India

GMS Tenshi Holdings Pte Limited, Singapore

Stelis Biopharma Private Limited, India

Tenshi Pharmaceuticals Private Limited, India (formerly known as Steriscience Private Limited and Sovizen Life Sciences Private Limited)

Hydra Active Pharma Sciences Private Limited, India (formerly known as Tenshi Active Pharma Sciences Private Limited)

Velbiom Probiotics Private Limited, India (formerly known as Tenshi Life Care Private Limited)

Triphase Pharmaceuticals Private Limited, India

Outlook Therapeutics Inc, USA

Naari Pharma Private Limited, India

Tenshi Kaizen Inc., USA

## Notes

to the standalone financial statements for the year ended March 31, 2023

Tenshi Kaizen USA Inc., USA  
Batliboi Impex Limited, India  
Tenshi Life Sciences Pte Ltd., Singapore

### Enterprises controlled, owned or significantly influenced by directors, key management personnel, promoter or person holding significant interest in the company:

Biolexis Pte Ltd., Singapore  
Navad Life Sciences Pte Ltd., Singapore  
Aurore Pharmaceuticals Private Limited, India (upto August 3, 2022)\*\*  
Tenshi Kaizen Pharma Pte Ltd., Singapore  
Tenshi Kaizen Private Limited, UK  
Tenshi KSM Private Limited, India  
Steriscience Specialties Pvt. Ltd., India (formerly known as Steriscience Pharma Pvt. Ltd.)  
Empyrean Life Sciences Pvt. Ltd., India  
Steriscience Pte Limited, Singapore  
Steriscience BV, Netherlands  
Tenshi Kaizen B V, Netherlands  
Steriscience Specialties Sp. z.o.o, Poland  
Stelis Pte Ltd., Singapore  
Stelis Biopharma LLC, USA  
Chayadeep Properties Private Limited, India  
Karuna Ventures Private Limited, India  
Agnus Holdings Pvt. Ltd., India  
Pronomz Ventures LLP, India  
SRJR Enterprise LLP, India  
Karuna Business Solutions LLP, India  
Chayadeep Ventures LLP, India  
Agnus Capital LLP, India  
Devicam Capital LLP, India  
Agraganya Private Trust, India  
Triumph Venture Holdings LLP, India  
Axxelent Pharma Sciences Private Limited, India  
Amicus Formulations India Private Limited, India (upto April 28, 2022)  
Genesys Biologics Private Limited, India (upto April 28, 2022)  
RA Labels and Stickers Private Limited, India (upto April 28, 2022)  
Ilabs Capital LLP, India (upto April 28, 2022)

\* The Company has filed an application with stock exchange for Reclassification of "Outgoing Promoters" from Promoter group to Public category on April 08, 2021. BSE and NSE has approved for reclassification on October 7, 2021.

# Notes

to the standalone financial statements for the year ended March 31, 2023

## 42B Transactions during the year

₹ in Crores

Description	Related party	March 31, 2023	March 31, 2022
Sale of goods/(sales return)	Strides Pharma Science Limited	188.69	117.61
	Aurore Life Sciences Private Limited	14.16	33.96
	Aurore Pharmaceuticals Private Limited	(2.68)	89.71
	Axxelent Pharma Sciences Private Limited	-	0.01
	Steriscience Specialties Pvt. Ltd.	0.01	4.92
	Stelis Biopharma Private Limited	0.03	0.19
	Tenshi Kaizen Private Limited	0.01	-
Sale of services	Strides Pharma Science Limited	0.01	0.01
	Tenshi Kaizen Private Limited	0.02	-
	Stelis Biopharma Private Limited	0.01	-
Interest Income	Aurore Life Sciences Private Limited	1.69	3.96
Other operating revenue	Strides Pharma Science Limited	1.01	1.60
Sale of property, plant and equipment	Strides Pharma Science Limited	-	0.01
Purchase of goods	Strides Pharma Science Limited	0.00	-
	Aurore Life Sciences Private Limited	0.61	36.97
Purchase of services	Axxelent Pharma Sciences Private Limited	0.19	-
	Batliboi Impex Limited	0.78	1.20
	Aurore Life Sciences Private Limited	1.67	-
	Karuna Business Solutions LLP	-	0.86
	Strides Pharma Science Limited	13.51	9.81
Reimbursement of expenses to Rental Income	Strides Pharma Science Limited	1.08	-
	Tenshi Life Sciences Private Limited	1.14	2.09
	Tenshi Pharmaceuticals Private Limited	0.33	-
	Aurore Life Sciences Private Limited	0.02	0.03
Rent & Maintenance for leased property	Strides Pharma Science Limited	1.60	1.52
Loan given	Aurore Life Sciences Private Limited	-	50.00
Loan / Advances refund received	Aurore Life Sciences Private Limited	7.65	-
Dividend paid	Arun Kumar Pillai	-	0.95
	K R Ravishankar	-	0.40
	Deepa Arun Kumar	-	0.02
	Aditya Arun Kumar	-	0.02
	Tarini Arun Kumar	-	0.02
	Padmakumar Karunakaran Pillai	-	0.01
	Vineetha Mohanakumar Pillai	-	0.01
	Hemalatha Pillai	-	0.01
	Sajitha Pillai	-	0.01
	Rajitha Gopalakrishnan	-	0.01
	K R Lakshmi	-	0.01
	Chayadeep Properties Private Limited	-	0.16
	Karuna Ventures Private Limited	-	0.03
	Agnus Holdings Pvt. Ltd.	-	0.02
	Pronomz Ventures LLP	-	0.64
	SRJR Enterprise LLP	-	0.51
	Karuna Business Solutions LLP	-	0.84
	Chayadeep Ventures LLP	-	0.30
	Agnus Capital LLP	-	0.25
	Devicam Capital LLP	-	0.05

## Notes

to the standalone financial statements for the year ended March 31, 2023

₹ in Crores

Description	Related party	March 31, 2023	March 31, 2022
Sitting fees paid to directors	Aditya Puri	0.04	0.06
	Deepak C Vaidya	-	0.07
	Kausalya Santhanam	0.08	0.16
	Nirmal P Bhogilal	0.06	0.16
	Ronald Tjeerd De Vries	-	0.07
	R. Ramakrishnan	0.08	0.16
	Vineeta Rai	0.08	0.07
Short term employee benefits paid to (refer note (i) below)	Jitesh Devendra	2.17	-
	S Hariharan	1.98	0.14
	Poorvank Purohit	0.50	-
	Bharat R Sessa	-	0.20
	Subhash Anand	-	2.36
	Rajesh Salwan	-	1.63
	S Murali Krishna	0.42	0.44

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, 2023

₹ in Crores

Description	Related party	As at March 31, 2023	As at March 31, 2022
Trade payables	Tenshi Life Sciences Private Limited	0.87	4.42
	Tenshi Pharmaceuticals Private Limited	0.36	-
	Tenshi Life Sciences Private Limited	0.87	4.42
	Aurore Life Sciences Private Limited	-	13.80
	Strides Pharma Science Limited	0.42	-
Trade receivables	Aurore Life Sciences Private Limited	-	7.70
	Aurore Pharmaceuticals Private Limited	-	58.33
	Strides Pharma Science Limited	119.38	78.23
	Stelis Biopharma Private Limited	0.06	0.03
	Tenshi Kaizen Private Limited	0.03	-
	Steriscience Specialties Pvt. Ltd.	-	4.54
	Karuna Business Solutions LLP	-	0.81
Other receivables	Aurore Life Sciences Private Limited	-	1.17
Loan / Advances receivable/ (payable)	Aurore Life Sciences Private Limited	-	50.00
Security deposit given	Strides Pharma Science Limited	0.72	0.72

\*\* The transaction with Aurore has been disclosed upto aforementioned date and the balance sheet balance has not been disclosed

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 43 EARNINGS PER SHARE

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Basic earnings per share:	(6.16)	(16.18)
Diluted earnings per share:	(6.16)	(16.18)

### Earnings used in computing basic and diluted earnings per share

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to the equity holders of the Company	(22.17)	(58.15)

### Weighted average number of shares used as the denominator

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Weighted average number of equity shares used as denominator in calculating basic earnings per share</b>	<b>35,996,267</b>	<b>35,940,826</b>
Adjustments for calculation of diluted earnings per share:		
- share warrants	-	-
- employee stock options	189	1,348
<b>Weighted average number of equity shares used as denominator in calculating diluted earnings per share *</b>	<b>35,996,456</b>	<b>35,942,174</b>

\* Diluted earnings per share for the year ended March 31, 2023 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, 2023.

## NOTE NO. 44 SEGMENT REPORTING

The Group is engaged in the manufacture and sale of Active Pharma Ingredients. The operating segment of the Group is identified to be "Manufacture and sale of Active Pharma Ingredients" 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\*:

Particulars	₹ in Crores	
	For the year ended March 31, 2023	For the year ended March 31, 2022
India	1,617.02	1,637.33
<b>Total</b>	<b>1,617.02</b>	<b>1,637.33</b>

\*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 324,600 options (March 31, 2022: 85,000 options) under this plan during the current year.

## Notes

to the standalone financial statements for the year ended March 31, 2023

During the current year, employee compensation costs of ₹ 0.05 Crores (Previous year: ₹ (1.31) Crores) relating to the above referred Employee Stock Option Plan have been charged to the Statement of Profit and Loss. Employee stock compensation expenses for the year ended March 31, 2022 is negative as it is net-off of stock options lapsed during the previous year.

### 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: 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 standalone financial statements for the year ended March 31, 2023

### 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 previous year are as below:

Assumptions	Grant Date: Nov 11, 2021 (ESOP 2018)		
	Vest 1 Nov 11, 2021	Vest 2 Nov 11, 2022	Vest 3 Nov 11, 2023
	23%	30%	47%
No. of options	8,000	10,500	16,500
Fair market value of option at grant date (₹)	473.44	624.02	692.07
Fair market value of share at grant date (₹)	1,317.00	1,317.00	1,317.00
Exercise price (₹)	1,030.00	1,030.00	1,030.00
Expected volatility	42.74%	54.76%	52.10%
Option life (Years)	1	2	3
Expected Dividend Yield	22.00%	22.00%	22.00%
Risk-free interest rate	4.33%	4.55%	5.09%

Assumptions	Grant Date: Mar 15, 2022 (ESOP 2018)		
	Vest 1 Apr 29, 2023	Vest 2 Apr 29, 2024	Vest 3 Apr 29, 2025
	20%	30%	50%
No. of options	10,000	15,000	25,000
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%

### Employee stock options details as on the balance sheet date are as follows:

Particulars	During the year 2022-23		During the year 2021-22	
	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	1,05,000	782.40	3,90,000	659.39
Granted during the year	3,24,600	434.97	85,000	727.65
Exercised during the year	-	-	66,500	438.05
Lapsed/ cancelled during the year	2,86,000	580.17	3,03,500	684.45
Options outstanding at the end of the year	1,43,600	399.81	1,05,000	782.40
Options available for grant	2,63,178	-	3,01,778	-

# Notes

to the standalone financial statements for the year ended March 31, 2023

## NOTE NO. 46 FINANCIAL INSTRUMENTS

### 46.1 Categories of financial instruments

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Financial assets:</b>		
<b>Measured at amortised cost</b>		
(a) Cash and bank balances	8.89	47.25
(b) Investments	1.70	0.42
(c) Trade receivables	536.99	489.67
(d) Loans receivable	32.62	51.85
(e) Other financial assets at amortised cost	27.69	22.05
<b>Financial liabilities:</b>		
<b>Measured at amortised cost</b>		
(a) Borrowings including current maturities of non current borrowings	1,001.15	1,024.57
(b) Lease liabilities	11.70	12.80
(c) Trade payables	305.86	275.99
(d) Other financial liabilities	14.57	18.24

### 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, 2023		As at March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial liabilities:</b>				
Borrowings	1,001.15	1,004.66	1,024.57	1,028.11

### 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, 2023		As at March 31, 2022	
	In foreign currency (Crores)	in ₹ Crores	In foreign currency (Crores)	in ₹ Crores
<b>Financial liabilities:</b>				
US\$	0.52	41.63	0.53	40.62
EUR	0.01	1.03	0.08	6.97
JPY	3.22	1.99	1.88	1.17



# Notes

to the standalone financial statements for the year ended March 31, 2023

## 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:

Exposure to the Currency	Increase / (Decrease) in Equity / Profit	
	March 31, 2023	March 31, 2022
Appreciation in the US\$	2.08	2.03
Depreciation in the US\$	(2.08)	(2.03)
Appreciation in the EUR	0.05	0.35
Depreciation in the EUR	(0.05)	(0.35)

₹ in Crores

The impact on profit has been arrived at by applying the effects of appreciation / depreciation 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:

Particulars	₹ in Crores	
	As at March 31, 2023	As at March 31, 2022
<b>Fixed-rate instruments</b>		
<b>Financial assets</b>		
Balance with banks held as margin money	-	0.70
Balance with banks held in deposit account	0.05	42.47
<b>Financial liabilities</b>		
Lease liabilities	11.70	12.80
	<b>11.75</b>	<b>55.97</b>
<b>Variable-rate instruments</b>		
<b>Financial liabilities</b>		
Borrowings from bank	1,001.15	1,024.57
	<b>1,001.15</b>	<b>1,024.57</b>

## 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 ₹ 10.05 Crores (March 31, 2022: ₹ 9.33 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

## Notes

to the standalone financial statements for the year ended March 31, 2023

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.

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
<b>Bank &amp; other borrowings</b>								
- As on March 31, 2023	768.68	109.16	77.10	38.03	11.68	-	1,004.66	1,001.15
- As on March 31, 2022	744.05	105.20	96.74	62.72	19.39	-	1,028.11	1,024.57
<b>Interest payable on borrowings</b>								
- As on March 31, 2023	2.20	-	-	-	-	-	2.20	2.20
- As on March 31, 2022	0.92	-	-	-	-	-	0.92	0.92
<b>Lease liabilities</b>								
- As on March 31, 2023	0.87	0.92	0.96	1.01	1.06	50.26	55.08	11.70
- As on March 31, 2022	2.43	0.87	0.92	0.96	1.01	51.30	57.49	12.80
<b>Trade and other payable</b>								
- As on March 31, 2023	318.23	-	-	-	-	-	318.23	318.23
- As on March 31, 2022	293.33	-	-	-	-	-	293.31	293.31

₹ in Crores

### 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.

Particulars	₹ in Crores	
	March 31, 2023	March 31, 2022
Debt (i)	1,012.85	1,037.37
Less:		
Cash and bank balances	8.89	47.25
<b>Net Debt (A)</b>	<b>1,003.96</b>	<b>990.12</b>
<b>Total Equity (B)</b>	<b>1,500.21</b>	<b>1,524.87</b>
<b>Net debt to equity ratio (A/B)</b>	<b>0.67</b>	<b>0.65</b>

(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings and lease liabilities.

## Notes

to the standalone financial statements for the year ended March 31, 2023

### 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, 2023

Name of the entity	Net Assets i.e., total assets minus total liabilities		Share in profit		Share in other comprehensive income		Share in total comprehensive income	
	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	99.68%	1,503.13	99.64%	(22.21)	85.44%	(1.76)	98.44%	(23.97)
<b>Indian Subsidiaries:</b>								
Chemsynth Laboratories Private Limited	0.32%	4.84	0.67%	(0.15)	0.00%	-	0.62%	(0.15)
Sequent Penems Private Limited	0.25%	3.79	-0.13%	0.03	0.00%	-	-0.12%	0.03
<b>Foreign Subsidiary:</b>								
Shasun USA Inc	-0.25%	(3.77)	-0.18%	0.04	14.56%	(0.30)	1.07%	(0.26)
Solara Active Pharma Sciences LTDA*	-	-	-	-	-	-	-	-
<b>Total</b>		<b>1,507.99</b>		<b>(22.29)</b>		<b>(2.06)</b>		<b>(24.35)</b>
Adjustment arising out of consolidation		(7.84)		-		-		-
<b>Minority interest in subsidiaries:</b>								
Chemsynth Laboratories Private Limited		2.24		(0.04)		-		(0.04)
<b>Total</b>		<b>1,502.39</b>		<b>(22.33)</b>		<b>(2.06)</b>		<b>(24.39)</b>

\* Note - Subsidiary Company incorporated on March 27, 2023. No Investment has flown from the parent Company.

#### NOTE NO. 49

The Board of Directors in its meeting held on 29th April 2022 have considered and approved the withdrawal of the Scheme of amalgamation of Emphyrean Lifesciences Private Limited, Hydra Active Pharma Sciences Private Limited and demerger of pharma business of Aurore Life Science Private Limited ("Aurore") with the Company as the same is not financially viable. Aurore has not been able to achieve its financial goals set for FY22 due to weak demand for covid products and tactical opportunities. Further, there are uncertainties in the completion of the processes related to the Scheme due to disputes raised by one of the minority shareholder of the subsidiary of Aurore.

#### 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.

# Notes

to the standalone financial statements for the year ended March 31, 2023

## 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 AMENDMENTS EFFECTIVE FROM APRIL 1, 2023:

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to the Group from April 1, 2023.

- i. Ind AS 101 – First time adoption of Ind AS
- ii. Ind AS 102 – Share-based payment
- iii. Ind AS 103 – Business Combinations
- iv. Ind AS 107 – Financial Instruments: Disclosures
- v. Ind AS 109 – Financial Instruments
- vi. Ind AS 115 – Revenue from Contracts with Customers
- vii. Ind AS 1 – Presentation of Financial Statements
- viii. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- ix. Ind AS 12 – Income Taxes
- x. Ind AS 34 – Interim Financial Reporting

The Group is in the process of evaluating the impact of the above amendments on the Company's financial statements.

## NOTE NO. 53

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

**Jitesh Devendra**  
Managing Director  
DIN: 06469234

**Poorvank Purohit**  
Chief Executive Officer

**S. Hariharan**  
Executive Director and  
Chief Financial Officer  
DIN: 05297969

**S Murali Krishna**  
Company Secretary  
Membership Number: 13372

Place : Bengaluru  
Date : May 12, 2023

# Research and Development Financials

(All amounts are ₹ In Crores except share data and if otherwise stated)

## BALANCE SHEET

as on 31st March, 2023

₹ in Crores

	Unit I	Unit II	Total As at Mar 31, 2023	Total As at Mar 31, 2022
<b>ASSETS</b>				
<b>Fixed Assets</b>				
<b>R&amp;D Equipments</b>				
Gross Block				
Opening as on 01.04.2022	10.75	40.27	51.02	54.93
Additions Net	-	3.89	3.89	2.65
Transfers	(0.64)	4.88	4.24	(6.56)
Deletions	(1.75)	(0.01)	(1.76)	(0.00)
<b>Closing as on 31.03.2023</b>	<b>8.36</b>	<b>49.03</b>	<b>57.39</b>	<b>51.02</b>
Less : Accumulated Depreciation	(2.69)	(22.19)	(24.88)	(20.60)
<b>Net Block as on 31.03.2023</b>	<b>5.67</b>	<b>26.84</b>	<b>32.51</b>	<b>30.42</b>
<b>Others</b>				
Gross Block				
Opening as on 01.04.2022	22.75	12.95	35.70	34.11
Additions Net	-	1.26	1.26	1.37
Transfers	(0.96)	0.55	(0.41)	0.24
Deletions		(6.08)	(6.08)	(0.02)
<b>Closing as on 31.03.2023</b>	<b>21.79</b>	<b>8.68</b>	<b>30.47</b>	<b>35.70</b>
Less : Accumulated Depreciation	(18.21)	(5.50)	(23.71)	(24.01)
<b>Net Block as on 31.03.2023</b>	<b>3.58</b>	<b>3.18</b>	<b>6.76</b>	<b>11.69</b>
<b>Capital work in progress</b>	<b>-</b>	<b>5.03</b>	<b>5.03</b>	<b>6.73</b>
<b>Other Non Current Assets</b>				
Goodwill	0.43	-	0.43	0.43
Other financial assets	0.14	1.11	1.25	1.27
Other Non-current assets	0.00	0.08	0.08	1.72
<b>Total Non Current Assets</b>	<b>0.57</b>	<b>1.19</b>	<b>1.76</b>	<b>3.42</b>
<b>Current Assets</b>				
Inventories	0.00	2.52	2.52	2.29
Trade receivables	0.03	2.20	2.23	8.67
Cash and other balance with banks	-	0.01	0.01	0.01
Loan	-	0.02	0.02	0.06
Other financial assets	-	0.62	0.62	0.04
Other current assets	0.00	0.55	0.55	5.80
<b>Total Current assets</b>	<b>0.03</b>	<b>5.91</b>	<b>5.94</b>	<b>16.87</b>
<b>Total</b>	<b>9.85</b>	<b>42.16</b>	<b>52.01</b>	<b>69.13</b>
<b>LIABILITIES</b>				
<b>Head office Control Account</b>	15.80	20.30	36.10	56.39
Add: Transfers	(5.02)	35.03	30.01	36.09
Less: Excess of Expenditure over income	(4.71)	6.07	(45.91)	20.20
		(41.20)	14.13	(56.38)
				36.10
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Other financial Liabilities	1.59	11.58	13.17	12.37
Lease liabilities	-	-	-	-
Provisions	-	0.33	0.33	0.64
Other non-current liabilities	-	2.16	2.16	1.89
<b>Total Non-current liabilities</b>	<b>1.59</b>	<b>14.07</b>	<b>15.66</b>	<b>14.90</b>
<b>Current liabilities</b>				
Financial Liabilities				
Trade payables	0.76	4.06	4.82	9.02
Lease liabilities	-	-	-	1.52
Other financial liabilities	1.43	9.30	10.73	5.94
Other current liabilities	0.00	0.45	0.45	1.33
Provisions	-	0.15	0.15	0.32
<b>Total current liabilities</b>	<b>2.19</b>	<b>13.96</b>	<b>16.15</b>	<b>18.13</b>
<b>Total</b>	<b>9.85</b>	<b>42.16</b>	<b>52.01</b>	<b>69.13</b>

## STATEMENT OF INCOME & EXPENDITURE

for the year ended 31st March, 2023

₹ in Crores

	Unit I	Unit II	Total As at Mar 31, 2023	Total As at Mar 31, 2022
<b>EXPENDITURE</b>				
Employee benefits expenses	(0.19)	18.89	18.70	28.38
Cost of materials consumed	0.00	2.58	2.58	0.48
Utilities	0.11	1.64	1.76	2.38
Finance cost	0.00	0.12	0.12	0.28
Other expenses - R&D	0.93	10.81	11.74	22.55
<b>Total Revenue Expenditure Excluding Depreciation</b>	<b>0.85</b>	<b>34.05</b>	<b>34.90</b>	<b>54.07</b>
Depreciation	3.86	6.70	10.56	11.53
<b>Total Expenditure</b>	<b>4.71</b>	<b>40.75</b>	<b>45.46</b>	<b>65.60</b>
<b>INCOME</b>				
i) FTE/Product Development Income	-	0.75	0.75	8.11
ii) Commercial Sale of Prototype & Others	0.00	(2.88)	(2.88)	1.01
iii) Other Income	0.00	1.68	1.68	0.10
<b>Total Income</b>	<b>0.00</b>	<b>(0.45)</b>	<b>(0.45)</b>	<b>9.22</b>
<b>Excess of Expenditure over Income</b>	<b>4.71</b>	<b>41.20</b>	<b>45.91</b>	<b>56.38</b>



## **SOLARA ACTIVE PHARMA SCIENCES LIMITED**

**CIN:** L24230MH2017PLC291636

**Registered Office:** 201, Devavrata, Sector 17, Vashi, Navi Mumbai 400 703

**Tel:** +91 22 27892924; **Fax:** +91 22 27892942

**Corporate Office:** 2nd Floor, Admin Block No. 27, Vandaloor Kelambakkam Road, Keelakottaiyur Village, Melakottaiyur (Post), Chennai – 600 127

**Tel:** + 91 44 4740 6200; **Fax:** +91 44 4740 6190

**Email:** investors@solara.co.in; **Website:** www.solara.co.in

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of the Company will be held on Friday, September 15, 2023, at 9.30 a.m. through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business.

### **ORDINARY BUSINESS**

#### **Item No. 1: Adoption of Audited Financial Statements for the Financial Year ended March 31, 2023.**

To receive, consider, approve and adopt:

- a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2023, 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, 2023, and the Report of Auditors thereon.

#### **Item No. 2: Re-Appointment of Mr. Ankur Thadani, retiring director, as a Non-Executive Director**

To appoint a director in place of Mr. Ankur Thadani (holding DIN 03566737) who retires by rotation and being eligible offers himself for re-appointment as Non-Executive Director of the Company.

#### **Item No. 3: Re-Appointment of Statutory Auditors for the second term of four years.**

It is proposed to re-appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors of the Company for a second term of four years from the conclusion of the 6th AGM until the conclusion of the 10th AGM of the Company, on such remuneration as may be determined by the Board of Directors of the Company, in consultation with the Audit Committee and the Auditors.

To consider and if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution:**

**"RESOLVED** that pursuant to the provisions of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,

2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), and pursuant to the recommendations of the Audit Committee and Board of Directors, consent of the Shareholders of the Company be and is hereby accorded to re-appoint M/s. Deloitte Haskins & Sells LLP (Firm registration number- 101248W/W-100022) as Statutory Auditors of the Company for a second term of 4 (four) years commencing from the conclusion of the 6th Annual General Meeting (AGM) until the conclusion of the 10th AGM of the Company, at such remuneration and reimbursement of out-of-pocket expenses as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors, from time to time.

**RESOLVED FURTHER** that any Director or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things and to execute and deliver all such necessary documents for the purpose of giving effect to the aforesaid resolution."

### **SPECIAL BUSINESS**

#### **Item No. 4: Ratification of remuneration payable to the Cost Auditor for the financial year 2022-23.**

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 ₹ 4,00,000/- (Rupees four Lakh 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, 2023, 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 No. 5: Approval for Material Related Party Transactions/ Contracts/ Arrangements with Strides Pharma Science Limited up to ₹ 300 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 ₹ 300 Crores (Rupees Three 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 No. 6: Appointment of Mr. Kartheek Chintalapati Raju (DIN: 02921819) as a Non-Executive (Non-Independent) Director of the Company**

To consider, and if thought fit, to pass the following resolution with or without modification 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. Kartheek Chintalapati Raju (DIN: 02921819), who was appointed as an Additional Director effective July 5, 2023 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 No. 7: Appointment of Mr. Poorvank Purohit (DIN: 10158900) as a Managing Director & Chief Executive Officer (CEO) of the Company.**

**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 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. Poorvank Purohit (DIN: 10158900), who was appointed as an Additional Director (Managing Director) & CEO of the Company effective July 5, 2023 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 Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER** that in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Rules framed thereunder and the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) (including any statutory modification(s) or re-enactment thereof to the Act and Listing Regulations and pursuant to the Articles of Association of the Company, consent of the Members be and is hereby accorded for the appointment of Mr. Poorvank Purohit as Managing Director & CEO of the Company, liable to retire by rotation, for a period of three years effective from July 5, 2023 on such terms of employment as agreed between the Company and



Mr. Poorvank Purohit and set out in the Explanatory Statement annexed to the notice.

**RESOLVED FURTHER** that in terms of the applicable provisions and Schedule V of the Companies Act, 2013, where in any financial year during the tenure of Mr. Poorvank Purohit, the Company has no profits, or its profits are inadequate, the Company shall pay the remuneration as specified in the explanatory statement to this Notice, as the minimum remuneration.

**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.

By the Order of the Board  
**For Solara Active Pharma Sciences Limited**

Place: Bengaluru  
Date: 05.07.2023

**S. Murali Krishna**  
Company Secretary

**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 15, 2023. Members seeking to inspect such documents can send an email to [investors@solara.co.in](mailto:investors@solara.co.in)
7. The register of members and share transfer books of the Company will remain closed from September 9, 2023 to September 15, 2023 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2022-23.
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](mailto:cameo@cameoindia.com);  
[Investor@cameoindia.com](mailto:Investor@cameoindia.com)  
Contact Persons: Ms. Komala / Mr. Narasimhan
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 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 2022-23 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](http://www.solara.co.in) , websites of the Stock Exchanges i.e. BSE Ltd. and National Stock Exchange of India Ltd. at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://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 18, 2023.

The "cut-off date" for determining the eligibility for voting either through electronic voting or ballot is fixed as Friday, September 8, 2023. The e-voting period will commence at 9.00 a.m. on Tuesday, September 12, 2023, and will end at 5.00 p.m. on Thursday, September 14, 2023.

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, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No. 10/2022 dated December 28, 2022. The forthcoming AGM/EGM 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/stock-exchange-communication/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](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM/EGM 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](http://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.

**THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM/EGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:**

- (i) The voting period begins on 9.00 a.m. on Tuesday, September 12, 2023, and will end at 5.00 p.m. on Thursday, September 14, 2023. 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 September 8, 2023, 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 <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users of who have opted for CDSL's 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 URLs for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi Tab.</li> <li>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 &amp; 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.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at cdsi website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> </ol>



Type of shareholders	Login Method
	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 <b>NSDL</b>	<p>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: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> 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 &amp; voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> 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 &amp; voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> 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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> 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](http://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](http://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) <ul style="list-style-type: none"> <li>- 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.</li> </ul>
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. <ul style="list-style-type: none"> <li>- 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).</li> </ul>

- (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
- (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](http://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](mailto: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](mailto: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](mailto: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](mailto: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 , komalar@cameoindia.com
2. For Demat shareholders -, please provide Demat account details (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, komalar@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, Senior 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 at 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. 3 to 7 of the accompanying Notice.

**Item No. 3: Re-Appointment of Statutory Auditors for the second term of four years.**

M/s Deloitte Haskins & Sells LLP, Chartered Accountants is a Firm registered with the Institute of Chartered Accountants of India, with Firm registration number 117366W/W-100018 (“DHS LLP” or “Firm”) were appointed as Statutory Auditors of the Company by the members at the First Annual General Meeting(AGM) held on September 28, 2018 to hold office from the conclusion of first AGM till the conclusion of the Sixth AGM of the Company to be held in the calendar year 2023.

Accordingly, the present term of Deloitte gets completed on conclusion of the ensuing AGM. DHS LLP are eligible for re-appointment for a second term of four years in terms of the provisions of Section 139 of the Companies Act, 2013 (“the Act”) read with the Companies (Audit and Auditors) Rules, 2014. The Company has received eligibility letter from DHS LLP confirming that their appointment will be in accordance with the provisions of Section 139 of the Act

M/s Deloitte Haskins & Sells LLP, Chartered Accountants has a strong national presence and provides professional services to some of the largest and reputed companies across various industries and are well positioned with the experience, scale and capabilities to understand the dynamics of our business. The Firm has around 2,500 professionals and staff. DHS LLP has offices in Mumbai, Delhi, Kolkata, Chennai, Bangalore, Ahmedabad, Hyderabad, Coimbatore, Kochi, Pune, Jamshedpur and Goa. The registered office of the Firm is One International Center, Tower 3, 27th to 32nd Floor, Senapati Bapat Marg, Elphinstone Road (West), Mumbai - 400013, Maharashtra, India.

On May 12, 2023, the Audit Committee having considered various parameters like capability to serve the organisation; audit experience; the audit team; market standing of the firm; clientele served; technical knowledge etc. have recommended the reappointment of DHS LLP to the Board of Directors of the Company, which the Board has accepted and approved, subject to the approval of the Members at a remuneration as may be mutually agreed between the Board of Directors and Statutory Auditors

None of the Directors, Key Managerial Personnel and their relatives thereof are, in any way, concerned or interested in the said resolution.

The Board recommends passing of the proposed resolution stated in Item No. 3 as an Ordinary Resolution and requests your approval for the same.

**Item No. 4: Ratification of the remuneration payable to the Cost Auditor for the financial year 2022-23.**

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 2022-23 on a remuneration of ₹.4,00,000/- (Rupees Four Lakhs

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 No.4 as an Ordinary Resolution and requests your approval for the same.

**Item No. 5:** Approval for material related party Transactions/ Contracts/ Arrangements with Strides Pharma Science Limited (Strides) up to ₹ 300 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 Fifth Annual

General Meeting held on August 25, 2022, for an amount not exceeding ₹ 300 Crores from Fifth AGM to Sixth AGM.

It may be noted that as per the amended definition provided in the explanation to Regulation 23 (1) of Listing Regulations, which is effective 1st April, 2022, 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 sixth AGM to seventh 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 Managing Director 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.
5	Monetary Value	Not exceeding ₹ 300 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 2023 is ₹ 1,466.36 Cr; Value of the proposed transaction as a % age of the annual consolidated turnover is: ~20%



#	Description	Details
7	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. 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.
7	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, requirement of valuation report is not applicable.

The Audit Committee and the Board of Directors at their respective meetings held on May 12, 2023, approved the aforementioned related party transaction.

Except Mr. Arun Kumar Pillai, Promoter and Director of the Company and also Promoter and Managing Director 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 No.5 of the notice for approval of Members as an Ordinary Resolution.

#### **Item No. 6: Appointment of Mr. Kartheek Chintalapati Raju (DIN: 02921819) 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. Kartheek Chintalapati Raju (DIN: 02921819) as an Additional Director from July 5, 2023. Mr. Kartheek Raju was a director of the company during the period from August 4, 2021, to August 3, 2022, and he attended the Board meeting held on April 29, 2022.

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. Kartheek Chintalapati Raju:**

Mr. Kartheek Chintalapati Raju 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, Mr. Kartheek Chintalapati Raju 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.

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.

#### **Board's recommendation**

The Board of Directors is of the opinion that Mr. Kartheek Chintalapati Raju's experience and expertise in the finance will be beneficial to the Company. Accordingly, it has recommended the Resolution at item no. 7 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. Kartheek Chintalapati Raju: the consent in writing to act as a Non-Executive Director of the Company intimation that he is not disqualified under section 164(2) of the Companies Act, 2013. Disclosure of interest in other entities in terms of Section 184(1) of the Companies Act, 2013.

Mr. Kartheek Chintalapati Raju 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.

Details of Mr. Kartheek Chintalapati Raju 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. Kartheek Chintalapati Raju, 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 No.6 of the notice for approval of Members as an Ordinary Resolution.



**Item No. 7 - Appointment of Mr. Poorvank Purohit (DIN: 10158900) as a Managing Director & Chief Executive Officer (CEO) of the Company.**

The Board of Directors at their meeting held on July 5, 2023, pursuant to the recommendation of Nomination and Remuneration Committee has appointed Mr. Poorvank Purohit (DIN: 10158900) as Additional Director (Managing Director) & CEO of the Company for a period of three years with effect from July 5, 2023.

**Profile of Mr. Poorvank Purohit**

Poorvank has over 19 years of strong B2B experience in both API & Finished Dosage Forms. He is known as a transformational leader which are endorsed with his award of being "Person of the Year 2021" by Inner Review Magazine (March 2022 edition) and being featured among "Top 10 Chief Operating Officers 2021" across sectors by CEO Insights Magazine (September 2021 edition). His expertise lies in turning around companies for exponential growth and sustainable organization. Poorvank has built business across geographies with top Innovator/Generic/Dossier companies.

Poorvank is a Chemical Engineering graduate from M. S. Ramaiah Institute of Technology, Bangalore. An alumnus of IIMB and Wharton Business School, Poorvank has previously worked for leading pharma organizations viz Hikal, Alembic, Jubilant, Ranbaxy (Sun Pharma), R L Fine Chem (an API focused company) and has held leadership positions providing strategic direction and orchestrated business improvement programs.

**Proposed Remuneration**

The Board has recommended the following remuneration to Poorvank, which is in line with industry standards for a similar role:

<b>Salary</b>	
Fixed component	₹ 2.60 Crores per annum
Variable component	Up to ₹ 0.60 Crores per annum and retention payment of ₹ 0.30 Crores per annum
Other Benefits	As per the company policy ESOP granted/to be granted will be in addition to above remuneration.
Annual Increment in Remuneration	Not exceeding 30% of the last drawn remuneration as may be approved by the Nomination and Remuneration Committee and Board of Directors.

**Attendance at Board Meeting:**

Poorvank was appointed as Managing Director & CEO of the company with effect from July 5, 2023. Company has not convened any meetings post his appointment.

**Confirmations received from Mr. Poorvank Purohit:**

Poorvank has consented to act as Director in terms of Section 152 of the Companies Act, 2013 and has provided a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. Further, the Company has received a notice under Section 160 of the Companies Act, 2013 from a Member signifying the intention to propose the candidature of Mr. Poorvank Purohit as Managing Director & CEO of the Company.

**Board's recommendation**

As Managing Director & CEO, Mr. Poorvank Purohit will handle the entire operations and manage the entire P&L business of Company. The terms and conditions proposed are keeping in line with the remuneration package that is necessary to encourage good professionals with a sound career record for an important position as that of the 'Managing Director & CEO'.

The Nomination and Remuneration Committee and the Board recommend the appointment considering Poorvank's extensive expertise in the API business.

Information as required under Schedule V of the Companies Act, 2013 is enclosed as Annexure 1. Information as required under Regulation 36(3) of the Listing Regulations and Secretarial Standard 2 on General Meetings is enclosed as Annexure 2.

Board recommends his appointment to the Members as Managing Director & CEO of the Company, liable to retire by rotation, by passing Special Resolution as set out in Item No. 7 of this notice.

Except Poorvank none of the Directors, Key Managerial Personnel and their relatives, are in any way concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

By the Order of the Board of Directors  
**For Solara Active Pharma Sciences Limited**

Place: Bengaluru  
Date: 05.07.2023

**S. Murali Krishna**  
Company Secretary

**Information as required under Schedule V of the Companies Act, 2013 relating to Mr. Poorvank Purohit, is provided below:**
**1. General Information**

Nature of Industry	Pharmaceuticals (Active Pharma Ingredient (API) Manufacturer)
Date or expected date of commencement of commercial production	Not applicable, as the Company is an existing Company
In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable, as the Company is an existing Company
Financial performance based on given indicators (Standalone)	

Particulars	(₹ in Crs. except dividend per share)		
	2022-23	2021-22	2020-21
Total Revenue	1465.95	1,287.10	1,645.29
Total Expense (excluding exception items)	1510.73	1,375.27	1,424.33
Profit/ (Loss) After Tax	(22.21)	(58.56)	220.96
Interim Dividend, if any	-	-	4
Final Dividend	-	-	3
Total dividend for FY			7

Foreign investments or collaborations, if any	The Company is listed on the BSE Limited and National Stock Exchange of India Limited. As of March 31, 2023, the Foreign Holding in the Company was at 31.11%. The Company does not have any Foreign Collaborations.
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**2. Information about Appointee**

Name	Poorvank Purohit
Background details, Recognition/ Awards, Job Profile and Suitability to the role, Past Remuneration and Remuneration proposed	As mentioned in Explanatory Statement under Item No. 7
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Considering the significant expertise of the Appointee in his respective areas and acknowledging the responsibilities shouldered by him, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar level counterpart(s) in other companies to encourage good professionals with a sound career record.
Pecuniary relationship directly or indirectly with the Company or relationship with the director / key managerial personnel, if any	The Appointee do not have any pecuniary relationship with the Company other than the remuneration he received/will receive as Managing Director & CEO of the Company and is not related to any director/ key managerial personnel of the Company.

**3. Other information**
**a) Reasons of loss or inadequate profits:**

The Company's FY23 performance was muted mainly due to subdued regulated market demand and higher costs driven by volatile material pricing environment and increase logistics costs and the business had started to see normalcy during the second half of FY23 and expect to see the same normalcy in the forthcoming years. This Special Resolution is proposed pursuant to the sub-section (1) of Section 197 of the Companies Act, 2013 as a matter of abundant precaution as the profitability of the Company may be adversely impacted in future due to business environment during the period for which remuneration is payable to Mr. Poorvank Purohit

**b) Steps taken or proposed to be taken for improvement:**

Our strategy comprises to aggressively focus on newer growth segments including an uptick in

the non-ibuprofen product sales, CRAMS and the newly launched niche APIs, supply chain, rationalized cost structure, intelligent synergies, smart R&D and technology acumen; and above all commitment to always remain ahead in the compliance marathon.

**c) Expected increase in productivity and profits in measurable terms:**

The Company has taken various initiatives to maintain its leadership, improve market share and financial performance. It has been aggressively pursuing and implementing its strategies to improve financial performance. We continue to expand our scale across key markets to take the fastest lane to relevant opportunity, maximize our portfolio, reach out to more customers and strengthen our margins.

**Details of Directors seeking appointment through AGM**

[Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard 2 on General Meetings]

<b>Name of Director</b>	<b>Kartheek Raju Chintalapati</b>	<b>Poorvank Purohit</b>
Date of Birth	16.05.1987	21.04.1979
Nationality	US	Indian
Date of first appointment to the Board	July 5, 2023	July 5, 2023
Brief Resume	Detailed profile of the appointee's is available in Explanatory Statement to the Notice.	
Qualifications		
Experience/Expertise in specific functional area		
No. of shares held in the Company, including shareholding as a beneficial owner	Nil	Nil
List of Directorships held in other Companies including listed entities	Nil	Nil
Names of listed entities from which appointee has resigned in the past three years	Solara Active Pharma Sciences Limited	Nil
No of board meetings attended during the year <sup>^</sup>	1 (One) - During the year 2022-23	Nil
Chairman/ Member in the Committees of the Boards of companies in which he is Director to	Nil	Risk Management Committee – Member Corporate Social Responsibility Committee – Member
Relationship between director inter-se and other Key Managerial Personnel of the company	None	
Remuneration details (including sitting fees & Commission)	Nil	As mentioned in the Explanatory Statement to the Notice
Last drawn remuneration in Solara	Nil	Nil
Other terms and conditions of appointment	As mentioned in the Explanatory Statement to the Notice	

<sup>^</sup> The details are given for the financial year 2022-23 and current financial year till the date of this Notice.

By the Order of the Board of Directors  
**For Solara Active Pharma Sciences Limited**

Place: Bengaluru

Date: 05.07.2023

**S. Murali Krishna**  
Company Secretary



### **REGISTERED OFFICE**

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Sector 17, Vashi,  
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CIN: L24230MH2017PLC291636

### **CORPORATE OFFICE**

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