SOLARA
Active Pharma Sciences

CUSTOMER CENTRICITY / NEW MARKETS AND NEW PRODUCTS / CONTINUOUS IMPROVEMENT / ENGAGED EMPLOYEES

STRONG FOUNDATION. ACCELERATING GROWTH.

ANNUAL REPORT
2019-20

Contents

"Since its inception in 2018, Solara's strategy has been to focus on growth and operational efficiencies. Growth drivers include new markets and filing new products. Operational drivers include cost savings on raw materials, capacity rationalisation and improvements in productivity."

Jitesh Devendra
Managing Director

FY 2019-20 key highlights

REVENUE
(₹ in crores)
1,349.27
↓ 4%

EBITDA
(₹ in crores)
279.34
↑ 21%

EBITDA MARGIN
(%)
20.7%
↑ 420 bps

R&D INVESTMENT
(₹ in crores)
46.96
↑ 5%

TOTAL ASSETS
(₹ in crores)
2,153.50
↑ 10%

↑ YoY growth in FY 2019-20
↓ YoY de-growth in FY 2019-20

Our strategy over the last three years has been a fairly simple one – to ensure that we extend the most efficient platform for future growth.

A great deal of work has been undertaken to lay down strong fundamentals, simplify processes and make them more effective. We have Implemented programmes specifically focused on rationalising costs, ramping up capacity, improving market competitiveness and delivering material benefits, including a significantly streamlined product offering. We continue to build in greater intrinsic value in our portfolio, tailoring them to address different market opportunities and fulfil varied customer prerequisites.

Today, we offer a basket of diversified, high-value commercial APIs and contract manufacturing services in over 75 countries. We cater to requirements of every scale, from milligram to metric tonne. We cover the entire life cycle of a new chemical entity, from pre-clinical and clinical phases to validation and commercial supply, while fully complying with domestic and international guidance. We have a strong team of talented scientists functioning from two state-of-the-art research centres which are supported by six highly compliant, large scale multi-product facilities. Our integrated quality management system, across the value chain right up-to product delivery, ensures consistency in the quality, efficacy and safety of products. We adhere to the most stringent environment, health and safety, and legal regulations, exceeding the mandate in most cases. We optimise our resources in a way that mitigates pollution, reduces energy consumption, conserves water and minimises waste.

The world in we which operate is changing rapidly and we are positioning Solara to thrive in this environment. With a reliable foundation in place, our objective is to sharpen our focus in areas where we are strongest; ensure that we have the scale and supply chain reliability to compete profitably across product categories; and leverage our capacity to innovate in addressing unmet market needs.

CORPORATE PORTRAIT

Who we are

Solara is a research-centric and customer-driven Active Pharmaceutical Ingredients (API) manufacturer, with a footprint across 75+ countries. We benefit from a legacy of over three decades and trace our origin to the API expertise of Strides Shasun Ltd. and the technical know-how of human API business from Sequent Scientific Ltd.

Our objective is to bridge industry gaps by delivering value-based products that cater to evolving customer requirements. We are poised to grow as a leading 'global pure-play API company' with focus on highly compliant business operations and customer advocacy.

DOING WHAT IS 'RITE' FOR CUSTOMERS

Vision

We will be amongst the Top 10 Pure-Play Global Active Pharmaceutical Ingredients Company that builds significant value for our partners, stakeholders and shareholders, committed to protect Human life and the Environment.

Values

R

Respect

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

Mission

To be a Customer-Centric Organisation delivering APIs of high quality.

SOLARA IN A NUTSHELL

30+
Years of experience in APIs, intermediates and CDMO services

6
Globally compliant manufacturing sites

2,000kl+
Capacity and capabilities in high vacuum distillation, hydrogenation, halogenation, Grignard reaction and polymer chemistry, among others

2
R&D centres with focus on developing APIs, CR services, CIP and new technologies

2,300+
People across multiple locations, embracing our culture of integrity and transparency

200+
Scientists with strong technical leadership to develop high quality services that create strategic value for our partners and customers

150+
Drug Master Files (DMFs)

25
Successful USFDA audits across different sites

I T E

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.

Our businesses

API and intermediates

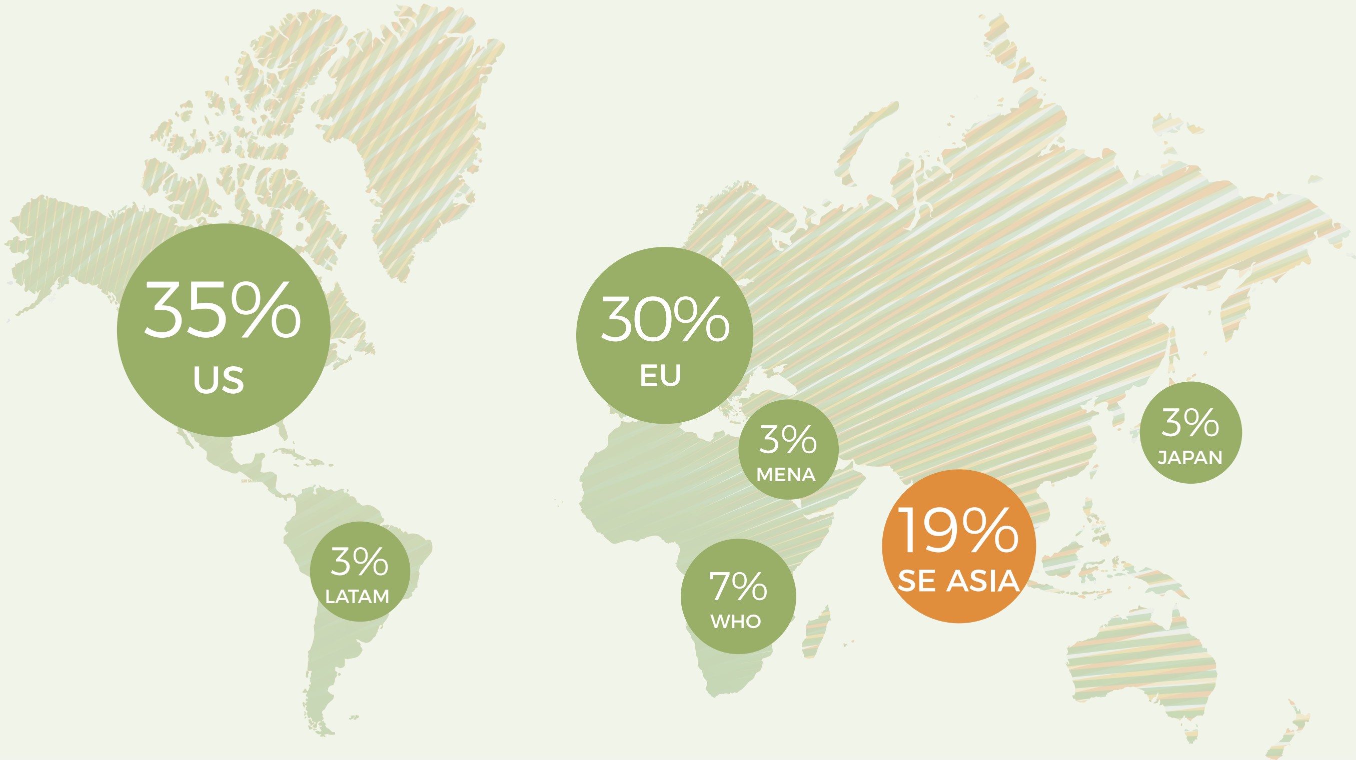
We develop and produce generics and commercial APIs across niche therapeutic categories, with proven capabilities in complex products like APIs based on polymers and injectables. Our existing portfolio includes 80+ commercial APIs and 25+ APIs under development across high-value product segments.

Contract Research and Manufacturing Services (CRAMS)

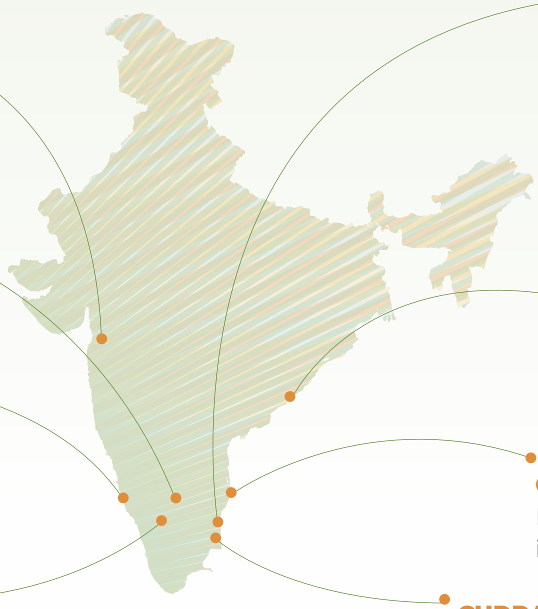
We provide differentiated services for APIs, including contract development and manufacturing, analytical services, impurity synthesis and profiling to our customers. Our capabilities in contract development and manufacturing (on a full-time basis) span the entire value chain of a new chemical entity, from pre-clinical to commercial phases, from lead analogues, building blocks, reference studies and custom synthesis for pilot campaigns to clinical supply and so on.

Enduring relationships across the globe

World over, we enjoy foothold in key markets and have established long-term bonds with our customers.



Manufacturing assets



AMBERNATH
Multi-purpose API and intermediate facility

BENGALURU
Research and innovation centre

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

MYSORE
Key intermediate manufacturing site

PUDUCHERRY
- Multi-purpose API and intermediate facility
- One of the world's largest Ibuprofen manufacturing facilities
- Highly flexible pilot plant with a broad range of equipment

VISAKHAPATNAM
Commissioned state-of-the-art greenfield, multi-product facility

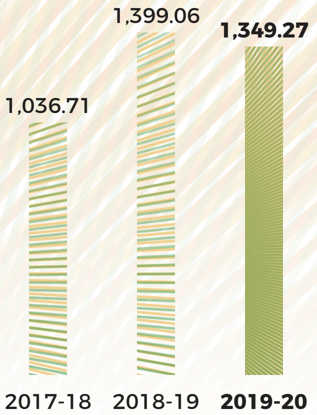
CHENNAI
Research and innovation centre

CUDDALORE
Multi-purpose API and intermediate facility

PERFORMANCE HIGHLIGHTS

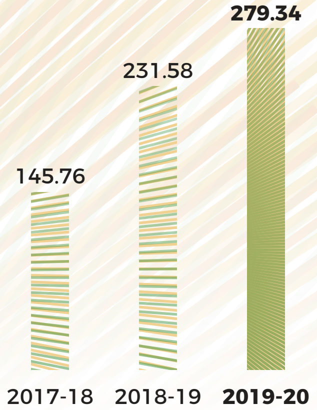
Growing with confidence

REVENUE FROM OPERATIONS
(₹ in crores)



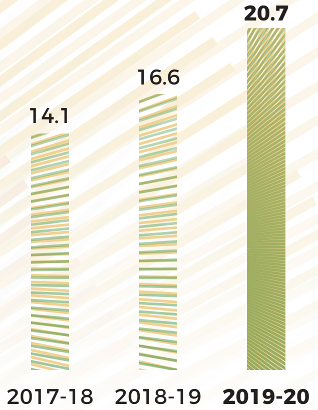
4%

EBITDA
(₹ in crores)



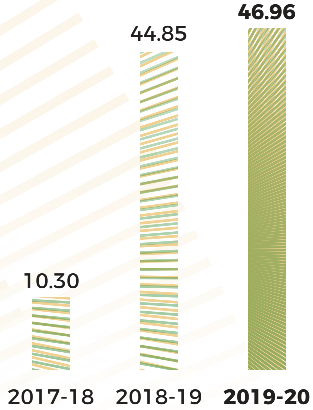
21%

EBITDA MARGIN
(%)



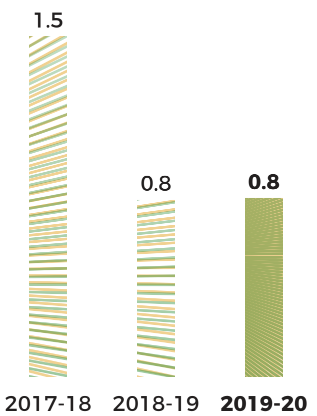
420bps

R&D INVESTMENTS
(₹ in crores)

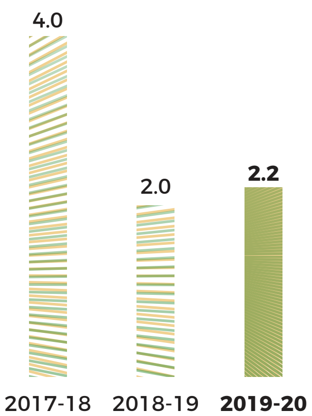


5%

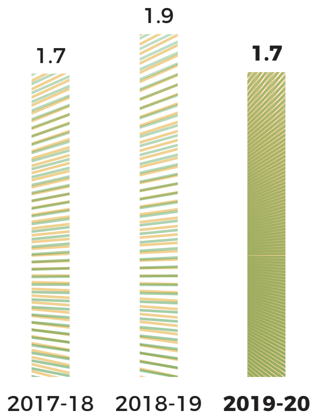
NET DEBT/EQUITY*
(X)



NET DEBT/EBITDA*
(X)



FIXED ASSET TURNOVER**
(X)



YoY growth in FY 2019-20

YoY de-growth in FY 2019-20

* Net debt = Non-current borrowings add Current borrowings less Cash and cash equivalents less Current loans receivable from related party.
** Fixed Asset Turnover for FY2019-20 is after adjusting for fixed assets of Vizag unit.

1. FY 2017-18 financial numbers are based on unaudited proforma financial statements. The unaudited proforma financial numbers were arrived at by consolidating the audited financial information of the Company for the period from February 23, 2017 to March 31, 2018 with the financial information of the commodity API business of Strides and the human API business of Sequent, extracted from the reviewed books of accounts of Strides and Sequent for the quarter ended June 30, 2017 and September 30, 2017.
2. FY 2018-19 and FY 2019-20 financial numbers are based on audited consolidated financial statements.
3. The above financial numbers are for continuing business.

OPPORTUNITY LANDSCAPE

Trends shaping the industry

The contract development and manufacturing organisation (CDMO) industry is highly fragmented. Consolidation in the industry has been partly driven by the desire to diversify capabilities, so that CDMOs can effectively provide customers with comprehensive end-to-end drug development and manufacturing services, while reducing operational costs.

- The pharmaceutical contract manufacturing market is projected to grow at an annualised rate of 4.8% between 2018 and 2028.
- Within the contract formulations market, solid dose compounds lead with 50% followed by injectables (33%) and semi-solid/liquid compounds (17%). The growth is likely to be driven by injectables due to increased focus on targeted therapies, such as like oncology.
- In 2018, small molecule drugs accounted for 58% of the industry's pipeline. They have also seen more success with the FDA, as 49% of approved new drug applications in 2017 were for tablets.
- Owing to the growing demand and rapid growth in the highly potent API (HPAPI) market, this is an attractive area for investment by numerous Contract Development & Manufacturing Organisations (CDMO)/contract manufacturing organisations (CMOs). Firms with existing High Potent Active Pharma Ingredient capabilities are busy expanding their facilities, while many without, sought to acquire existing businesses or added HPAPI capacity.
- Given the complexity of manufacturing, an estimated 70-80% of Antibody Drug Conjugates manufacturing is outsourced to Contract Development & Manufacturing Organisations (CDMOs) that specialise in this category. Although dominated by oncology, the Antibody Drug Conjugates field is now broadening and being developed for other areas, such as immunotherapy.
- Small molecule drugs are becoming increasingly complex and targeted; consequently, the development of new drugs for small patient populations is necessitating a new approach – one that will increase the global capability to handle high potency medicines.
- A third of global value comes from the following five therapy areas, which contribute over 55% of global growth: oncology, antidiabetics, autoimmune conditions, pain respiratory
- The high growth sterile injectable space is expected to reach US$657 billion by 2024 at a growth rate of 8%
- Oncology continues to grow, with 60% of all high potency drugs being developed for cancer. partnership with external CDMOs is the preferred route for oncology drug development, due to its unique needs and rapid programme progression
- With increasing privatisation of clinical trials, there has been an upswing in the outsourcing of research processes in developing regions, such as China and India.

Read about the impact of COVID-19 on the industry in our Management Discussion & Analysis on Page 10

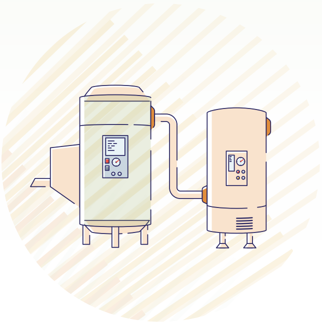
Source:
1) https://www.iqvia.com/insights/the-iqvia-institute/reports/the-global-use-of-medicine-in-2019-and-outlook-to-2023
2) https://www.pharmamanufacturing.com/articles/2019/cdmo-trends-drug-development-and-industry-consolidation
3) https://www.europeanpharmaceuticalreview.com/article/113231/trends-in-the-cdmo-industry-for-2020/
4) https://www.wateronline.com/doc/the-pharma-trends-you-need-to-know-a-cdmo-s-perspective-0001

VALUE DRIVERS

Engines of value creation

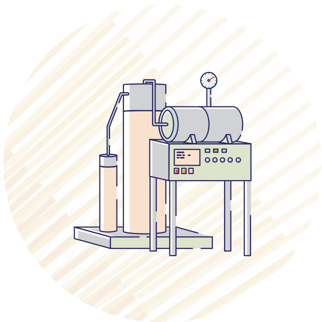
We emphasise efficiency as the only route to progress in a highly competitive and fragmented market such as ours. Our objective is to innovate, develop, manufacture and supply high-quality APIs worldwide.

We seek niche product segments that are comparatively less crowded to maximise value from each of the geographies we are present in. We consciously favour value over volume, thereby limiting pricing pressure in the long term and creating capacities after assuring demand.



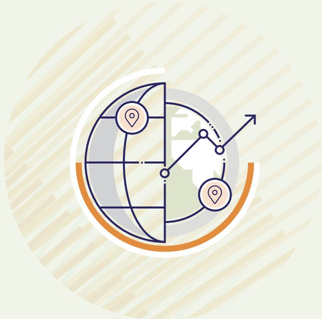
Infrastructure and capabilities

We have six globally compliant API and diversified facilities with capacity over 2,000 kl. Our abilities include complex chemistry capabilities, including handling of catalytic hydrogenation, hydride reductions, organometallic reactions and hazardous reactions, among others. Our upcoming greenfield site is expected to drive quality and compliance to the next level.



Extensive portfolio

We offer rich basket of niche high-value products for global markets. We have developed 80+ commercial APIs predominantly in anthelmintic, anti-malarias, anti-infective, neuromuscular insomnia and anti-psychotic hyperkalemia segments, among others. We also reinforce entry barriers to competition and build strong intrinsic value through market-specific launches.



Worldwide presence

We have established strongholds in key regulated markets and growth territories and now have a presence in 75+ countries. We also have 150+ DMF filings across the world and will further deepen our footprint in high-margin markets.

Robust research facilities

We have two research and development units – in Bengaluru and Chennai – equipped with state-of-the-art facilities and a pipeline of 25+ products, at different stages of development. These drugs primarily deal with anthelmintic, anti-malarias, beta blockers, muscle relaxants, novel oral anti-coagulants, anti-infective and other niche segments.

Compliance

Our manufacturing facilities enjoy regulatory approvals from the United States Food and Drug Administration (USFDA); European Directorate for the Quality of Medicines (EDQM); Korea Food & Drug Administration (KFDA) – South Korea; Euro Zone – Good Manufacturing Practice (EU-GMP) – Danish, World Health Organization (WHO) – Geneva; Medicines and Healthcare products Regulatory Agency (MHRA); Federal Commission for the Protection against Sanitary Risk (Cofepris) – Mexico; Therapeutic Goods Administration (TGA) – Australia; Pharmaceuticals and Medical Devices Agency (PMDA) – Japan.

Cost rationalisation

We implement a range of proactive cost improvement programmes to stay competitive, expand margins and streamline efforts across the spectrum of our offerings.

FROM THE MANAGING DIRECTOR'S DESK

A successful past. A promising future.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to share the progress we have made for 2019-20.

Since its inception in 2018, Solara's strategy has been to focus on growth and operational efficiencies. Growth drivers include new markets and filing new products. Operational drivers include cost savings on raw materials, capacity rationalisation and improvements in productivity.

We are happy that operational efficiencies started to yield the benefit in FY 2019-20.

STEADY PERFORMANCE

While the total revenue is at ₹ 1,349.27 crores, it is a degrowth of 4% from ₹ 1,399.06 crores in FY 2018-19. The operating EBITDA grew by 15% at ₹ 328.04 crores compared with operating EBITDA of ₹ 286.24 crores in FY 2018-19, driven by sales of new products, capacity rationalisation and benefits realised from our cost improvement programmes.

We witnessed broad improvements across key financial ratios. Though our net debt increased from ₹ 461.6 crores in FY 2018-19 to ₹ 600 crores in FY 2019-20, net debt-EBITDA trails at 2.2x, as against 2.0x at the end of FY 2018-19. ROCE grew from 14.1% in FY 2018-19 to 16.8% in FY 2019-20, which speaks of our efficient use of capital in generating higher returns for stakeholders.

Despite sales of one of our key APIs being suspended by the US Food and Drug Administration (FDA) and the rapidly escalating novel coronavirus outbreak, we are confident that Solara's strong foundation will help us withstand challenges presented by the operating environment.

IMPACT OF COVID-19

The pandemic has had a major impact on global economy. The rise in the novel coronavirus cases worldwide led many countries to impose social distancing measures on mobility to contain the spread of the disease. The pan-India lockdown has impacted the manufacturing sector, in particular, with restrictions on mobility disrupting supply chains and logistics. The pharmaceutical industry gains from some relaxation in regulations, as it is classified as essential services.

At Solara, we have taken every step to ensure employee safety. We have incorporated suitable systems and practices to maintain operational readiness without compromising the health and wellbeing of our people. Fortunately, our dependence on China is limited and prior to the outbreak being declared a pandemic, we had covered the inventory, wherein we were dependent on China.

Issues related to import and local transportation of raw materials and finished goods have impacted our sales. As China resumes production, we believe the situation related to availability of raw materials will be less of a challenge.

OPPORTUNITIES ON THE HORIZON

We believe COVID-19 has opened up opportunities for the Indian pharmaceutical sector. Excess dependence on China has led to dual source qualification, while stocking of essential medicines has led to increased demand in short to medium term.

Incentivising local Industries to manufacture APIs and Key Starting Materials (KSMs) as well as promoting bulk drug parks, through the Government of India's 'Make in India' initiative will be a big boost for Indian manufacturers.

According to a Report by Oommen C. Kurian and Kritia Kapur, estimates indicate that India supplies up to 50% of the US' generic drug needs[1]. Vulnerabilities caused by COVID-19 caused disruptions across global pharmaceutical supply chains. India will be keen on reassessing dependencies and planning for the future.

The Government's own estimates rank India 3rd in the world for pharmaceutical production by volume and 13th by value[2]. It accounts for ~10% of the world's production by volume and 1.5% by value. This apparent discrepancy points towards the relatively lower price of Indian pharmaceutical products and the strong demand they enjoy in the global market. A major supplier of affordable low-price drugs globally, India is often dubbed as the 'pharmacy of the world' by experts[1].

Solara initiated efforts to backward integrate the KSM of its key APIs and collaborate with local manufacturers to reduce its dependence on China. While there are cost differences between India and China, the deciding factor in a post-COVID-19 world will be supply chain reliability.

GROWTH LEVERS

The growth pillars of our business are APIs and CRAMS.

Solara is well positioned in the API space with its global presence and leadership position in top 10 APIs. We continue to invest in our two R&D centres for new products and support market expansion of our existing APIs along with cost improvement programmes. We have filed four new DMFs in 2019-20, taking our new DMF count in the last two fiscals to 12, with different phases of launch over the next few years. We also extended 6 APIs across 8 new markets. Enabled by this combination of launches of new products and new markets, the API business will deliver on our ambition to emerge as one of the top 10 pure-play API companies globally.

As regards our second growth pillar, CRAMS today accounts for 10% of our total revenue pie. The success of CRAMS depends on quality, safety compliance and supply chain dependability. Although cost too plays a role, in today's quality-obsessed world, it is not key while evaluating new suppliers/collaboration. Solara has earmarked funds, raised through equity subscription from promoters and the TPG group, for inorganic acquisition. This will enhance our growth in this segment, while we continue to build business value the organic way. During the year, we bid on new proposals, of which we expect to win some new business in FY 2020-21. The lockdown in global economies resulted in slowdown on some of the activities, but to reiterate, we expect new opportunities to arise for the Indian pharma sector operating in this space, to mitigate risk of over-dependence on China.

LEADERSHIP SUCCESSION

Now, I am pleased to announce that Mr. Bharath Sesha came on board as the CEO of Solara this year.

Bharath joins Solara from Nalco Water, India, where he was the Managing Director. He brings with him over two decades of experience, one of which he spent leading diverse businesses, especially pharmaceuticals. He has held CXO level positions in companies like Philips, DSM Sinochem Pharmaceuticals and Royal DSM NV. Throughout his professional career, Bharath has focused on managing the business growth and profitability of companies. He has worked in countries like USA, Hong Kong, China, the Middle East, Egypt, Africa and Europe. Bharath is an Engineering graduate with a management degree from the Institute for Technology and Management, Chennai. He also has a Master's degree in International Management from Thunderbird School of Global Management, USA.

Bharath's joining as the CEO is a turning point in our transition to the next phase of growth. Please join me in wishing him good luck for the future.

Thank you

Before I conclude, I must share a few of my parting thoughts with you.

It has been one of my most fulfilling pursuits, leading this young company and being part of its exciting and extraordinary journey. I will take this opportunity to thank the Founders, my fellow Board members and you, the Shareholders, who reposed your trust in me and extended your full support in building Solara to what it has attained today.

I am also grateful to the passion and hard work of my colleagues at Solara, who helped me achieve all possible outcomes with their selfless commitment. Personally, this has been a very emotional decision and it is tough to disengage from a Company I have been involved with since its inception. That said, I continue to be positive on the future of Solara, and I genuinely believe that Solara gets an exceptionally talented leader in Bharath.

Warm regards,

Jitesh Devendra
Managing Director

Source:
1) https://www.cnbc.com/2020/03/24/us-drug-shortage-fears-grow-as-india-locks-down-due-to-the-coronavirus.html
2) https://www.investindia.gov.in/sector/pharmaceuticals

CHIEF EXECUTIVE OFFICER'S COMMUNIQUE

Aspiring for growth in a changing world

Dear Shareholders,

I am delighted to have the opportunity to write to you, on the eve of completing eight months at Solara. As you have read from the Managing Directors letter, the Company is uniquely positioned in a fast-growing industry.

Solara since inception has been working on strengthening its strategic levers to be able to address the immense opportunities that the future holds in store. In my inaugural letter to you, I would like to talk about the four pillars that assume highest priority at the Company for the financial year FY 2020-21 and the steps taken to fulfil its ambition. The four pillars are: customer centricity, new markets and new products, continuous improvements and engaged employees.

Allow me to delve into each of these below.

CUSTOMER CENTRICITY

I am glad to report that Solara has been able to build deep and meaningful relationships with many of our customers. This is a holdover from the strong legacy of our mother companies and the efforts spanning the last three years to deepen that. Our customer churn is extremely low due to our relationship and transparency with them. This is a testament to not only the strong relationships we forged but also the reliability we bring as brand Solara. We plan to further anchor this by focusing on supply chain risk management in the coming years. I am confident that Solara will continue to be a partner of choice for the industry.

NEW MARKETS AND NEW PRODUCTS

Growth is the life blood of any business, both in the top and the bottom line. The strong customer centricity we have as a company also helps us understand and address our customer needs in an excellent manner. Currently we see opportunities in expanding sales to existing customers through new products. We see increasing share of wallet of existing customers as means to efficient growth. This is something we want to build on, as we bring new products into the market. We have ambitious plans for launching at least 15 products via new products or extending existing products to new markets in FY 2020-21. We see that this will greatly add to growth, not only in the current year but for years to come.

While expansion via new products is one vector we will engage with, "Growth is the life blood of any business, both in the top and the bottom line. The strong customer centricity we have as a company also helps us understand and address our customer needs in an excellent manner."

expansion into new markets is also a focus area. We see opportunities for our existing products in markets, such as Latin America, South East Asia and Africa. We have a phased approach to grow in these markets and are, accordingly investing resources to facilitate this growth.

CONTINUOUS IMPROVEMENT

Solara firmly believes that we need to constantly find efficiencies in everything that we do. Be it at the sites, in our processes or at our R&D centres, we focus on being efficient and effective. We have a strong track record of maintaining world-class cost positions on many of our products. On the strength of their solid performance, our supply chain team continues to balance continuous improvement on costs with adequate supply risk management. Solara has a robust process to manage, monitor and mitigate any inefficiencies and, thereby building a culture of continuous improvement.

ENGAGED EMPLOYEES

Solara understands that employee engagement is one of the key leading indicators that underpin strong financial performance. We are cognisant that the pharmaceutical industry is knowledge-driven and hiring, retaining and engaging talented people is key to sharpening our competitive edge. We have taken our first steps towards building a preferred employer brand and inculcating a culture that enables employees to do their best every day. Recognising that purpose-driven companies deliver better, we made efforts to identify and articulate our purpose as Solara. We have also taken some specific actions on talent identification and development to support our growth aspirations and emerge as a talent destination.

The stage is set. Razor sharp focus on the above four aspects will help us execute with confidence and agility, while pursuing accelerated growth in a changing world.

As we embark on the fourth full year of operations, we remain poised to benefit from the positive macros of the industry.

I would be remiss if I did not place on record the immense contribution Jitesh has made to Solara.

From nurturing a new company to building a solid platform of people, processes and plans, the work that Jitesh led and accomplished in a short time has strengthened the Solara foundation for a bright future. His legacy at Solara is something that will last a long time. The team he has built and the culture he was creating will stand Solara in good stead.

I want to also personally thank him for the support and insight he provided to me during this transition phase.

Warm regards,

Bharath Sesha

Chief Executive Officer

CUSTOMER CENTRICITY

At the centre of our growth model

At Solara, customer advocacy is the bedrock of our enterprise. Our business development structure is aligned to execute our strategies seamlessly, while focusing on customer service, complaints, supply assurances and receivables.

Wide gamut of service offerings

We offer a range of services across the development chain, including contract development (lead analogues, building blocks); custom synthesis (pilot campaigns, clinical supply); contract manufacturing (APIs and advanced intermediates) and analytical and regulatory support.

Services spanning the development chain

CHEMISTRY
- Hit to lead
- Lead optimisation

PRE-CLINICAL
- Synthesis and purification
- Reference standard and impurities

PHASE 1 TO PHASE 3
- Process optimisation
- cGMP production

COMMERCIAL
- Process validation
- Capacities
- Cost advantage

Strong product pipeline

FDA	edqm	Health Canada	
82	22	14	06
World Health Organization	Pmda	EUROPEAN MEDICINES AGENCY	Ministry of Food and Drug Safety
11	08	05	14

Differentiated approach for API business

FOCUS ON END-TO-END PROCESS

CUSTOMER CENTRICITY AT THE CORE

CLOSE AND COHESIVE ALIGNMENT WITH ANALYTICS AND R&D

Promising approach for CRAMS business

CONFIDENTIALITY
Customer confidentiality guaranteed

RESPONSIVENESS
Highly responsive, customer-focused teams from inquiry to delivery

PERFORMANCE
Delivering performance against KPIs, even at the proposal stage

TEAM
Dedicated project management, driving project execution and responding to customer need

TRANSPARENCY
High level of communication, visibility and customer involvement

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

Organic and inorganic opportunities

We are developing a multi-purpose greenfield facility at Vizag, India to cater to our future growth opportunities. The ₹ 250 crores facility is in phase 1 of development and will serve as an alternate site for our key APIs as a supply chain reliability and de-risk strategy. It will have dedicated and multi-purpose blocks for large volume and mid-small volume APIs. We expect it to have validation for supply of new products between May 2020 and June 2020. It will also include a dedicated facility for the CRAMS business.

We are looking at acquiring appropriate assets in the West to serve our customers better in these regions. We also offer state-of-the-art infrastructure and instrumentation for our existing customers in a collaborative manner.

NEW MARKETS AND NEW PRODUCTS

Emerging as a global pure-play API player

We continue to respond strategically to opportunities in different markets and product segments with focused initiatives Our worldwide presence constitutes established strongholds in key regulated markets and growth territories, where we are now expanding our sphere of influence.

New product focus

Developing and introducing new product molecules first to market is part of our growth strategy. New products launched contributed towards 7% of our overall sales in the year. During the year, we had a list of new chemical entity (NCE) molecules under development and quick-to-launch and Phase-III molecules under review, while market-specific opportunities were accessed. We have 25+ products in our development pipeline spread over niche therapy segments, such as anthelmintic, anti-malarias, beta blockers, muscle relaxants, novel oral anti-coagulants, anti-infective and other niche segments.

New market focus

North America, the European Union and Japan continue to be our key markets, with focus also emerging on Latin America, South East Asia and Africa. We have 150+ DMFs filed world over, four of which were filed in the reporting year. During this period, we also extended our market portfolio for 6 of our existing products into 8 new geographies. We already filed two Drug Master Files (DMFs) in China and will continue to file more in the future. Our manufacturing sites are 'Zero Liquid Discharge', which will benefit our efforts to make a mark in the Chinese market.

Key highlights FY 2019-20

- **New products** accounted for **7%** of total revenue
- **Top 10** customers accounted for **50%** of revenues
- **Top 10** products accounted for **77%** of revenues
- **8 new** markets accessed for 6 existing products
- **4 new products** commercialised
- **4 new** DMFs filed worldwide

CONTINUOUS IMPROVEMENT

Relentless pursuit of excellence

At Solara, driving efficiency and excellence is a ceaseless process and integral to our strategy.

Every product or service is a combination of world-class research, strong quality focus, regulatory compliance, on-time project delivery and stringent Environment, Health and Safety practices.

Dedicated research and development capabilities

Our research centres situated in Bangalore and Chennai are equipped for advanced product development.

PRODUCT SELECTION
We focus on differentiated products characterised by complex formulations across diverse therapeutic categories.

TECHNICAL EXPERTISE
Our strong technical leadership enables us to develop high-quality pharma products that create strategic value for our partners and customers.

DEVELOPMENT
We have the R&D capability to develop an entire cycle with new and better technologies at competitive cost.

REGULATORY FILINGS
Our robust Intellectual Property (IP) assessment capabilities and strong global regulatory expertise help our customers to receive quick approvals from agencies.

Quality and compliance assurance

At Solara, quality and compliance are never compromised. There are several checks and balances in place to ensure quality remains a priority at every step in our processes. We comply with global regulatory agencies and our sites are periodically inspected by these international bodies.

APPROVALS AT MANUFACTURING SITES

Regulatory Agency	Puducherry	Cuddalore, Tamil Nadu	Mangalore, Karnataka	Ambernath Maharashtra
FDA United States	✓	✓	✓	✓
edqm Europe	✓	✓	✓	✓
World Health Organization Geneva		✓	✓	
CDSCO India	✓	✓	✓	✓
TGA, Australia		✓	✓	
MHRA United Kingdom	✓	✓		
Pmda Japan	✓	✓	✓	
Regierung von Oberbayern Germany	✓			
Ministry of Food and Drug Safety MFDS, South Korea	✓	✓	✓	

CONTINUOUS IMPROVEMENT CONTD.

APPROVALS AT MANUFACTURING SITES

Regulatory Agency		Puducherry	Cuddalore, Tamil Nadu	Mangalore, Karnataka	Ambernath Maharashtra
Cofepris Comisión Federal para la Protección contra Riesgos Sanitarios	Mexico	📍	📍		
JAZMP	Slovenia	📍			
LÆGEMIDDELSTYRELSEN DANISH MEDICINES AGENCY	Denmark	📍	📍		
agencia española de medicamentos y productos sanitarios	AEMPS, Spain			📍	
HPRA An tÚdarás Rialála Táirgí Sláinte Health Products Regulatory Authority	Ireland	📍	📍		

Environment, Health and Safety (EHS)

We comply with applicable EHS, Legal and other requirements. We optimise our resources in a way that reduces and prevents pollution, energy consumption and increases water conservation. We undertake several programmes to treat wastewater containing dissolved solids, dispose waste to authorised landfills in a safe manner and recycle treated water within the premises. We have a zero-liquid discharge (ZLD) system, a biological treatment plant and a multiple effect evaporation (MEE) plant across our manufacturing sites.

With multiple growth enablers in place, we are set to scale the business further. We are cognisant of the evolving trends in the industry and are focused on continuous improvements to leverage upcoming opportunities.

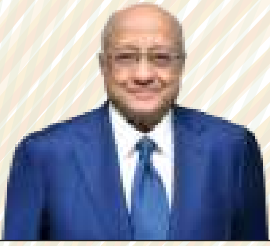
ENGAGED EMPLOYEES

Engaging the team, growing our Company

A top priority for Solara is to create an engaged workforce which will drive the organisation to sustained performance. To this end, we have taken concrete steps to make Solara a great place to work for top talent.

The roadmap for this journey started with identification, articulation and communication of the Company's purpose. We are currently implementing organisation development processes including competency profiling, identification of training needs, individual development plans, assessment of potential, identification and fast tracking of future leaders from within the Company. The basis for these being our values – RITE, the bedrock on which our culture stands. Our engaged workforce will be our USP which will propel us to our desired position.

BOARD OF DIRECTORS



Mr. Deepak Vaidya
Chairman &
Non-Executive Director

Mr. Nirmal Bhogilal
Independent Director

Mr. Ramakrishnan R.
Independent Director and
Audit Committee Chairman

Dr. Kausalya Santhanam
Independent Director

Mr. Ronald Tjeerd de Vries
Independent Director

Mr. Ankur Nand Thadani
Non-Executive Director

Mr. Jitesh Devendra
Managing Director

Mr. Hariharan S
Executive Director and
Chief Finance Officer

Mr. Deepak Vaidya
Chairman & Non-Executive Director

Mr. Vaidya is a Fellow Member of the Institute of Chartered Accountants in England and Wales. He was the Country Head of Schroder Capital Partners (Asia) Pte. Ltd. for over 12 years. Mr. Vaidya specialises in corporate financial services in India and abroad. He also serves on the Board of several reputed companies.

Mr. Nirmal Bhogilal
Independent Director

Mr. Bhogilal is the Chairman of the Batliboi Group. The Group's operations are in machine tools, textile machinery, air engineering and pollution control equipment, rotating machines, wind energy and logistics. He is a former President and a Committee Member of the Indian Machine Tool Manufacturers Association (IMTMA). He has Chaired various committees of the Confederation of Indian Industry (CII) at the National and Western region level and is a member of the CII National Council. He is a Committee Member and former President of the Indo German Chamber of Commerce. He is also a Committee Member of the Forum of Free Enterprise and a Council Member of the National Centre for the Performing Arts (NCPA). He is an Independent Director of Chowgule Industries Pvt. Ltd. and Eimco Elecon (I) Ltd.

Mr. Ramakrishnan R.
Independent Director and Audit Committee Chairman

Mr. Ramakrishnan is a Fellow Member of The Institute of Chartered Accounts of India and a Law Graduate from Bangalore University. He is a practising Chartered Accountant and a Management Consultant at Bangalore with 36 years of experience in Direct Tax matters, Audit and Assurances. He was nominated by KSIIDC for a few listed companies. He also serves on the Board of several reputed companies. He is a Managing Trustee for RRK Foundation, which financially supports over 100 students of higher secondary schools belonging to economically weaker sections, and a Trustee for a few philanthropic organisations. He is an Independent Director and Audit Committee Chairman of the Company.

Dr. Kausalya Santhanam
Independent Director

Dr. Santhanam, Founder of SciVista IP & Communication (www.scivistaip.com) is a patent attorney registered with the Indian Patent Office and the US Patent and Trademark Office. She has a PhD in Cell Biology and Immunology from the Post Graduate Institute of Medical Education and Research (PGIMER), Chandigarh. Her post-doctoral training was in Cancer Biology at the Centre for Cellular and Molecular Biology (CCMB), Hyderabad, where she published her studies in peer reviewed journals. Later she went as a National Research Council (NRC) Fellow to the Walter Reed Army Institute of Research, Washington DC, where her studies involved molecular mechanisms of inflammation. Following that, at the Albert Einstein College of Medicine, New York, she worked to understand the mechanisms of an apoptotic molecule. Her research works were published in reputed journals. She also worked for five years in the Intellectual Property Department of CuraGen Corporation, a bio-pharmaceutical company at Connecticut, USA.

Mr. Ronald Tjeerd de Vries
Independent Director

Mr. de Vries is an MSc in Chemical Engineering and an IMD executive Leadership Alumni. He has 25 years of experience working with multinationals in Pharma and Food. At present, he is the Owner and MD of RDV Consulting based at Auckland (NZ).

Mr. Ankur Nand Thadani
Non-Executive Director

Mr. 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 Asian 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 a gold medalist for all-round achievement.

Mr. Jitesh Devendra
Managing Director

Mr. Devendra, with over 20 years of experience, led the North America API business and managed the Formulations P&L business of Shasun, which later merged with Strides. His efforts have led the Division into new markets, forging business relationships and introducing new products for out-licensing and partnership. Post-merger, he was responsible for the P&L business for North America and Europe Finished Dosage Form (Regulated Markets-Region 1) and the overall API business P&L. He holds an MBA with specialisation in International Business and Buyer Behaviour; a Bachelor's degree in Commerce from the University of Madras, Loyola College, Chennai, India and holds a Diploma in Sales & Marketing from the National Institute of Sales, Chennai.

Mr. Hariharan S
Executive Director and Chief Finance Officer

Mr. Hariharan is a Cost Accountant with rich and varied experience of over 30 years in the field of Corporate Finance, Accounts and Strategic Planning. He played a vital role in the merger process of Shasun with Strides. He has rich experience in the fields of Finance, Accounts, Secretarial, Taxation, Legal and Information Technology functions. He has extensive experience in mergers and acquisitions.

LEADERSHIP TEAM

Mr. Jitesh Devendra
Managing Director

Mr. Bharat R. Sesha
Chief Executive Officer

Mr. Hariharan S
Executive Director and Chief Finance Officer

Mr. Sreenivasa Reddy B.
Chief Operating Officer

Mr. Venkateshan Rangachari
Chief Business Officer

Mr. Sundara Moorthy V
Chief Quality Officer

Mr. Swaminathan S
Senior Vice President – Research & Development

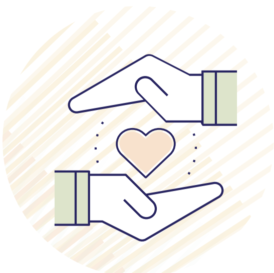
Mr. Roy Joseph
Chief Human Resources Officer

Community focus remains unwavering

Corporate citizenship is integral to our business philosophy. Our primary focus areas comprise health and sanitation, education and providing potable water.

CSR Vision

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



CSR Mission

To innovate for our society, deliver high-quality services and impactful interventions over an extended period and ensure sustained relations with the community.

CSR objectives

- Uplift the communities around its areas of operation, thereby creating a positive impact in the community
- Identify interventions to ensure sustainable social development after considering the immediate and long-term socio environmental consequences
- Setting high standards of quality in providing interventions and support to meet the needs of the community

CORPORATE INFORMATION

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Chennai - 600 127.

Jigani R&D
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Phase-I, Jigani, Bangalore - 560 105.

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REGISTRAR AND SHARE TRANSFER AGENT
Cameo Corporate Services Ltd
Subramanian Building
1, Club House Road
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Ph:-044 - 2846 0390 (5 lines)
Fax:-044 - 2846 0129

BANKERS AND FINANCIAL INSTITUTIONS
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IDFC First Bank Ltd
Yes Bank Ltd
Aditya Birla Finance Limited
IndusInd Bank
State Bank of India
ICICI Bank Limited

PLANTS
Puducherry
Mathur Road, Periakalapet,
Puducherry - 605 014.

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

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

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

Ambernath
Plot No. N-39/ N-39-1, Anand Nagar MIDC, Additional
Ambernath, Ambernath (East), Mumbai - 421 506.

Visakhapatnam
Plot No.: 3B, 3C, 3D, Part 2 and 2A-1, APIIC-APSEZ, Atchutapuram Village, Rambilli Mandal,
Visakhapatnam – 531 011, Andhra Pradesh.

Statutory Reports

Financial Statements

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

World

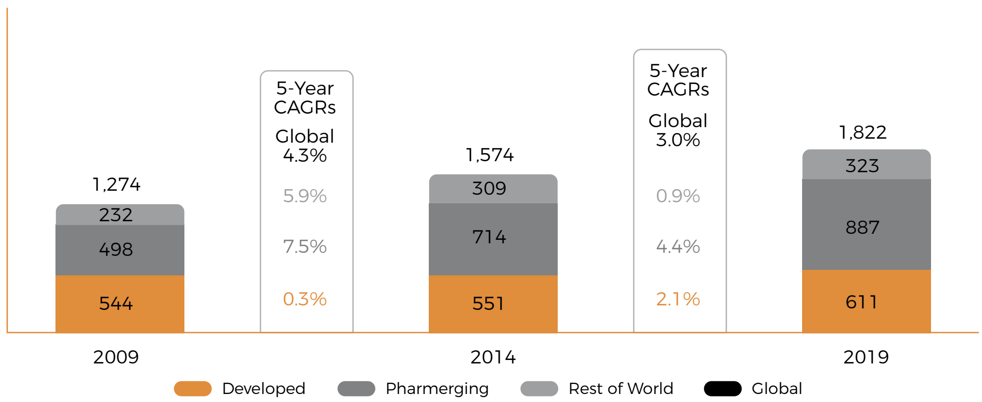
Overall, global use of medicine has accelerated in the last decade, in areas of high priority, including the treatment of non-communicable diseases, which were responsible for 71% of deaths worldwide in 2016. This indicated the value placed on medicines in addressing the needs of patients, prescribers and health systems the world over.

The rate of increase in medicine use is currently outpacing population and economic growth, implying more patients are receiving treatment. This expansion has largely occurred in pharmerging markets (countries with per capita income below US$ 30,000 per year and pharmaceutical spending growth above US$ 1 billion over five years). However, in many pharmerging countries, such as India, China and Mexico, greater access and/or availability is still needed to reach more patients.

Success in closing the gap in per capita use of medicines will differ by country; increased use will primarily be in pharmerging markets, while developed markets' volumes will remain more stable. Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets will use more non-original brands, generics and over the counter products.

GLOBAL MEDICINE USE 2009-19

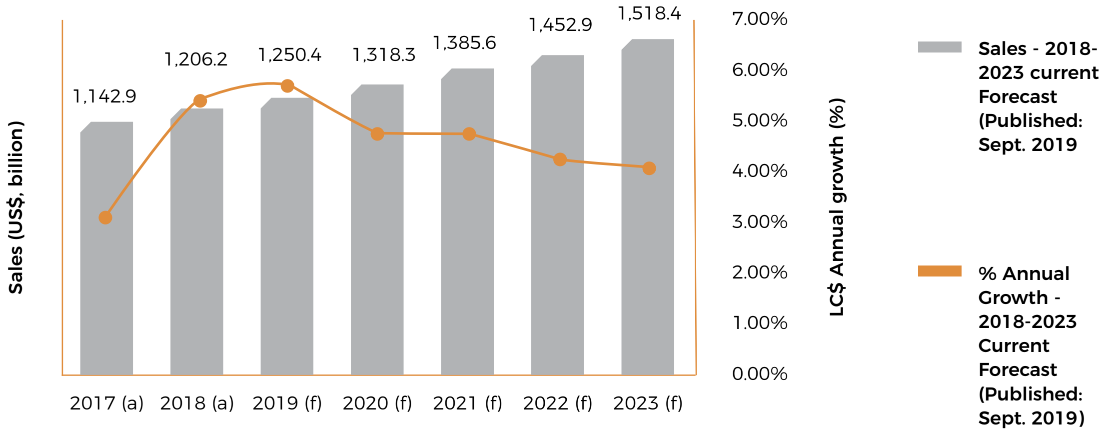
Exhibit 1: Global Medicine Defined Daily Doses in Billions 2009-2019



Source: IQVIA Market Prognosis Global, Sept. 2019
Notes: Chart represents IQVIA Institute estimates of global defined daily doses (DDD). These estimates are based on IQVIA audited data and application of WHO-DDD factors in IQVIA MIDAS as well as additional DDD calculation assumptions developed by the IQVIA Institute (see Methodology).

GLOBAL MEDICINE SPENDING AND GROWTH 2017-24

Pharmaceutical Market Forecast - Overview



Source: IQVIA™ Market Prognosis Global, September 2019

KEY EMERGING TRENDS

- In 2019, patients globally received an estimated 1.8 trillion days of therapy, an average of 234 per person. This is a 16% rise over 2014 and corresponds to a 3% CAGR, slowing from a 4% rate seen during 2009-2014.

- Most of the medicine use is in pharmerging markets, which have large populations, but have per capita rates of use still markedly lower than in higher income countries.

- In terms of invoice spending on medicines, the global pharmaceutical market size in 2019 was pegged at US$ 1.25 trillion. Spending is expected to exceed US$ 1.57 trillion by 2024, growing at a CAGR of 3-6%.

- The key drivers will continue to be the US and the pharmerging markets – US for the launch of high-end specialty medicines and pharmerging markets for their volume play. That said, spending is likely to be offset by overall pricing pressure and patent expiry in the developed markets.

- Medicines in 2020 will include a vast array of treatments, ranging from those that provide symptom relief available without a prescription to lifesaving genetically personalised therapies unique to a single patient.

- The adoption of innovative specialty products is driven by oncology and autoimmune therapies. Developed markets spent a combined US$ 354 billion on specialty products in 2019, with 30% of that on oncology products. Oncology spending is expected to remain the largest contributor to specialty spending, with a projected increase of 51% through 2024.

- New brands will contribute US$ 165 billion in spending growth through 2024, up from US$ 126 billion in the past five years.

- Brands' Loss of Exclusivity (LOE) is projected to have a US$ 139 billion impact on their sales from 2020-2024, compared to the US$ 107 billion impact seen during 2014-2019.

- Spending in the US in 2019 is estimated at US$ 510.3 billion and will grow at 3-6% CAGR over the next five years, to reach US$ 985-1,015 billion.

- Having crossed an estimated US$ 141.6 billion in 2019, China spending on medicines will grow at 5-8% CAGR over the next five years to reach US$ 165-195 billion.

Source: https://pharmaceuticalcommerce.com/business-and-finance/global-pharma-spending-will-hit-1-5-trillion-in-2023-says-iqvia/; https://www.iqvia.com/insights/the-iqvia-institute/reports/global-medicine-spending-and-usage-trends

IMPLICATIONS FOR THE CONTRACT RESEARCH AND MANUFACTURING INDUSTRY

- With increasing privatisation of clinical trials, there has been an increase in the outsourcing of research processes in developing regions, such as China and India.

- Growing investments by several pharmaceutical and biopharmaceutical drugs manufacturing companies are also supporting the growth of the contract research market in the region. As part of its five-year Research, Innovation, and Enterprise 2020 plan, the Singaporean government has committed to invest nearly US$ 2.4 billion, in advancing manufacturing and engineering in the pharmaceutical market.

- In January 2019, Lambda, headquartered in India, announced the acquisition of US-based Novum Pharmaceutical Research Services, in a move to increase its presence in the US.

- The contract manufacturing market in Japan is still in its nascent stages. However, the country witnessed incremental growth over the past few years. The Japanese CMO market witnessed a growth of about 30%, following the recognition to separate manufacturing and sales by the Pharmaceutical Affairs Act.

Source: https://www.globenewswire.com/news-release/2020/04/14/2015926/0/en/Pharmaceutical-Contract-Manufacturing-CMO-Market-Growth-Trends-and-Forecast-2020-2025.html

IMPACT OF COVID-19 ON GLOBAL ECONOMY (AS OF MARCH 2020)

- The risk of global recession in 2020 is extremely high, as nations shutdown economic activity to limit the spread of the disease. Most cases are now outside of China.

- As production is curtailed around the world, firms may not have necessary inputs and supply.

- The outbreak has disrupted supply chains around the world and curtailed energy and commodity demand.

- Governments are learning by doing, when addressing the economic risks of closing the economy and asking citizens to engage in social distancing.

- China's connectivity to the world can be analysed by its dominant place in trade, supply chain and shipping/transport linkages.

- The impact on the US economy is likely to be high due to lower consumption and weaker business investments.

REAL GDP GROWTH RATES %

	Top 10 countries by GDP)	2017	2018		2019
1	U.S.	2.4	2.9	→	2.3
2	China	6.9	6.7	→	6.1
3	Japan	2.2	0.3	→	0.7
4	Germany	2.8	1.5	→	0.6
5	U.K.	1.9	1.3	→	1.4
6	France	2.4	1.7	→	1.3
7	India	6.5	6.7	→	5.3
8	Italy	1.7	0.7	→	0.3
9	Brazil	1.3	1.3	→	1.1
10	Canada	3.2	2.0	→	1.6

Notes: Annual growth rate y/y%
Source: Respective countries National Statistics Office, Haver Analytics, KPMG's analysis 2020 based on secondary research

Source: https://home.kpmg/content/dam/kpmg/in/pdf/2020/04/potential-impact-of-covid-19-on-the-Indian-economy.pdf; https://assets.kpmg/content/dam/kpmg/cl/pdf/2020-03-kpmg-chile-advisory-coronavirus-mapping.pdf

IMPACT OF COVID-19 ON CHEMICAL INDUSTRIES

- Industries which are dependent on migrant labour will face significant challenges on restart.
- Export demand continues to be strong for key players, however logistics is a challenge.
- Domestic demand continues to be low except for essentials.
- Potential restructuring of workforce due to lack of working capital.
- Capital and R&D investments are being deferred indefinitely.

Source: BCG COVID-19 discussion with ICC leadership (April 22, 2020)

BUSINESS IN A POST-COVID WORLD

- Consumption and purchase patterns will change dramatically, leaning towards more online deliveries than offline buying
- Companies will constantly evaluate cost structures and M&A opportunities will increase as valuations decline
- Disruptions in trade are expected, with a rise in geo-political tensions
- Data will be the new currency of business
- Companies will shift to new models of working that enable remote working and implement social distancing measures at the workplace

Source: BCG COVID-19 discussion with ICC leadership (April 22, 2020)

INDIA

The Indian pharmaceutical industry is the third largest by volume and 14th largest by value in the world, being valued at US$ 40 billion in FY 2018-19.

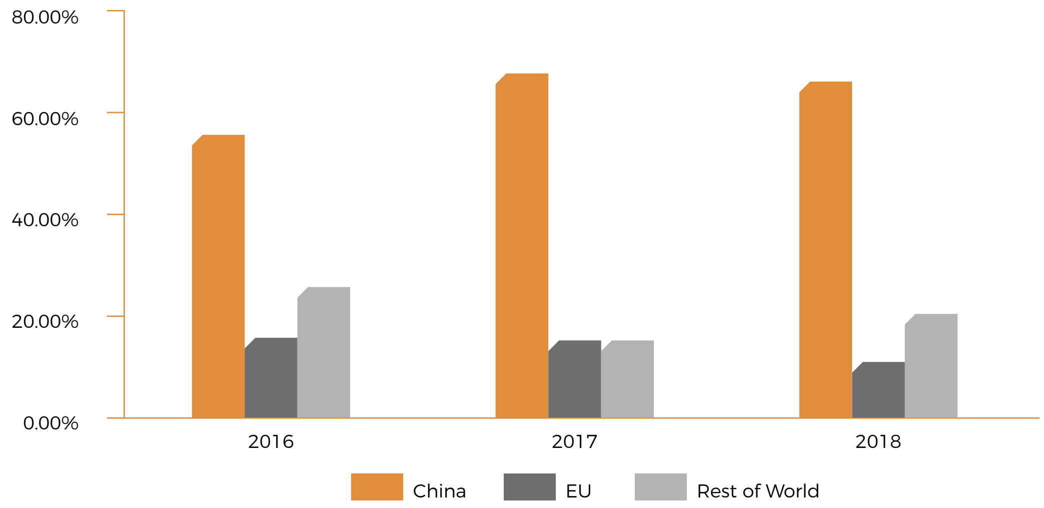
Indian companies have dependence of as low as 20% and as high as 80% on Chinese imports, which includes Active Pharmaceutical Ingredients (APIs) and key intermediates, which are converted into generics and FDF in India, for exports to more than 200 countries. This is on account of the following reasons.

- Lower operating cost through economies of scale as well as greater availability of cheap electricity and water
- Favourable cold climate and larger capacities of fermentation boilers
- Less stringent pollution control norms (which are now changing) and developed infrastructure
- While Indian players have the requisite capabilities, they have been more focused on value-added products.

Apart from mainland China, there are other sources like the US, Italy and Singapore from which bulk drugs can be imported during contingencies.

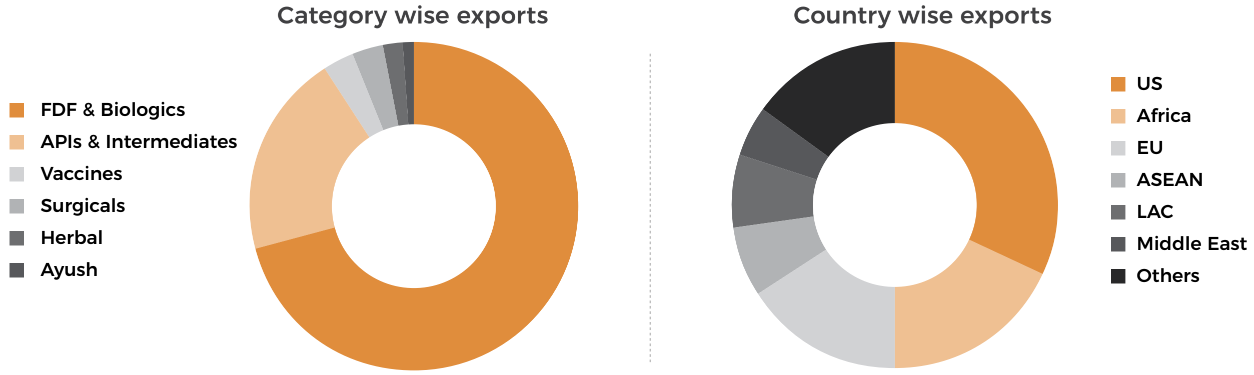
SOURCING OF BULK DRUGS BY INDIA

YoY percentage sourcing for bulk drugs in India



INSIGHT INTO INDIA'S PHARMACEUTICAL EXPORTS

India exported ~USD 19 bn of pharma products in FY2019



COVID-19 IMPLICATIONS FOR INDIAN PHARMACEUTICAL COMPANIES

- Indian pharmaceutical companies will enter prescheduled delivery contracts with buyers at pre-determined prices.

- Higher cost of procuring raw materials will hit profitability margins and return on capital employed (ROCE). Price of key ingredients like paracetamol and montelukast sodium (an anti-asthma drug) has almost doubled.

- With restricted or low supply, the volatility and price of raw materials will increase, and suppliers will prefer favourable payment terms like cash advances, instead of LC/credit terms – thus adding stress on the liquidity position of buyers

- Most of the small- and medium-sized pharmaceutical companies do not have sufficient working capital to address these issues, which may lead to temporary manufacturing shutdowns.

- Companies may face difficulties in servicing their working capital loans, increasing the risk of default.

- With the Government of India restricting exports of 26 drugs from India, the following issues are expected to also emerge:

  - Contracts mandate supply as per committed timelines. Non-supply of one item can lead to cancellation of entire order by the customer.

  - Non-supply can also lead to blacklisting of companies and attract huge financial penalties.

  - Given the disruption to supply, Indian manufacturers may pass on consequent price increases to the customer.

- The price differential between India and China for intermediates was ~30-40%. However, the prices have started to increase due to shortage with effect expected to extend to the second quarter of fiscal 2020, if the crisis is not mitigated.

- Most Indian companies which depend on China for intermediates and APIs have balance inventories for 1-2 months. Their operations may be severely impacted if the situation persists

- 57 APIs of crucial antibiotics (Azithromycin and Amoxicillin), vitamins (B12, B6) and hormones (progesterone) could go out of stock. The Government has imposed export restrictions to ensure their availability in domestic market.

Source: https://home.kpmg/content/dam/kpmg/in/pdf/2020/04/potential-impact-of-covid-19-on-the-Indian-economy.pdf; https://assets.kpmg/content/dam/kpmg/cl/pdf/2020-03-kpmg-chile-advisory-coronavirus-mapping.pdf

ACTIVE PHARMACEUTICAL INGREDIENTS

The global API market is expected to reach US$ 232 billion in 2024, growing at 6% CAGR. Some of the key market drivers include the rising prevalence of infectious diseases, cardiovascular conditions and other chronic disorders. genetic disorders are also significantly upping the use of biologicals and biosimilars, which are low-cost options.

The API market has traditionally been dominated by anti-infectives and diabetes, cardiovascular, analgesics and pain management drugs. That said, the current R&D trends indicate that the demand is shifting toward the development of complex APIs used in novel formulations, pursuing niche therapeutic areas.

Several drugs are in the pipeline to develop treatments for cancer, autoimmune disorders and metabolic diseases. Manufacturers are venturing into the development of highly potent API and specialty APIs, to cater to the rising demand for these products.

Source: https://www.marketwatch.com/press-release/active-pharmaceutical-ingredient-api-market-global-markets-to-2024- 2020-04-23;
https://www.marketwatch.com/press-release/active-pharmaceutical-ingredients-api-market-size-share-2020global-industry-analysis-with-current-trends-future-growth-competition-strategies-application-region-and-forecast-to-2024-2020-04-23

ABOUT SOLARA

Solara Active Pharma Sciences (Solara) is a research-centric and customer-driven API manufacturer, with a footprint across 75+ countries. We benefit from a legacy of over three decades and trace our origins to the union of the demerged API business of Strides Pharma Science Limited (formerly known as Strides Shasun Limited) and the human API business of Sequent Scientific Limited into a separate entity. Our equity shares were subsequently listed on the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) on June 27, 2018.

We have a team of 200+ scientists working at our two dedicated R&D centres in Bangalore and Chennai, and six API manufacturing facilities in Ambernath, Cuddalore, Mangalore, Mysore, Puducherry and Visakhapatnam with a capacity of over 2,000 kilo litres. We received recognition from Department of Scientific and Industrial Research (DSIR) for the two R&D centres, while each of our API facilities is certified with global approvals.

GROWTH PILLARS

API and Intermediates

We develop and produce generics and commercial APIs across niche therapeutic categories, with proven capabilities in complex products like APIs based on polymers and for injectables. Our existing portfolio includes 80+ commercial APIs and 25+ APIs under development across high-value product segments, such as anthelmintic, anti-malarias, beta blockers, muscle relaxants, novel oral anti-coagulants, anti-infective and other niche segments.

We are well positioned in the API space with its global presence and leadership position in top 10 APIs. We continue to invest in our two R&D centres for new products and support market expansion of our existing APIs along with cost improvement programmes. We have filed four new DMFs in 2019-20, taking our total new DMF count in the last two fiscals to 12, with different phases of launch over the next few years. We also extended eight APIs across 13 new markets. Enabled by this combination of launches of new products and new markets, the API business will deliver on our ambition to emerge as one of the top 10 pure-play API companies globally.

Contract Research and Manufacturing Services (CRAMS)

We provide differentiated services for APIs, including contract development and manufacturing, analytical services, impurity synthesis and profiling to our customers. Our capabilities in contract development and manufacturing (on a full-time basis) span the entire value chain of a new chemical entity, from pre-clinical to commercial phases, from lead analogues, building blocks, reference studies and custom synthesis for pilot campaigns to clinical supply and so on.

CRAMS today accounts for 10% of our total revenue pie. The success of CRAMS depends on quality, safety compliance and supply chain reliability. We have earmarked funds, raised through equity subscription from promoters and the TPG group, for inorganic acquisition. This will enhance our growth in this segment, while we continue to build business value the organic way. During the year, we bid on new proposals, out of which we expect to win some new business in 2020-21. We expect new opportunities to arise for the Indian pharmaceutical sector operating in this space, to mitigate risk of over-dependence on China.

Outlook

We believe COVID-19 has opened up opportunities for the Indian pharmaceutical sector. Excess dependence on China has led to dual source qualification, while stocking of essential medicines has led to increase demand in short to medium term. Solara has initiated efforts to backward integrate the Key Starting Materials (KSMs) of its key APIs as well as collaborate with local manufacturers to reduce its dependence on China. While there are cost differences between India and China, the deciding factor in a post-COVID-19 world will be supply chain reliability.

Our overarching objective remains to bridge the industry gap by delivering value-based products that cater to customer requirements. And we are poised to grow as a leading 'global pure-play API company' with focus on highly compliant business operations and customer advocacy.

FINANCIAL PERFORMANCE

Consolidated profit and loss metrics (₹ in Crores)

Particulars	FY 2019-20	FY 2018-19	Change
Revenue	1,349.27	1,399.06	-4%
Operating EBITDA	328.04	286.24	15%
Operating EBITDA margin	24.3%	20.5%	
R&D Cost	(46.96)	(44.85)	5%
Exchange gain/(loss)	(1.74)	(9.81)	-82%
EBITDA*	279.34	231.58	21%
EBITDA margins	20.7%	16.6%	

*Excludes interest income

HUMAN ASSETS

Our workforce strength numbers at 2,300+ as on March 31, 2020. An experienced senior management team helps us in effectively pursuing our growth strategies. Our teams' rich domain expertise as well as deep motivation to stay ahead of industry trends and market changes is critical to helping us translate on-ground opportunities into tangible and intangible value for stakeholders.

RISK MITIGATION

Business success requires both opportunities to be recognised and associated risks to be identified and evaluated. Our risk mitigation strategy is focused on ensuring the Company is profitable and sustainable in the long run. We aim to increase risk awareness and establish a value-led risk culture at all levels. Risks are therefore analysed transparently and systematically incorporated into business decisions.

Below we outline the risks that affect our business in the near term and briefly capture the measures to mitigate the same.

Principal risk	What it means	How we mitigate it
External environment risk	Volatility in India's macroeconomic indicators, adverse movement in global market forces and geopolitical events can have a material consequence on the business.	• Steady investments to enhance supply chain resilience • Diverse segments and geographies that reduce overdependence on any one product or market
Operational risk	Any manufacturing or quality control problems may damage our reputation which could adversely affect our business, results of operations and financial conditions	• Consistent track record of approvals from all leading global regulatory authorities • Regular inspection of production facilities for compliance vis-à-vis both quality as well as environmental aspects • Routine upgradation of audit procedures to comply with any changes in international regulatory requirements • Regular review mechanism to enhance optimum utilisation of operational facilities
Research and Development risk	Risk from the lack of timely development or commercialisation of new APIs	• R&D efforts are dedicated towards developing new products and expanding product portfolio • Product selection is based on three buckets to reduce dependence on one approach
Suppliers risk	Our profitability and margins can be affected in case there is significant change in raw material prices and operational cost, among other factors	• Long-term contracts with approved vendors (domestic and global) after stringent vendor audit ensure supply of raw materials • Local manufacturing of key intermediates • Cost improvement programmes for key APIs to maintain margins due to increase in raw material prices

Principal risk	What it means	How we mitigate it
Competition risk	The pharmaceutical industry in intensely competitive and our inability to compete in real time may adversely affect our business, results of operations and financial condition.	• Continued elevation and evaluation of business in line with global standards • In-house teams that conduct cost improvement programmes • Geography expansion of APIs • Portfolio restructuring to ensure better utilisation of capacity
Safety risk	Any untoward accidents may damage our reputation which could adversely affect our business, results of operations and financial conditions	• Regular inspection of facilities for compliance vis-à-vis both safety as well as environmental aspects • Implementation of risk-based process safety management systems • Identification of high risks and implementing precautionary measures through Risk Buckets program • Regular review of safety performance to monitor the progress against safety improvement plans of operational facilities • Implementation of Corrective Action Prevent Action (CAPA) of external third-party audit findings

INTERNAL CONTROLS

The Internal Auditors and Senior Management continuously evaluate the internal controls. Solara has also invested in advanced infrastructure that ensures all-round control over business processes and practices. The internal control system provides reasonable assurance about the integrity and reliability of the financial statements. Further, we have a strong in-house audit programme, which regularly encompasses various operations. The Audit Committee reviews internal audit observations on a regular basis.

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the Third Annual Report of Solara Active Pharma Sciences Limited (the Company) together with the audited financial statements for the year ended March 31, 2020.

1. FINANCIAL SUMMARY

₹ in Crores

Financial Results	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
Gross Revenue	1,349.26	1,398.71	1349.27	1,399.06
Profit before interest, Depreciation and Tax	276.20	231.71	279.34	231.58
Profit before tax	112.49	68.36	114.91	67.67
Profit after tax	112.49	66.35	114.52	67.09
EPS (basic) on the basis of ₹ 10/- per share	43.47	24.53	44.29	24.87
EPS (diluted) on the basis of ₹ 10/- per share	42.03	24.50	42.82	24.83

The above financial results pertains to continuing operations of the Company.

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

2. BUSINESS OVERVIEW

We are a global, R&D focused, pureplay 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.

In view of the COVID-19 advisory issued by the WHO, ICMR and local authorities, we took a temporary shutdown across our locations and have also taken several proactive measures towards providing a safe working environment for our employees and ensure business continuity for our partners. While this global pandemic has brought the world to a screeching pause, we believe that the pharmaceutical industry, globally, would see a faster pick up as the companies discharge their responsibilities towards the patients in need.

Further we have stopped the manufacturing and distribution of Ranitidine as USFDA has determined that the NDMA impurity in some formulations products increases over time when stored at higher temperatures. Ranitidine constitutes approx. 7% of our overall revenues. The process is on to find alternate products, which can effectively utilize the capacity released through ranitidine withdrawal.

3. DIVIDEND

The Board of Directors of the company are pleased to recommend a dividend of ₹ 2/- per equity share of face value of ₹ 10/- each for the financial year ended March 31, 2020 subject to the approval of the shareholders of the company at the ensuing annual general meeting scheduled to be held on August 4, 2020.

The Register of Members and Share Transfer Books will remain closed from July 30, 2020 to August 4, 2020 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2020. Dividend, if approved by shareholders, will be paid within 30 days from the date of declaration of dividend.

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 www.solara.co.in.

4. SHARE CAPITAL

The Authorized Share Capital of the Company as on March 31, 2020, stood at ₹ 1,20,00,00,000/- divided into 12,00,00,000 equity shares of ₹ 10/- each.

The authorised share capital of the Company is increased from ₹ 40 crores to ₹120 crores pursuant to merger of Strides Chemicals Pvt. Ltd. with the Company as per the scheme of amalgamation approved by NCLT. The Company has filed necessary forms with the Registrar of Companies, Mumbai, for updating the increase in authorised share capital and such form is pending for approval.

The Issued, Subscribed and Paid-up Equity share capital of the Company as on March 31, 2020, stood at ₹ 26,85,52,670/- divided into 2,68,55,267 equity shares of ₹ 10/- each.

There has been increase in the Paid-up share capital of the Company during the financial year on account of:

a) Allotment of 2,81,000 equity shares consequent to exercise of stock options by the employees.

b) Allotment of 8,00,000 equity shares pursuant to conversion of warrants by the promoter group entity.

5. EMPLOYEES STOCK OPTION PLAN

The Company has formulated and rolled out the "Solara Employees Stock Option Plan 2018" in the year 2018.

During the year under review, Nomination and Remuneration Committee of the Board (NRC Committee) has granted 1,90,000 options convertible into equal number of equity shares of face value of ₹ 10/- each to the senior management personnel of the Company. Statement giving detailed information on stock options granted to Employees as required under the Companies Act, 2013 and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is enclosed as Annexure 9 to this Report.

6. AMALGAMATION OF STRIDES CHEMICALS PRIVATE LIMITED

During the year, the Company's wholly owned subsidiary Strides Chemicals Private Limited (Strides Chemicals) was amalgamated with the Company.

The Honourable National Company Law Tribunal, Mumbai Bench, approved the Scheme of Amalgamation of Strides Chemicals with the Company on December 20, 2019. Accordingly, the Company has fixed Effective Date for the Scheme is February 1, 2020. The appointed date for the scheme is September 1, 2018. The Company has completed filing of necessary documents for giving effect to the Scheme.

Consequent to the amalgamation, the entire equity shares held by the Company in Strides Chemicals stands cancelled.

7. GREENFIELD PROJECT AT VIZAG

The Company's new plant situated at SEZ unit, Plot No.: 3B, 3C, 3D, Part 2 and 2A-1, APIIC-APSEZ, Atchutapuram Village, Rambilli Mandal, Visakhapatnam – 531011, Andhra Pradesh, has commenced commercial production.

8. 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.

9. 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.

10. 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.

M/s. Mohan Kumar and Associates, Practicing Company Secretaries, have examined the requirements of Corporate Governance with reference to Listing Regulations and have certified the compliance, as required under Listing Regulations. The Certificate in this regard is attached to this report.

As required by Listing Regulations, a certificate from a Practicing Company Secretary 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 8.

Further, Annual Secretarial Compliance Report issued by Practicing Company Secretary, pursuant to Circular dated February 8, 2019 issued by SEBI is also attached to this Report as Annexure 11.

11. MANAGEMENT DISCUSSION AND ANALYSIS

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

12. NUMBER OF MEETINGS OF THE BOARD

During the financial year 2019-20, the Directors met four times i.e., on May 16, 2019; August 13, 2019; October 22, 2019 and February 6, 2020.

13. DIRECTORS & KEY MANAGERIAL PERSONNEL

As on date of this report, the Company has 8 directors comprising of 2 Executive Directors, 2 Non-Executive Directors and 4 Independent Directors. 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.

Retire by Rotation:

a) Mr. S. Hariharan, Executive Director – Finance & CFO, retires by rotation at the ensuing Annual

General Meeting and being eligible, offers himself for reappointment. Your directors recommend his reappointment.

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

During the year, Mr. Bharat R Sesha appointed as Chief Executive Officer of the Company and he has been designated as Key Managerial Personnel with effect from February 6, 2020.

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

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

14. 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 25 of the Listing Regulations.

15. 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.

16. 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 7 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. The said information is available for inspection at the registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy thereof, may write to the Company Secretary in this regard.

17. 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 2019-20 is enclosed as Annexure-2 to this Report.

18. RISK MANAGEMENT

The Company has a risk management framework for identification and managing risks. In line with the requirement under SEBI listing regulations, the Company has constituted a Risk Management Committee (RMC), comprising 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, financial risks that the organization faces, along with the adequacy of mitigation plans to address such risks. Additional details relating to Risk Management is provided in the Management Discussion and Analysis, which forms part of this report.

19. LOANS, GUARANTEES OR INVESTMENTS

Particulars of investments made, loans given and guarantees covered under the provisions of Section 186 of the Companies Act, 2013 are provided in Note No. 49 to the Standalone Financial Statements in the Annual Report.

20. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions with related parties are in the ordinary course of business and at arm's length basis. The transactions with related parties are disclosed in Note No. 43 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 10 as part of this report.

The Company has formulated a policy for transacting with Related Parties, which is uploaded on the website of the Company. Further, there are no materially significant related party transactions with its promoters, the directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

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

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

22. AUDITORS AND AUDIT REPORTS

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 2019-20, 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 5 to the Board's Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

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 to be held in the Financial Year 2022-23. The Auditor's report to the shareholders on the standalone and consolidated financial statement for the year ended March 31, 2020 does not contain any qualification, observation or adverse comment.

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 2019-20. Proposal for ratification of remuneration of the Cost Auditor is placed before the shareholders

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

Reporting of Frauds by Auditor

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

23. INTERNAL FINANCIAL CONTROLS

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

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

24. OTHER DISCLOSURES

Nature of Business of the Company

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

Public Deposits

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

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 www.solara.co.in

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 www.solara.co.in

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.

Extract of Annual Return

An extract of Annual Return in form MGT-9 as on March 31, 2020 is attached as Annexure – 3 forming part of this Report.

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 2019-20

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

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

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 2019-20.

25. DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

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

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

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

26. BUSINESS RESPONSIBILITY REPORT

The Listing Regulations mandate the inclusion of the Business Responsibility Report (BRR) as part of the Annual Report for top 500 listed entities based on market capitalisation. In accordance with the Listing Regulations, we have integrated BRR disclosures into our Annual Report.

27. CAUTIONARY STATEMENT

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

28. ACKNOWLEDGEMENT

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

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director- Finance and Chief Financial Officer

Place: Bengaluru
Date: 07.05.2020

ANNEXURE 1 TO THE BOARD'S REPORT

FORM AOC-1

(pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

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

PART "A" : Subsidiaries

₹ in Crores

S. No	Subsidiary Name	Reporting period	Reporting Currency	Share capital (including share application money pending allotment)	Reserves and surplus	Total liabilities	Total assets	Investments (except In case of Investments in Subsidiaries)	Turnover	Profit / (Loss) before taxation	Tax Expenses (credit)	Profit / (Loss) after taxation	Proposed dividend equity	% Share holding
1	Chemsynth Laboratories Pvt Ltd	Apr-Mar	INR	6.86	(1.85)	1.93	6.94	-	0.00	(0.24)	-	(0.24)	-	49.00%
2	Sequent Penems Private Limited	Apr-Mar	INR	4.53	(1.23)	14.51	17.81	-	0.70	0.24	-	0.24	-	89.23%
4	Shasun USA Inc	Apr-Mar	USD	0.05	(4.25)	5.99	1.79	-	5.10	2.44	0.40	2.04	-	100.00%

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

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director-Finance and Chief Financial Officer

Place: Bengaluru
Date: 07.05.2020

ANNEXURE 2 TO THE BOARD'S REPORT
Annual Report on Corporate Social Responsibility (CSR) Activities

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

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

1. **Composition of the CSR Committee**
   Dr. Kausalya Santhanam, Independent Director

   Mr. R. Ramakrishnan, Independent Director

   Mr. Ankur Nand Thadani, Non-Executive Director

   Mr. Jitesh Devendra, Managing Director

2. Average net profit of the Company for the last three financial years computed in line with Section 198 - For FY20 - ₹ 57.51 Crores

3. The prescribed CSR expenditure which is two percent of the amount - ₹ 1.15 Crores

4. Details of CSR spent during the financial year:

   a) Prescribed CSR expenditure - ₹ 1.15 Crores

   b) Amount spent on CSR - ₹ 1.27 Crores

   c) Amount unspent, if any: Nil

5. **Manner in which amount spent during the financial year 2019-20 is detailed below:**

₹ 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 at Kalapet, Pondicherry	Health	Pondicherry	0.26	0.26	Direct by the Company
2	Awareness program on Personal Hygiene, Waste Management & Health Camps	Health & Hygiene	Pondicherry Cuddalore and Mangalore	0.14	0.14	Direct by the Company
3	Providing sanitation and drinking water facilities at Pondicherry and Cuddalore	Health & Hygiene	Pondicherry and Cuddalore	0.43	0.43	Direct by the Company
4	Sponsorship Support for Education & Infrastructure improvement for School	Education	Pondicherry Cuddalore, Mangalore and Ambernath	0.25	0.25	Direct by the Company
5	Contribution to APIIC, Vijayawada	Livelihood	Vizag	0.19	0.19	Through implementing agency
	Total			**1.27**	**1.27**	

6. **Responsibility Statement by the Corporate Social Responsibility Committee**
   The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and policy of the Company.

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director

Dr. Kausalya Santhanam
Chairperson

Place: Bengaluru
Date: 07.05.2020

ANNEXURE 3 TO THE BOARD'S REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

for the financial year ended on March 31, 2020

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

I. REGISTRATION & OTHER DETAILS:

CIN	L24230MH2017PLC291636
Registration Date:	February 23, 2017
Name of the Company	Solara Active Pharma Sciences Limited
Category/Sub-category of the Company	Company Limited by shares / Indian – Non-Government Company
Address of the Registered office & contact details	201, Devavrata, Sector 17, Vashi, Navi Mumbai - 400703 Email: investors@solara.co.in Website : www.solara.co.in Tel. No. 022-27892924 Fax No. 022- 27892942
Whether listed company	Yes
Name, Address & contact details of the Registrar & Transfer Agent, if any	Cameo Corporate Services Limited Subramanian Building, #1, Club House Road Chennai 600 002 - India. Ph: 91-44 - 2846 0390 Fax: 91-44 - 2846 0129 Email: cameo@cameoindia.com; Investor@cameoindia.com Contact Persons: Ms. Komala / Mr. Narasimhan

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S No	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Shasun USA Inc 197 Rt, 18 South, Suite 102, East Brunswick, NJ 08816, U.S.A.	NA	Subsidiary	100	2(87)
2	Chemsynth Laboratories Private Limited Second Floor, Jubilee Heights, Plot Nos. 68 & 69 Madhapur Village, Serilingampally Mandal, Hyderabad – 500081	U24297TG2009PTC064991	Subsidiary	49	2(87)
3	Sequent Penems Private Limited, Star II, Opp. IIM, Bilekahalli, Bannerghatta Road, Bangalore – 560076	U24233KA2010PTC053548	Subsidiary	89	2(87)

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

i) Category-wise Share Holding

Category code	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	shareholding of promoter and promoter group									
1.	Indian									
a)	Individuals/hindu undivided family	33,83,821	-	33,83,821	13.13	33,78,821	-	33,78,821	12.58	-0.55
b)	Central government/State government(s)	-	-	-	-	-	-	-	0.00	0.00
c)	Bodies Corporate	70,68,449	-	70,68,449	27.42	78,68,442	-	78,68,442	29.30	1.87

Category code	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d)	Financial institutions/ Banks	-	-	-	-	-	-	-	-	-
e)	e) Any Other				-				-	-
	Sub Total (A)(1):-	**1,04,52,270**	**-**	**1,04,52,270**	**40.55**	**1,12,47,263**	**-**	**1,12,47,263**	**41.88**	**1.33**
2.	2. Foreign									
a)	Individuals (non-resident individuals/foreign individuals)	-	-	-	-	-	-	-	-	-
b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
c)	Institutions	-	-	-	-	-	-	-	-	-
d)	Qualified foreign investor	-	-	-	-	-	-	-	-	-
e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub Total (A)(2):-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total Shareholding of Promoter & Promoter Group (A)=(A)(1)+(A)(2)	**1,04,52,270**	**-**	**1,04,52,270**	**40.55**	**1,12,47,263**	**-**	**1,12,47,263**	**41.88**	**1.33**
B.	**Public shareholding**									
1.	Institutions									
a)	Mutual Funds /UTI	18,04,856	-	18,04,856	7.00	15,33,376	-	15,33,376	5.71	-1.29
b)	Financial Institutions /Banks	24,069	170	24,239	0.09	64,157	-	64,157	0.24	0.14
c)	Central Government / State Government(s)				-	-	-	-	-	-
d)	Insurance Companies	-	-	-	-	-	-	-	-	-
e)	Foreign Institutional Investors	44,74,983	-	44,74,983	17.36	46,54,761	-	46,54,761	17.33	-0.03
f)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
g)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
h)	Any Others				-				-	-
	Sub-Total B(1)	**63,03,908**	**170**	**63,04,078**	**24.46**	**62,52,294**	**-**	**62,52,294**	**23.28**	**-1.18**
2.	Non-institutions									
a)	Bodies Corporate	35,04,172	373	35,04,545	13.60	29,10,707	439	29,11,146	10.84	-2.76
b)	Individuals				-					
(i)	Individual shareholders Holding nominal share capital Upto ₹ 1 lakh	24,98,076	26,155	25,24,231	9.79	25,72,322	24,704	25,97,026	9.67	-0.12
(ii)	Individual shareholders Holding nominal share capital in excess Upto ₹ 1 lakh	24,97,634	-	24,97,634	9.69	16,53,497	-	16,53,497	6.16	-3.53
c)	Qualified foreign investor	-	-	-	-	-	-	-	-	-
d)	Any Other									
	Clearing members	29,107	-	29,107	0.11	22,392	-	22,392	0.08	-0.03
	Directors and their relatives	1,84,086	-	1,84,086	0.71	4,74,591	-	4,74,591	1.77	1.05
	Foreign corporate bodies	-	-	-	-	14,66,816	-	14,66,816	5.46	5.46
	Foreign nationals	16,686	-	16,686	0.06	16,186	-	16,186	0.06	0.00
	IEPF	7,790	-	7,790	0.03	7,790	-	7,790	0.03	0.00
	Non resident Indians	2,10,468	1,494	2,11,962	0.82	1,70,072	1,397	1,71,469	0.64	-0.18
	Overseas corporate bodies	3,500	-	3,500	0.01	3,500	-	3,500	0.01	0.00
	Trusts	38,378	-	38,378	0.15	31,297	-	31,297	0.12	-0.03
		4,90,015	1,494	4,91,509	1.91	21,92,644	1,397	21,94,041	8.17	6.26
	Sub-Total B(2) :	**89,89,897**	**28,022**	**90,17,919**	**34.99**	**93,29,170**	**26,540**	**93,55,710**	**34.84**	**-0.15**
	Total Public Shareholding (B)=(B)(1)+(B)(2) :	**1,52,93,805**	**28,192**	**1,53,21,997**	**59.45**	**1,55,81,464**	**26,540**	**1,56,08,004**	**58.12**	**-1.33**
	Total (A+B) :	**2,57,46,075**	**28,192**	**2,57,74,267**	**100.00**	**2,68,28,727**	**26,540**	**2,68,55,267**	**100.00**	

Category code	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
C.	Shares held by custodians and against which depository receipts have been issued									
	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
	Public	-	-	-	-	-	-	-	-	-
	Total Custodian (c)	-	-	-	-	-	-	-	-	-
	Grand Total (A+B+C) :	**2,57,46,075**	**28,192**	**2,57,74,267**	**100.00**	**2,68,28,727**	**26,540**	**2,68,55,267**	**100.00**	

ii) Promoters Shareholding

	Category of Shareholders	No. of Shares as at April 01, 2019			No. of Shares held at the end of the year March 31, 2020			% change during the year
	Promoters	No. of Shares	% of Total Shares	% of Shares pledged / encumbered to total shares held	No. of Shares	% of Total Shares	% of Shares pledged / encumbered to total shares held	
1	Arunkumar Pillai	16,68,463	6.47%	-	16,68,463	6.21%	-	-0.26%
2	K R Ravishankar	13,25,260	5.14%	-	13,25,260	4.93%	-	-0.21%
3	Yalavarthy Usha Rani	6,000	0.02%	-	6,000	0.02%	-	0.00%
4	Sajitha Pillai	33,333	0.13%	-	33,333	0.12%	-	-0.01%
5	K R Lakshmi	21,727	0.08%	-	21,727	0.08%	-	0.00%
6	Rajitha Gopalakrishnan	27,500	0.11%	-	27,500	0.10%	-	0.00%
7	Padmakumar Karunakaran Pillai	48,580	0.19%	-	43,580	0.16%	-	-0.03%
8	Rajeswari Amma	15,626	0.06%	-	15,626	0.06%	-	0.00%
9	Vineetha Mohanakumar Pillai	49,166	0.19%	-	49,166	0.18%	-	-0.01%
10	Deepa Arun Kumar	53,500	0.21%	-	53,500	0.20%	-	-0.01%
11	Hemalatha Pillai	28,000	0.11%	-	28,000	0.10%	-	0.00%
12	Aditya Arun Kumar	53,333	0.21%	-	53,333	0.20%	-	-0.01%
13	Tarini Arun Kumar	53,333	0.21%	-	53,333	0.20%	-	-0.01%
	Body Corporates							
14	Sequent Scientific Limited	5,52,083	2.14%	-	5,52,083	2.06%	-	-0.09%
15	Chayadeep Properties Pvt Ltd	5,25,730	2.04%		5,25,730	1.96%	-	-0.08%
16	Karuna Ventures Private Limited	1,03,333	0.40%		1,03,333	0.38%	-	-0.02%
17	Chayadeep Ventures LLP	10,05,000	3.90%	25.15	10,05,000	3.74%	-	-0.16%
18	Triumph Venture Holdings LLP	5,989	0.02%	-	5,989	0.02%	-	0.00%
19	Agnus Holdings Pvt Ltd	72,181	0.28%	-	72,181	0.27%	-	-0.01%
20	Devicam Capital LLP	1,51,546	0.59%	100.00	1,51,546	0.56%	-	-0.02%
21	Pronomz Ventures LLP	31,90,831	12.38%	-	31,90,831	11.88%	-	-0.50%
22	Karuna Business Solutions LLP	6,12,121	2.37%	-	14,12,121	5.26%	-	2.88%
23	Agnus Capital LLP	8,49,635	3.30%	36.64	8,49,635	3.16%	-	-0.13%

iii) Change in Promoters' Shareholding (please specify, if there is no change)

S No	Shareholder's Name	Shareholding at the beginning of year April 01, 2019		Cumulative Shareholding during the year	% of total shares of the Company
		Number of Shares	% to total shares		
1.	**Arun Kumar Pillai**				
	As at April 1, 2019	16,68,463	6.47		
	At the end of the year March 31, 2020			16,68,463	6.21
2.	**K R Ravishankar**				
	As at April 1, 2019	13,25,260	5.14		
	At the end of the year March 31, 2020			13,25,260	4.93
3.	**Deepa Arun Kumar**				
	As at April 1, 2019	53,500	0.21		
	At the end of the year March 31, 2020			53,500	0.20
4.	**Aditya Arun Kumar**				
	As at April 1, 2019	53,333	0.21		
	At the end of the year March 31, 2020			53,333	0.20

S No	Shareholder's Name	Shareholding at the beginning of year April 01, 2019		Cumulative Shareholding during the year	% of total shares of the Company
		Number of Shares	% to total shares		
5.	**Tarini Arun Kumar**				
	As at April 1, 2019	53,333	0.21		
	At the end of the year March 31, 2020			53,333	0.20
6.	**Vineetha Mohanakumar Pillai**				
	As at April 1, 2019	49,166	0.19		
	At the end of the year March 31, 2020			49,166	0.18
7.	**Padmakumar Karunakaran Pillai**				
	As at April 1, 2019	48,580	0.19		
	Less: Sold on 17.02.2020	5000	0.02		
	At the end of the year March 31, 2020			43,580	0.16
8.	**Sajitha Pillai**				
	As at April 1, 2019	33,333	0.13		
	At the end of the year March 31, 2020			33,333	0.12
9.	**Hemalatha Pillai**				
	As at April 1, 2019	28,000	0.11		
	At the end of the year March 31, 2020			28,000	0.10
10.	**Rajitha Gopalakrishnan**				
	As at April 1, 2019	27,500	0.11		
	At the end of the year March 31, 2020			27,500	0.10
11.	**K R Lakshmi**				
	As at April 1, 2019	21,727	0.08		
	At the end of the year March 31, 2020			21,727	0.08
12.	**Rajeswari Amma**				
	As at April 1, 2019	15,626	0.06		
	At the end of the year March 31, 2020			15,626	0.06
13.	**Yalavarthy Usha Rani**				
	As at April 1, 2019	6,000	0.02		
	At the end of the year March 31, 2020			6,000	0.02
14.	**Pronomz Ventures LLP**				
	As at April 1, 2019	31,90,831	12.38		
	At the end of the year March 31, 2020			31,90,831	11.88
15.	**Chayadeep Ventures LLP**				
	As at April 1, 2019	10,05,000	3.90		
	At the end of the year March 31, 2020			10,05,000	3.74
16.	**Agnus Capital LLP**				
	As at April 1, 2019	8,49,635	3.30		
	At the end of the year March 31, 2020			8,49,635	3.16
17.	**Sequent Scientific Limited**				
	As at April 1, 2019	5,52,083	2.14		
	At the end of the year March 31, 2020			5,52,083	2.06
18.	**Chayadeep Properties Private Limited**				
	As at April 1, 2019	5,25,730	2.04		
	At the end of the year March 31, 2020			5,25,730	1.96
19.	**Devicam Capital LLP**				
	As at April 1, 2019	1,51,546	0.59		
	At the end of the year March 31, 2020			1,51,546	0.56
20.	**Karuna Ventures Private Limited**				
	As at April 1, 2019	1,03,333	0.40		
	At the end of the year March 31, 2020			1,03,333	0.38
21.	**Agnus Holdings Private Limited**				
	As at April 1, 2019	72,181	0.28		
	At the end of the year March 31, 2020			72,181	0.27

S No	Shareholder's Name	Shareholding at the beginning of year April 01, 2019		Cumulative Shareholding during the year	% of total shares of the Company
		Number of Shares	% to total shares		
22.	**Karuna Business Solutions LLP**				
	As at April 1, 2019	6,12,121	2.37		
	Add: Preferential allotment – conversion of warrants on March 26, 2020	8,00,000	3.10	14,12,121	
	At the end of the year March 31, 2020			14,12,121	5.26
23.	**Triumph Venture Holdings LLP**				
	As at April 1, 2019	5,989	0.02		
	At the end of the year March 31, 2020			5,989	0.02

iv) Shareholding Pattern of Top 10 Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl No	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	'% of total shares of the company	No of shares	'% of total shares of the company
1.	TPG GROWTH IV SF PTE. LTD.	-	-	14,66,816	5.46
2.	SBI MAGNUM MULTICAP FUND	13,42,351	5.21	12,84,197	4.89
3.	TIMF HOLDINGS	7,51,788	2.92	10,79,349	4.02
4.	BNP PARIBAS ARBITRAGE	8,10,037	3.14	8,85,037	3.30
5.	CVR ENTERPRISE LLP	2,67,960	1.04	6,12,215	2.28
6.	HBM HEALTHCARE INVESTMENTS (CAYMAN) LTD	6,11,806	2.37	6,11,806	2.28
7.	UNIT TRUST OF INDIA INVESTMENT ADVISORY SERVICES LIMITED JT1 : IMITED A/C ASCENT INDIA FUND III	5,65,535	2.19	5,65,535	2.11
8.	RAPTAKOS BRETT AND CO. LTD	3,74,567	1.45	4,56,027	1.70
9.	ROUTE ONE OFFSHORE MASTER FUND L.P.	4,35,790	1.69	4,35,790	1.62
10.	MUKUL AGRAWAL JT1 : PARAM CAPITAL RESEARCH PVT LTD	3,25,000	1.26	3,27,690	1.22
11.	ROUTE ONE FUND I, L.P.	3,14,619	1.22	3,14,619	1.17
12.	GOVERNMENT PENSION FUND GLOBAL	3,29,180	1.28	-	-

v) Shareholding of Directors and Key Managerial Personnel as at March 31, 2020

Sl No	Name of the Share holder	No of shares	'% of total shares of the company	No of shares	'% of total shares of the company
1.	DEEPAK VAIDYA JT1 : KUMUD DEEPAK VAIDYA	30,000	0.12	30,000	0.11
2.	NIRMAL BHOGILAL JT1 : SHEELA BHOGILAL	91,758	0.35	1,22,248	0.45
3.	JITESH D	60,687	0.24	3,00,687	1.12
4.	R RAMAKRISHNAN	9,000	0.03	10,000	0.04
5.	SUBRAMANIAN HARIHARAN	1,641	0.01	11,641	0.04
6.	B SREENIVASA REDDY	857	0.00	15,857	0.06
7.	S MURALI KRISHNA	135	0.00	135	0.00

V. INDEBTEDNESS:

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

Particulars	Secured loans excluding deposits ₹ In Cr	Unsecured Loans ₹ In Cr	Deposits ₹ In Cr	Total Indebtedness ₹ In Cr
Indebtedness at the beginning of the financial year				
i) Principal Amount	538.05	-	-	538.05
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.48	-	-	0.48
Total (i+ii+iii)	**538.53**	**-**	**-**	**538.53**
Change in Indebtedness during the financial year				
Additions	258.00	-	-	258.00
Amortisation of processing fees	2.88	-	-	2.88
Exchange gain/(loss)	13.10	-	-	13.10
Transferred to lease liability on transition to Ind AS 116	(4.10)	-	-	(4.10)
Reduction	(100.87)	-	-	(100.87)
Net Change	**169.01**	**-**	**-**	**169.01**
Indebtedness at the end of the financial year				
i) Principal Amount	706.79	-	-	706.79
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.75	-	-	0.75
Total (i+ii+iii)	**707.54**	**-**	**-**	**707.54**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S. No	Particulars of Remuneration	Name of MD / WTD/ Manager		Total Amount (₹ in Cr)
		Jitesh Devendra April 1, 2019 to Mar 31, 2020 (₹ in Cr)	S Hariharan April 1, 2019 to Mar 31, 2020 (₹ in Cr)	
1.	Gross Salary			
	Salary as per provision contained in section 17(1) of the Income Tax Act, 1961*	1.88	1.23	3.11
	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	5.84	0.16	6.00
3.	Sweat Equity	-	-	-
4.	Commission as percentage of profit	-	-	-
5.	Others (Bonus)**	1.35	0.28	1.63
	Total	**9.07**	**1.67**	**10.74**
	Maximum managerial remuneration available to Managing Director and Whole-time Director @10% of profits calculated under Section 198 of the Companies Act, 2013 is ₹ 12.54 Crores.			

* includes Company`s contribution towards Provident Fund.
**includes previous year bonus paid during the year.

B. Remuneration to other directors:

S. No	Name of Directors	Particulars of remuneration			
		Fee for attending board / committee meetings (₹ in Cr)	Commission (₹ in Cr)	Others (₹ in Cr)	Total amount (₹ in Cr)
1	Deepak C Vaidya	0.08			0.08
2	R. Ramakrishnan	0.08			0.08
3	Nirmal P Bhogilal	0.08			0.08
4	Kausalya Santhanam	0.08			0.08
5	Ron de Vries	0.08			0.08
	Total	**0.40**	**-**	**-**	**0.40**

Maximum managerial remuneration available to Non-Executive Directors @1% of profits calculated under Section 198 of the Companies Act, 2013 is ₹ 1.25 Crores

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

S. No	Particulars of Remuneration	Bharath R Sesha$ (Chief Executive Officer)	B. Sreenivasa Reddy (Chief Operating Officer)	S. Murali Krishna (Company Secretary)	Total
1.	Gross Salary	**(₹ in Cr)**	**(₹ in Cr)**	**(₹ in Cr)**	**(₹ in Cr)**
	Salary as per provision contained in section 17(1) of the Income Tax Act, 1961*	0.36	1.12	0.39	1.87
	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	-	0.33	-	0.33
3.	Sweat Equity	-	-	-	-
4.	Commission as percentage of profit	-	-	-	-
5.	Others (Bonus)	0.40	0.28	0.03	0.71
	Total	**0.76**	**1.73**	**0.42**	**2.91**

$ Appointed as CEO (KMP) on Feb 6, 2020

* includes Company`s contribution towards PF.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no penalties / punishments / compounding of offences during the year ended March 31, 2020.

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director-Finance and
Chief Financial Officer

Place: Bengaluru
Date: 07.05.2020

ANNEXURE 4 TO THE BOARD'S REPORT

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

A.	POWER & FUEL CONSUMPTION		Year ended March 31, 2020	Year ended March 31, 2019
	Electricity			
a.	Purchased Units	in 000's	46,762	41,003
	Total amount paid	₹ in Cr	40.01	32.69
	Rate per Unit	₹	8.56	7.97
b.	Own generation by			
I.	Diesel Generators (Units)	in 000's	1,106	1,476
	Unit per Ltr. of Diesel Oil		1.63	2.50
	Rate per unit	₹	26.17	24.27
II.	Windmills (Units)	in 000's	9,397	16,661
	Amount adjusted	₹ in Cr	4.74	8.30
	Rate per Unit	₹	5.04	4.98
III.	Third Party (IEX)	in 000's	17,609	12,765
	Amount Adjusted	₹ in Cr	8.54	4.82
	Rate per Unit	₹	4.85	3.77
IV.	Solar (Units)	in 000's	6,126	-
	Amount adjusted	₹ in Cr	3.15	-
	Rate per Unit	₹	5.14	-
Others				
	Fuel Briquittees/Furnace Oil	Kgs in 000's	36,784	35,063
	Total amount paid	₹ in Mn	18.22	21.57

(B) TECHNOLOGY ABSORPTION:

Efforts are being made to absorb the technology.

(C) BEST EHS PRACTICES:

(a) The Confederation of Indian Industry(CII) southern region has spearheaded the "Excellence Award in Environment, Health and Safety (EHS) "for the companies who excel in EHS practices and implement it effectively in the work area. Our Cuddalore site has secured a 5 star rating for excellence in EHS Practices. Puducherry & Mangaluru Sites have secured a 3 star rating in appreciation to EHS Practices.

b) Cuddalore site received Safety award from Directorate of Industrial Safety and Health for "lowest weighted frequency rate" compared with other industries

c) Ambernath site received Certificate of Merit from National Safety Council, Maharashtra for "Zero Accident frequency rate".

d) 12623.22 tCO2-e of GHG emissions reduced in FY 20 by usage of renewable energy sources.

e) The total GHG emissions from Scope 1 and Scope 2 was 50474 tCO2 in FY20 against 55011 tCO2 in FY 19. 8% reduction in total Greenhouse gas emissions.

(D) EXPENDITURE ON RESEARCH AND DEVELOPMENT:

Particulars	Total as at March 31, 2020 ₹ in Cr	Total As at March 31, 2019 ₹ in Cr
Capital	3.32	56.68
Recurring*	46.96	44.83

*Excludes depreciation and interest

(E) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information on foreign exchange earnings and outgo

Particulars	Total as at March 31, 2020 ₹ in Cr
Foreign exchange earned in terms of actual inflows	1,171.09
Foreign exchange outgo in terms of actual outflows	683.67

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director-Finance and
Chief Financial Officer

Place: Bengaluru
Date: 07.05.2020

ANNEXURE 5 TO THE BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

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

I have conducted the Secretarial Audit of the Compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Solara Active Pharma Sciences Limited** (hereinafter called "the Company") 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 March 31, 2020, 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 March 31, 2020 according to the provisions of:

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

(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;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

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

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; During the financial year under review the Company has not issued any debt 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, 2009; Not applicable during the financial year under review as the Company has not delisted its equity shares from any stock exchange;

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and 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;

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

(vi) Other laws 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 at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) Majority decision is carried through where there were no dissenting members.

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

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

1. The Company has obtained the approval of Shareholders by way of Ordinary Resolution through Annual General Meeting of the Company held on 14th August 2019 for declaration of dividend of ₹ 5 per equity share of face value of ₹ 10 each for the financial year ended 31.03.2019.

2. The Company has obtained the approval of Shareholders by way of Ordinary Resolution vide Annual General Meeting of the Company held on 14th August 2019 for Increasing the Total Value of the Transactions with Strides Pharma Science Limited (Related Party) upto ₹ 600 Crores for each Financial Year.

3. Pursuant to the Company Scheme Application Nos 1665 and 1671 of 2018 before the NCLT, Mumbai Bench, in the NCLT convened meeting of shareholders and unsecured creditors, approved the Scheme of Merger between Solara Active Pharma Sciences Limited and its Wholly Owned Subsidiary Strides Chemicals Private Limited.

4. The Company has made the following allotment of equity shares under the Solara ESOP 2018 during the Financial Year under review:

   a. 10,000 Equity Shares of ₹10/- each at a premium of ₹ 195/- per share to Mr. S. Hariharan bearing Distinctive Numbers 2,57,74,268 to 2,57,84,267 in the Board Meeting dated 22.10.2019.

   b. 8,000 Equity Shares of ₹ 10/- each at a premium of ₹ 195/- per share to Mr. Sundara Murthy bearing Distinctive Numbers 2,57,84,268 to 2,57,92,267 in the Board Meeting dated 22.10.2019

   c. 2,40,000 Equity Shares of ₹ 10/- each at a premium of ₹195/- per share to Mr. Jitesh Devendra bearing Distinctive Numbers 2,57,92,268 to 2,60,32,267 vide circular resolution dated 03.12.2019.

   d. 8,000 Equity Shares of ₹ 10/- each at a premium of ₹ 195/- per share to Mr. S. Swaminathan bearing Distinctive Numbers 2,60,32,268 to 2,60,40,267 vide circular resolution dated 03.12.2019.

   e. 15,000 Equity Shares of ₹ 10/- each at a premium of ₹ 195/- per share to Mr. B. Sreenivasa Reddy bearing Distinctive Numbers 2,60,40,268 to 2,60,55,267 in the Board Meeting dated 06.02.2020.

5. The NCLT Order No. CP (CAA) 3756/230-232/NCLT/MB/MAH2019 dated 20.12.2019 sanctioned the Scheme of Merger between Solara Active Pharma Sciences Limited and its Wholly Owned Subsidiary Strides Chemicals Private Limited.

6. The Board of Directors of the Company vide Circular Resolution dated 20.01.2020 made the Scheme of Merger between Solara Active Pharma Sciences Limited and its Wholly Owned Subsidiary Strides Chemicals Private Limited effective from 01.02.2020.

7. The Company has allotted 8,00,000 Equity Shares, pursuant to conversion of warrants allotted on 08.03.2019 on preferential basis, vide Circular Resolution dated 26.03.2020 with face value of ₹10 including premium of ₹ 390, at a price of ₹ 400 to Karuna Business Solutions LLP, a promoter group.

For **Mohan Kumar & Associates**

A. Mohan Kumar
Practicing Company Secretary
Membership Number: FCS 4347
Certificate of Practice Number: 19145

Place: Chennai.
Date: 07.05.2020

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

ANNEXURE A

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

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.

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

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

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

5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.

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

For Mohan Kumar & Associates

A. Mohan Kumar
Practicing Company Secretary
Membership Number: FCS 4347
Certificate of Practice Number: 19145
UDIN: F004347B000211411

Place: Chennai
Date: 07.05.2020

ANNEXURE 6 TO THE BOARD'S REPORT

Profile of the Appointee Directors

S No	Name of the Director and other particulars	Brief Profile and experience	Other Directorships Held	Committee Membership held
1	Name: S. Hariharan (DIN 05297969) Age: 63 Qualification: B.Com. and ICWA Terms and Conditions of appointment: As per the resolution at Item No. 3 of the Notice convening this meeting Date of first appointment on the Board: Since the incorporation of Company Shareholding in the Company as on March 31, 2020: 11,641	Mr. S. Hariharan having more than 30 years' experience in the field of Corporate Finance, Accounts and Strategic Planning. He played a vital role in the merger process of Shasun with Strides. He has rich experience in the fields of Finance, Accounts, Secretarial, Taxation, Legal and Information Technology functions. He has extensive experience in Mergers & Acquisitions.	NIL	NIL

Notes:

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

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

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director-Finance and
Chief Financial Officer

Place: Bengaluru
Date: 07.05.2020

ANNEXURE 7 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, 2020	As at March 31, 2020 the Board comprised of 7 Directors - comprising of two Executive Directors, four Independent Directors and two Non-Executive Director. The Non-Executive & Independent Directors receive sitting fees of ₹100,000/- for attending each meeting of the Board and Audit Committee. They do not receive any other form of remuneration. 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, 2020 are as below: Mr. Jitesh Devendra, Managing Director – 1:58.3 Mr. S Hariharan, Executive Director (Finance) and Chief Financial Officer – 1:27.3 The median remuneration for the period under review is ₹ 5,54,516/- per annum (without considering the Sitting Fees paid to Non-Executive & Independent Directors of the Company).	
2.	The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Chief Operating Officer and Company Secretary in the financial year ending March 31, 2020	Mr. Jitesh Devendra, Managing Director	4.32%
		Mr. S Hariharan, Executive Director – Finance and Chief Financial Officer	6.34%
		Mr. Sreenivasa Reddy, Chief Operating Officer	6.15%
		Mr Murali Krishna, Company Secretary	11.38%
3.	The percentage increase in the median remuneration of employees in the financial year ending March 31, 2020	1.07%	
4.	The number of permanent employees on the rolls of Company as at March 31, 2020	2,396 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 8.84 %.	

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

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director-Finance and
Chief Financial Officer

Place: Bengaluru
Date: 07.05.2020

ANNEXURE 8 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 at 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 March 31, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs.

S No	Name of Director	DIN	Date of appointment at current designation	Original Date of appointment in Company
1.	Mr. Deepak Calian Vaidya	00337276	28-09-2018	11-04-2018
2.	Mr. Nirmal Pratap Bhogilal	00173168	28-09-2018	11-04-2018
3.	Mr. Ramakrishnan Rajagopal	00161542	28-09-2018	11-04-2018
4.	Dr. Kausalya Santhanam	06999168	28-09-2018	11-04-2018
5.	Mr. Jitesh Devendra	06469234	11-04-2018	23-02-2017
6.	Mr. Hariharan Subramanian	05297969	11-04-2018	23-02-2017
7.	Mr. Ronald Tjeerd De Vries	08265610	14-08-2019	30-10-2018
8.	Mr. Ankur Nand Thadani	03566737	14-08-2019	16-05-2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our 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
UDIN: F004347B000211411

Place: Chennai
Date: 07.05.2020

ANNEXURE 9 TO THE BOARD'S REPORT

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

ESOP DISCLOSURES

S No	Description	Disclosure
1	Name of the Scheme	Solara Employee Stock Option Plan 2018 (Solara ESOP 2018)
2	Date of approval of the ESOP Scheme by Shareholders	September 28, 2018
3	Options available under the Scheme	12,28,778
4	Pricing formula	Decided by the Nomination and Remuneration Committee from time to time
5	Outstanding options	1,93,778
6	Options granted during the year under review	1,90,000
7	Options vested during the year under review	NIL
8	Options exercised during the year under review	2,81,000
9	Total number of shares arising as a result of exercise of options	2,81,000
10	Options lapsed / surrendered during the year under review	40,000
11	Variation of terms of options	vesting schedule has been varied in certain cases.
12	Money realised by exercise of options	₹ 5.76 crores
13	Total number of options in force at the end of the period ending March 31, 2020	7,14,000
14	Available for further grant	1,93,778
15	Employee-wise details of options granted during the year under review	
	(i) Key Management Personnel	1,50,000
	(ii) Any other employee who received grant in any one year of option amounts to 5% or more of options during the year	Mr. Bharat R Sesha, Chief Executive Officer
	(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	Mr Jitesh Devendra, Managing Director
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	₹ 42.03
	(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	₹ 247.62/-
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 Year	2 Years	3 Years	1 Year	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 Year	2 Years	3 Years	1 Year	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

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director-Finance and Chief Financial Officer

Place: Bengaluru
Date: 07.05.2020

ANNEXURE 10 TO THE BOARD'S REPORT

Form No. AOC-2

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

Disclosure of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

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

   During the year under review there were no contracts or arrangements or transactions which are not at arm's length basis.

2. Details of contracts or arrangements or transactions at arm's length basis

S No	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	Date of approval by the Board
1	Strides Pharma Science Ltd (Strides) – Enterprise owned by common promoters	Sale of API products, rendering of services and leasing of properties as per prevailing market prices	On going	The Company will supply Active Pharmaceutical Ingredients (Raw Materials) to Strides at prevailing market price up to a limit of ₹ 600 Crores in each financial year	May 16, 2019

Note : Approval of shareholders have been obtained for the aforementioned material related party transactions.

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director-Finance and Chief Financial Officer

Place: Bengaluru
Date: 07.05.2020

ANNEXURE 11 TO THE BOARD'S REPORT

SECRETARIAL COMPLIANCE REPORT OF SOLARA ACTIVE PHARMA SCIENCES LIMITED
FOR THE YEAR ENDED 31.03.2020

I have examined:

(a) all the documents and records made available to us and explanation provided by Solara Active Pharma Sciences Limited("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the year ended 31.03.2020 ("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;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and 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;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; During the financial year under review the Company has not issued any debt securities and hence not applicable;

(g) Securities and Exchange Board of India(Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations,2013; During the financial year under review the Company has not issued any Non-Convertible Redeemable Preference Shares and hence not applicable;

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

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

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, except in respect of matters specified below:-

S. No	Compliance Requirement (Regulations/Circulars/guideline including specific clause)	Deviations	Observations/Remarks of the Practicing Company Secretary
		NIL	

(b) The listed entity has maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from my examination of those records.

(c) 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	Actions taken by	Details of Violation	Details of action taken	Observations/Remarks of the Practicing Company Secretary, if any.
		NIL		

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

S. No	Observations of the Practicing Company Secretary in the previous reports.	Observations made in the secretarial compliance report for the year ended	Actions taken by the listed entity, if any.	Comments of the Practicing Company Secretary on the actions taken by the listed entity
1		NOT APPLICABLE		

For **Mohan Kumar & Associates**

A. Mohan Kumar
Practicing Company Secretary
Membership Number: FCS 4347
Certificate of Practice Number: 19145
UDIN: F004347B000211224

Place: Chennai.
Date: 07.05.2020

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 balancing the interests of many stakeholders, such as shareholders, management, customers, suppliers, financiers and government. Your Company is committed to good Corporate Governance, based on an effective independent Board, separation of supervisory role from the executive management and constitution of Committees to oversee critical areas thus upholding the standards practically at every sphere ranging from action plan to performance measurement and customer satisfaction.

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

1. Mr. Deepak C Vaidya, Non-Executive Director and Chairman of the Company.
2. Mr. Nirmal P. Bhogilal, Independent Director
3. Mr. R. Ramakrishnan, Independent Director
4. Mr. Ronald Tjeerd de Vries, Independent Director
5. Dr. Kausalya Santhanam, Independent Director
6. Mr. Ankur Nand Thadani, Non-Executive Director
7. Mr. Jitesh Devendra, Managing Director
8. Mr. S. Hariharan, Executive Director -Finance & CFO

As on the date of this Report, the Board comprises of 8 Directors - Two Executive Directors, Four Independent Directors and Two 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.

The composition of Board of Directors of the Company is an appropriate combination of Executive and Non-Executive Directors, with more than fifty percent of the Board being Non-executive directors

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. 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 i.e. www.solara.co.in

Board Meetings held during the year

During the year ended March 31, 2020, 4 (Four) Board Meetings were held. These meetings were held on May 16, 2019, August 13, 2019, October 22, 2019 and February 6, 2020.

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 2019-20		No. of shares held	Whether attended last AGM held on August 14, 2019
				Membership	Chairmanship	Held	Attended		
Mr. Deepak C Vaidya	Chairman & Non-Executive Director	5	Strides Pharma Science Limited – Non Executive Director Indraprastha Medical Corporation Limited – Independent Director Bombay Oxygen Investments Limited – Independent Director Spandana Sphoorty Financial Limited – Independent Director	5	3	4	4	30,000	Yes
Mr. Nirmal P Bhogilal	Independent Director	2	Eimco Elecon (India) Limited – Independent Director Batliboi Limited – Whole-time Director	2	-	4	4	91,000	Yes
Mr. R. Ramakrishnan	Independent Director	-	-	-	-	4	4	10,000	Yes
Mr Ronald Tjeerd de Vries	Independent Director		-			4	4	-	Yes
Dr. Kausalya Santhanam	Independent Director	2	Sequent Scientific Limited – Independent Director Strides Pharma Science Limited – Independent Director	2	1	4	4	-	Yes
Mr. Ankur Nand Thadani*	Non-Executive Director	-	-	-	-	4	3	-	No
Mr. Jitesh Devendra	Managing Director	-	-	-	-	4	4	300,687	Yes
Mr. S. Hariharan	Executive Director-Finance & CFO	-	-	-	-	4	4	11,641	Yes

* Appointed with effect from May 16, 2019

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. Deepak C Vaidya	√	√	√	√		√	√	
Mr. Nirmal P Bhogilal		√	√	√		√	√	
Mr. R. Ramakrishnan	√		√	√		√	√	
Mr Ronald Tjeerd de Vries		√	√	√	√		√	√
Dr. Kausalya Santhanam		√		√	√	√	√	
Mr. Ankur Nand Thadani	√	√	√			√	√	
Mr. Jitesh Devendra		√	√	√	√	√	√	√
Mr. S. Hariharan	√	√	√	√	√	√	√	

Meetings of Independent Directors

Independent Directors of the Company met on February 5, 2020 without the presence of the Non-Independent and Executive Directors. The meetings of Independent Directors evaluate 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.

Declaration by Independent Directors

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 at March 31, 2020.

Confirmation by the Board

Based on the disclosures received from all the independent Directors and also in the opinion of the Board, the Independent Directors fulfils the conditions specified in the Companies Act 2013 and Listing Regulations and are independent of the management. All the Independent Directors of the Company have enrolled with Indian Institute of Corporate Affairs.

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.

Recommendation of payment of commission to Non-Executive Directors

Considering the experience and expertise brought by the NEDs and in appreciation of their contribution and services, the Board of Directors in their meeting held on February 6, 2020 have recommended payment of commission upto 1% of the net profits of the company and in terms of the provisions of Section 197 of the Companies Act, 2013 and SEBI Listing Regulations.

The said remuneration shall be in addition to the sitting fee paid to them and out-of-pocket expenses incurred for attending meetings of the Board and various Board Committees thereof.

Approval of the Members for payment of commission as recommended above is being sought at the ensuing AGM of the Company.

Details of remuneration paid / payable to Executive Directors during FY 2019-20 is as under:

S. No	Particulars of Remuneration	Name of MD / WTD (₹ in Crores)		Total Amount
		Jitesh Devendra	S Hariharan	
		April 1, 2019 to Mar 31, 2020	April 1, 2019 to Mar 31, 2020	
1.	Gross Salary			
	Salary as per provision contained in section 17(1) of the Income Tax Act, 1961*	1.88	1.23	3.11
	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	5.84	0.16	6.00
3.	Sweat Equity	-	-	-
4.	Commission as percentage of profit	-	-	-
5.	Others (Bonus)**	1.35	0.28	1.63
	Total	**9.07**	**1.67**	**10.74**

* 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 2019-20 is as under

S. No	Name of Director	Particulars of remuneration (₹ in Crores)	
		Fee for attending board / committee meetings	Total amount
1	Deepak C Vaidya	0.08	0.08
2	R. Ramakrishnan	0.08	0.08
3	Nirmal P Bhogilal	0.08	0.08
4	Kausalya Santhanam	0.08	0.08
5	Ron de Vries	0.08	0.08
	Total	**0.40**	**0.40**

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 www.solara.co.in

3. COMMITTEES OF THE BOARD

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

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

3.a) AUDIT COMMITTEE

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

Name	Designation	Category of Directorship	Meetings held	Meetings attended
Mr. R. Ramakrishnan	Chairman	Independent Director	4	4
Mr. Nirmal P Bhogilal	Member	Independent Director	4	4
Dr. Kausalya Santhanam	Member	Independent Director	4	4
Mr. Ronald Tjeerd de Vries	Member	Independent Director	4	4
Mr. Deepak C Vaidya	Member	Non-Executive Director	4	4
Mr. Ankur Nand Thadani*	Member	Non-Executive Director	4	3

* Appointed with effect from May 16, 2019

The Committee met four times during the period under review i.e., on May 16, 2019, August 13, 2019, October 22, 2019 and February 6, 2020. 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 – Finance and Chief Financial Officer, Chief Executive 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, inter alia, includes the following:

Financial Statements:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

- Examination of the Company's financial statement and the Auditor's Report on the same.

- Discuss and review, with the management and auditors, the annual / quarterly financial statements before submission to the Board, with particular reference to:

    - matters required to be included in the director's responsibility statement to be included in the Board's Report under Section 134(3)(c) of the Companies Act, 2013;

    - Disclosure of changes in accounting policies and practices and reasons for the same;

    - major accounting entries involving estimates based on the exercise of judgment by management;

    - significant adjustments made in the financial statements arising out of audit findings;

    - qualifications in the draft audit report, if any;

    - compliance with listing and other legal requirements relating to financial statements;

    - disclosure of any Related Party Transactions;

    - any modified opinion(s) in the draft audit report;

    - monitoring the end use of funds raised through public offers and related matters and make appropriate recommendations to the Board;

    - Review of the management discussion and analysis of financial condition and results of operation;

    - Review of utilization of loans/advances / investment by the company in the subsidiary companies exceeding the limits as prescribed in the Listing Regulations

Statutory Audit

- Discussion with the Statutory Auditors, before the audit commences in any given financial year, the scope of audit as well as post-audit discussion / review to ascertain any area of concern;

- Review with the Statutory Auditor any challenges / critical observations noted and the management's responses.

- Recommend to the Board the appointment, reappointment, removal of the Statutory Auditors, fixation of audit fee and approval for payment for any non-audit services rendered by the Statutory Auditors.

- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.

- Review management letters / letters of internal control weaknesses issued by Statutory Auditors.

Internal Audit

- Review on regular basis the adequacy of internal audit function, the structure of the internal audit department, approval of the internal audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.

- Review the appointment, removal and terms of remuneration of the Internal Auditor.

- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Discuss with internal auditors any significant findings and follow up thereon.

- Review internal audit reports relating to the internal controls.

Internal Control

- Review with the management, statutory and internal auditors, the adequacy of internal control systems and related matters

- Review management letters / letters of internal control weaknesses issued by Internal Auditors.

Compliance with regulatory requirements and policies;

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

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

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

- Evaluation of internal financial controls and risk management systems.

- Review the functioning of the whistle blower mechanism

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

Related Party Transactions:

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

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

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

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

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

    - For cases where the need for related party transaction cannot be foreseen and aforesaid details are not available, the Committee may grant omnibus approval for such transaction subject to their value not exceeding ₹ 1 crore per transaction.

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

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

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

Vigil Mechanism:

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

Others:

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

- Approval of appointment of Chief Financial Officer

- Scrutiny of inter-corporate loans and investments

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

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

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

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

- Reviewing material litigation and their impact on financial reporting.

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

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	Meetings held	Meetings attended
Mr. Nirmal P Bhogilal	Chairman	Independent Director	3	3
Mr. Deepak C Vaidya	Member	Non-Executive Director	3	3
Mr. R. Ramakrishnan	Member	Independent Director	3	3
Mr. Ankur Thadani*	Member	Non-Executive Director	3	1

* Appointed with effect from May 16, 2019

The Committee met three times during the period under review i.e., on May 15, 2019, August 12, 2019 and February 5, 2020. 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, inter alia, includes the following:

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

Remuneration Policy

The Committee recommends the compensation package to the executive directors of the Company. The remuneration will include salary, perquisite, allowances and commission. The remuneration policy is directed towards rewarding performance based on review of achievements. It is aimed at attracting and retaining high caliber talent. The Policy is available at the Company website at www.solara.co.in

Performance Evaluation

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

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	Meetings held	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 October 21, 2019. 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, inter alia, includes the following:

- To monitor and review grievances of securities holders including but not limited to complaints related to transfer/transmission of shares, issue of duplicate share certificates, non-receipt of annual reports, non-receipt of declared dividends, general meetings, etc.
- To act as a delegated authority of the Board of Directors to expedite the process of share transfers
- The Chairman or any member of the Committee to attend the general meetings of the Company.
- To oversee the implementation of the Company's Code of Conduct for the prevention of Insider Trading in the securities of the Company.
- To authorise issue of share certificates, printing of share certificates and issue of duplicate share certificates.
- To review the measures taken for effective exercise of voting rights by shareholders.
- To review the adherence to the service standards adopted by the company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- To review the various measures and initiatives taken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the company
- Mr. S Murali Krishna, Company Secretary is the compliance officer of the company

Investor/ Shareholder Complaints received and disposed off during the year 2019-20

S No	Description	Opening balance at April 1, 2019	No. of cases Received during the year	Resolved & Disposed during the year	Pending as on March 31, 2020
1	Non-receipt of annual reports	-	21	21	-
2	Non-Receipt of dividend amount	-	16	16	-
3	Non-receipt of securities	-	15	15	-
4	Non-receipt of securities after transfer	-	-	-	-
5	Non-receipt of duplicate/ transmission/ deletion of share certificates	-	-	-	-
6	Pending demat confirmations	-	1	-	1
	Total	**-**	**53**	**52**	**1**

3.d) CORPORATE SOCIAL RESPONSIBILITY (CSR) 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	Meetings held	Meetings attended
Dr. Kausalya Santhanam	Chairperson	Independent Director	2	2
Mr. R. Ramakrishnan	Member	Independent Director	2	2
Mr. Ankur Thadani*	Member	Non-Executive Director	2	1
Mr. Jitesh Devendra	Member	Executive Director	2	2

* Appointed with effect from May 16, 2019

The Committee met two times during the period under review i.e., on May 15, 2019 and February 5, 2020. 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:

- The Committee shall have free access to management and management information and may seek the advice of outside experts or consultants at the company's expense where judged necessary, to discharge its duties and responsibilities.
- The Committee shall frame, review and recommend changes to the CSR policy and / or associated activities of the Company.
- The Committee shall monitor and adherence by the Company with the CSR policy
- The Committee shall ensure that the Company is taking the appropriate measures to implement the CSR activities as mentioned in the policy successfully.

- The Committee shall identify the areas of CSR activities and recommend the amount of expenditure to be incurred on such activities.
- The Committee shall review and reassess the adequacy of the Charter annually and recommend any proposed changes to the Board for approval.

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 Composition of the Committee is as follows:

Name of the Director	Designation	Category of Directorship
Mr. Ankur Thadani	Chairman	Non-Executive Director
Mr. Ronald Tjeerd de Vries	Member	Independent Director
Mr. Bharath R Sesha	Member	Chief Executive Officer

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

- The Committee shall overall responsibility for monitoring and approving the risk management framework and associated practices of the Company.
- The Committee shall assist the Board in fulfilling its corporate governance oversight responsibilities regarding the identification, evaluation and mitigation of strategic, operational, and external environment risks.

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	EGM	August 11, 2017 at 12:30 p.m.	Strides House, Bilekahalli, Bannerghatta Road, Bangalore – 560076	1. Borrowing under Section 180 (1) (c) of the Companies Act 2013 2. Charging of assets of the company under Section 180 (1) (a) of the Companies Act 2013
2	Tribunal convened Meeting	December 27, 2017 at 3:00 p.m.	Four Points by Sheraton, Plot No. – 39/1, 6 to 15, Sector – 30A, Vashi, Navi Mumbai – 400 701	Approval of the Composite Scheme of Arrangement between the Company, Strides Pharma Science Limited and SeQuent Scientific Limited and their respective shareholders
3	EGM	March 5, 2018 at 11:00 a.m.	Strides House, Bilekahalli, Bannerghatta Road, Bangalore – 560076	1. Borrowing under Section 180 (1) (c) of the Companies Act 2013 2. Charging of assets of the company under Section 180 (1) (a) of the Companies Act 2013
4	EGM	March 26, 2018 at 3:00 p.m.	'Batra Centre', 3rd & 4th Floor 28, Sardar Patel Road, Guindy, Chennai 600032	Amendment to Articles of Association of the company
5	AGM for FY ending March 31, 2018	September 28, 2018, at 12:15 p.m.	Four Points by Sheraton, Plot No. 39/1, 6 to 15, Sector 30A, Vashi, Navi Mumbai 400 701	1. Appointment of Mr. Jitesh Devendra as Managing Director of the Company 2. Appointment of Mr. S. Hariharan as Executive Director-Finance of the Company 3. Approval of Solara Employees Stock Option Plan 2018 4. Approval of Solara Employee Stock Option Plan 2018 to the employees of subsidiary companies
6	EGM	February 27, 2019 at 10.00 a.m.	Four Points by Sheraton, Plot No. 39/1, 6 to 15, Sector 30A, Vashi, Navi Mumbai 400 701	Issue of Convertible Warrants on Preferential Basis
7	AGM for FY ending March 31, 2019	August 14, 2019 at 10.30 a.m.	Hotel Regenza By Tunga, Plot No. 37, Sector 30A, Vashi, Navi Mumbai – 400 703	Approval for continuation of Mr. Deepak C Vaidya as Non-Executive Director of the Company
8	Tribunal convened Meeting	October 10, 2019 at 10.00 a.m.	Hotel Regenza By Tunga, Plot No. 37, Sector 30A, Vashi, Navi Mumbai – 400 703	Approval of the Composite Scheme of Arrangement between the Company and Strides Chemicals Private Limited and their respective shareholders

Reconciliation of Share Capital Audit

The Company conducts a share capital audit on a quarterly basis in accordance with requirements of Regulation 76 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

Secretarial Compliance Certificate

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

5. POSTAL BALLOT:

During FY 2019-20 the Company not conducted Postal Ballot process to seek the approval of the shareholders.

6. AFFIRMATIONS AND DISCLOSURES

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

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

The Company has formulated a policy for transacting with related parties, which is uploaded on the website of the Company. Transactions with the related parties are disclosed in the financial statements in the Annual Report.

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

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

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

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

8. MEANS OF COMMUNICATION

Results:

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

Website:

The primary source of information regarding the operations of the Company is the corporate website: www.solara.co.in

It contains a separate dedicated section for Investor relations where the latest and updated information about financials/ activities of the Company are available. The website of the Company also displays official news releases and presentations made to the institutional investors and analysts from time to time.

News releases:

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

NSE Electronic Application Processing System (NEAPS)

All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre')

All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

SEBI Complaints Redress System (SCORES)

SEBI administers a centralised web-based complaints redress system (SCORES). It enables investors to lodge and follow up complaints and track the status of redressal online on the website www.scores.gov.in.

It also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal. All the activities starting from lodging of a compliant till its disposal are carried online at any time. The Company has registered itself on SCORES and endeavours to resolve all investor complaints received through SCORES.

Presentations to institutional investors/analysts

Detailed presentations are made to institutional investors and analysts on a quarterly basis and the same is hosted on the website of the Company. The Company also conducts an quarterly earnings calls post declaration of financial results.

General Shareholder's information

1. **Annual General Meeting 2020**

   The Third Annual General Meeting of the Shareholders of the company will be held on August 04, 2020 at 10:30 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 is detailed in the Notice convening the AGM.

2. **Book Closure**

   The company's Register of Members and Share Transfer Books will remain closed from July 30, 2020 to August 04, 2020 (both days inclusive)

3. **Financial Calendar for the year 2020-21**

Financial reporting for	Month / year
Quarter ending June 30, 2020	August 2020
Quarter ending September 30, 2020	November 2020
Quarter ending December 31, 2020	February 2021
Quarter ending, March 31, 2021	May 2021

4. **Dividend**

   The Board of Directors of the company had recommended a dividend of ₹ 2/- per equity share of face value of ₹ 10/- each for the financial year ended March 31, 2020 subject to the approval of the shareholders of the company at the ensuing annual general meeting scheduled to be held on August 04, 2020.

   Dividend, if approved by shareholders, will be paid within 30 days from the date of declaration of dividend. The Company provides the facility of payment of dividend to the shareholders by directly crediting the dividend amount to the shareholder's bank account and by way of dividend warrants. Members are requested to register and/or update their core banking details with the Company/ RTA/ Depository Participants, as the case may be, to enable credit of dividend to their bank accounts directly.

   To prevent fraudulent encashment of dividend warrants, shareholders are requested to provide their bank account details (if not provided earlier) to the Company/its RTA (if shares held in physical form) or to DPs (if shares held in electronic form), as the case may be, for printing of the same on the dividend warrants.

5. **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, 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.

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

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

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

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

10. **Registrars & Share Transfer Agents:**
During the year, the Company has changed Registrar & Share Transfer Agents from Karvy Fintech Private Limited, Hyderabad to Cameo Corporate Services Limited, Chennai as its Registrar and Share Transfer Agents, for operational convenience and to expedite the process of shareholders queries.

Cameo Corporate Services Limited
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

11. **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.

12. **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, 99.90% of the paid-up share capital of the Company representing 26,828,727 shares is in dematerialized form and balance 0.10% representing 26,540 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.

13. **Shareholding Pattern**

Category	No. of Shares	% to total shareholding
Indian Promoters	11,247,263	41.88
Mutual Funds	1,533,376	5.71
Banks, Financial Institutions, Insurance Companies	64,157	0.24
Foreign Portfolio Investors / FIIs	4,405,614	16.41
Non-resident Indians/Foreign Nationals/OCBs	191,155	0.71
Bodies Corporates / NBFC	4,367,561	16.26
Directors	474,732	1.77
Others (including Indian Public, Clearing Members, Trusts, Funds, etc.)	4,571,409	17.02
Total	**26,855,267**	**100.00**

14. Distribution of shareholding

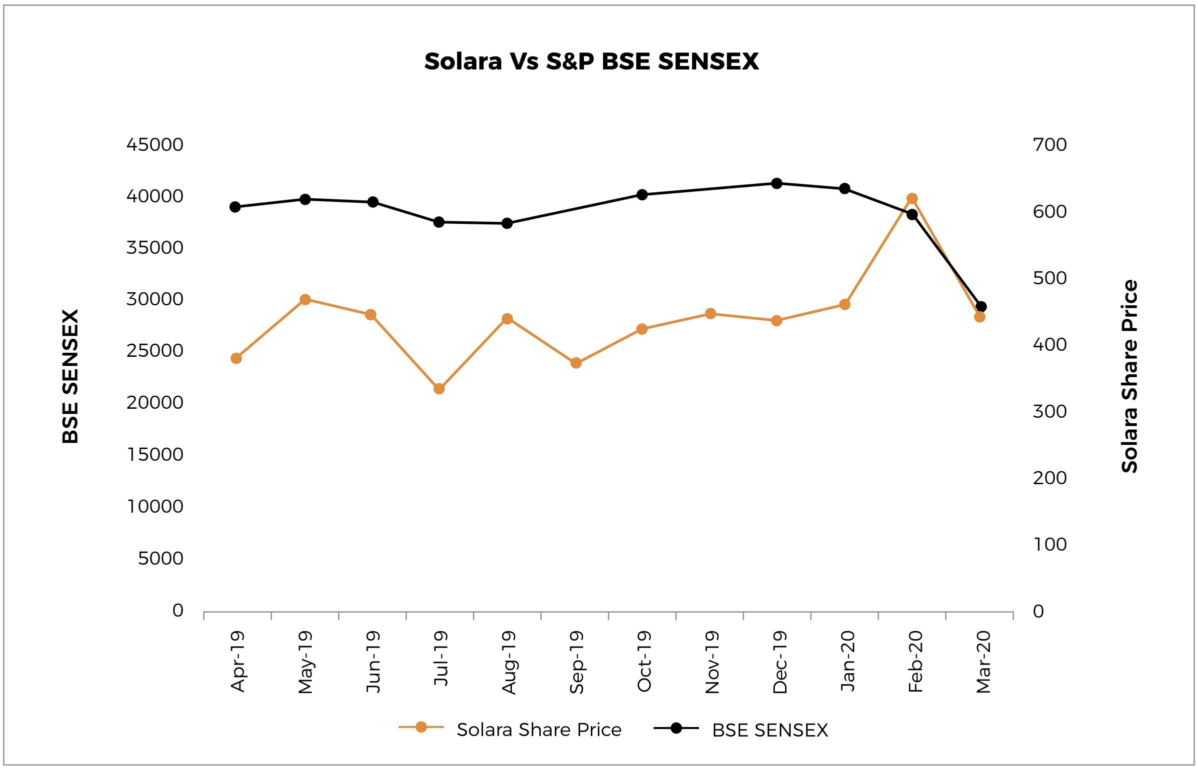
No. of shares		No. of	% to total no.	No. of	% to
From	To	Shareholders	of shareholders	Shares	Capital
1	5000	53,257	99.65	2,191,521	8.16
5001	10000	63	0.12	476,517	1.78
10001	20000	34	0.06	484,420	1.20
20001	30000	22	0.04	549,816	2.05
30001	40000	7	0.01	233,289	0.87
40001	50000	6	0.01	273,654	1.02
50001	100000	20	0.04	1,325,079	4.93
100001	Above	34	0.07	21,320,971	79.39
Total		**53,443**	**100.00**	**26,855,267**	**100.00**

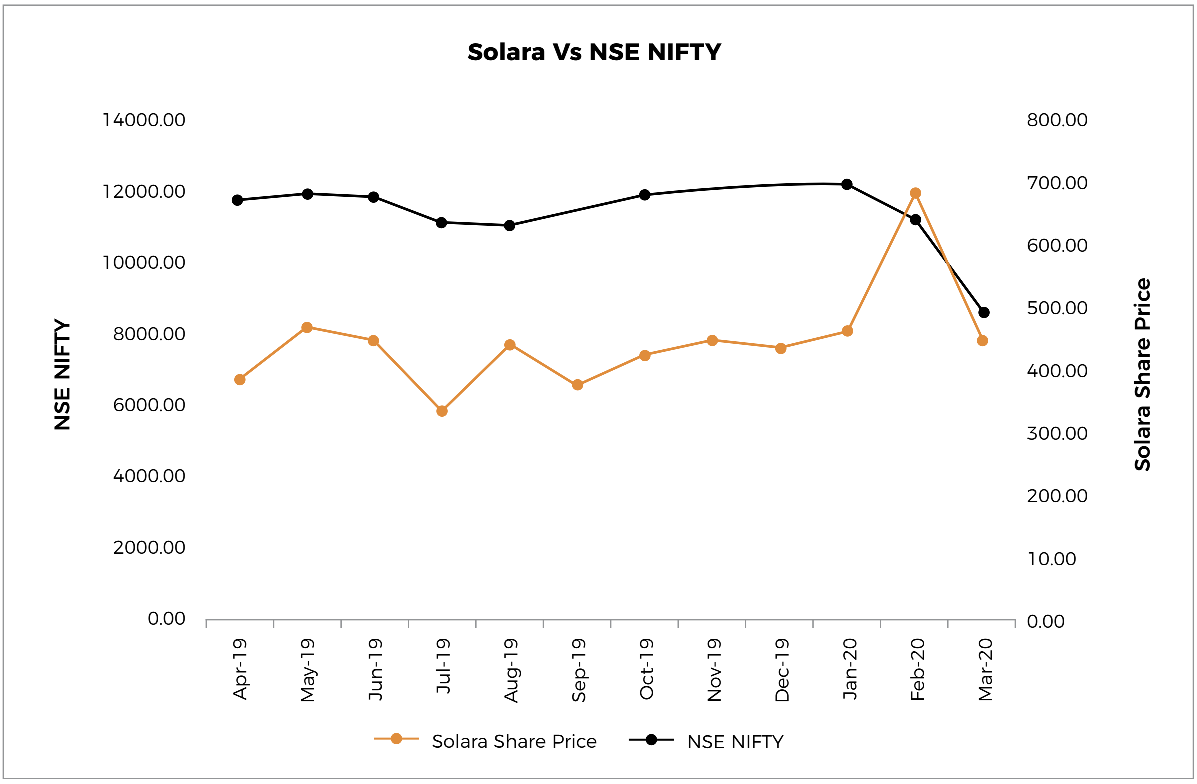
15. Market Price Data

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 2019	472.00	379.00	1,028,276	470.00	381.00	115,072
May 2019	475.00	375.00	1,633,671	477.90	370.50	404,639
June 2019	489.95	429.00	318,296	491.80	429.75	89,306
July 2019	465.00	326.00	526,057	462.25	327.00	74,010
August 2019	449.00	273.00	1,363,100	448.25	275.10	166,729
September 2019	485.05	358.55	774,257	486.00	360.50	130,243
October 2019	448.90	336.60	522,510	448.65	345.00	162,451
November 2019	483.00	408.90	867,897	476.35	410.00	300,926
December 2019	464.00	414.00	242,366	475.00	399.00	36,701
January 2020	465.00	419.95	269,039	465.55	420.00	86,463
February 2020	725.10	441.00	2,352,847	737.00	442.00	246,086
March 2020	699.00	364.35	1,036,047	679.95	366.80	339,001

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





16. Details on Location of Factories:

Active Pharmaceutical Ingredient (API)

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

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

Mangalore : Plot No.120 A & B, 36, 120P & 121, Industrial Area, Baikampady, New Mangalore - 575011.

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

Ambernath : Plot No. N-39/ N-39-1, Anand Nagar, MIDC, Additional Ambernath, Ambernath (East), Mumbai – 421506.

Visakhapatnam : Plot No.: 3B, 3C, 3D, Part 2 and 2A-1, APIIC-APSEZ, Atchutapuram Village, Rambilli Mandal, Visakhapatnam – 531011.

Research & Development Centre

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

Bangalore : No 11, First & Second Floor KIADB Industrial area Phase I Jigani, Bangalore - 560105.

17. 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.

18. Outstanding Convertible Warrants:

During the financial year 2018-19 the company after obtaining in principle approvals from the National Stock Exchange of India Limited and BSE Limited has issued and allotted 6,500,000 warrants to Promoters at ₹ 400/- each and 4,000,000 warrants to Non Promoter investor at ₹ 500/- each. The said warrants are convertible into equivalent number of equity shares within 18 months from date of issue of the warrants. The Company received 25% of the upfront amount of ₹ 115 Crores towards allotment of convertible warrants from the allottees.

Status of such warrants issue:

Name of warrant holder	Category	Warrants issued		Warrants converted		Warrants outstanding
	Promoter / Non promoter	Date	No. of warrants	Date	No. of warrants	
Mr. Arun Kumar Pillai	Promoter	08.03.2019	20,00,000	26.03.2019	5,00,000	15,00,000
M/s. Pronomz Ventures LLP	Promoter	08.03.2019	10,00,000	-	-	10,00,000
M/s. Karuna Business Solutions LLP	Promoter	08.03.2019	35,00,000	26.03.2019 26.03.2020	6,00,000 8,00,000	29,00,000 21,00,000
M/s. TPG Growth IV SF Pte. Ltd.	Non-Promoter	08.03.2019	40,00,000	-	-	40,00,000
Total			**1,05,00,000**		**19,00,000**	**86,00,000**

As on date of this report there are 8,600,000 warrants are outstanding for conversion into equity shares, In the event, allottees do not exercise their right to convert the said outstanding warrants before the due date, the said convertible warrants (to the extent not lodged for conversion) shall lapse and the upfront consideration paid by the warrant holders shall stand forfeited by the company.

19. Details of utilization of funds raised through preferential allotment

The Company raised funds through preferential allotment for an amount of ₹ 172 Crores and the amount was partly utilised for expansion of the facilities.

20 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 2019-20 (₹ in Crores)	Fees paid for the year 2018-19 (₹ in Crores)
Statutory audit fees	0.58	0.50
Tax audit fees	-	0.05
Others	0.10	0.20
Total	**0.68**	**0.75**

21. 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.

22. 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, 2020 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: 07.05.2020

Jitesh Devendra
Managing Director

Compliance Certificate on Corporate Governance

To
The Members of Solara Active Pharma Sciences Limited

I have examined the compliance of conditions of Corporate Governance by **Solara Active Pharma Sciences Limited** (hereinafter referred to as 'the Company'), for the year ended March 31, 2020 as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations.

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

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

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

For Mohan Kumar & Associates

A. Mohan Kumar
Practicing Company Secretary
Membership Number: FCS 4347
Certificate of Practice Number: 19145
UDIN: F004347B000211312

Place: Chennai
Date: 07.05.2020

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L24230MH2017PLC291636
2. Name of the Company: Solara Active Pharma Sciences Limited
3. Registered address: 201, Devavrata, Sector 17, Vashi, Navi Mumbai- 400703
4. Website: www.solara.co.in
5. E-mail id: investors@solara.co.in
6. Financial Year reported: April 1, 2019, to March 31, 2020
7. Sector(s) that the Company is engaged with (Industrial activity code-wise):

NIC CODE	PRODUCT DESCRIPTION
21001	Active Pharmaceutical Ingredients

8. List key three products/services that the Company manufactures/provides (as in balance sheet):
    a. Active Pharmaceutical Ingredients
    b. Intermediates for Active Pharmaceutical Ingredients
    c. Contract Research and Manufacturing Services (CRAMS)
9. The number of locations where the Company conducts business activities
    a. The number of international locations: USA, Japan marketing office & Korea marketing office
    b. The number of national locations:
        i. Registered Office: Vashi, Navi Mumbai, Maharashtra
        ii. Corporate Office: Chennai, Tamil Nadu
    c. The number of manufacturing facilities
        i. Ambernath, Maharashtra
        ii. Mangalore, Karnataka
        iii. Mysore, Karnataka
        iv. Vishakhapatnam, Andhra Pradesh
        v. Cuddalore, Tamil Nadu
        vi. Puducherry
    d. List the R& D centres:
        i. Bengaluru, Karnataka
        ii. Chennai, Tamil Nadu
10. Markets served by the Company: The Company sells its products in over 75 countries globally.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up capital (₹ in Crores): 26.85
2. Total Turnover (₹ in Crores): 1349.27
3. Total Profit after Taxes (₹ in Crores): 114.52
4. Total CSR spending as a percentage of Profit after Tax (₹ in Crores): 1.27 (2.21% on average last three years Profit after Tax)
5. List of activities in which spends have been incurred: Kindly refer Annexure 2 to the Board's Report.

SECTION C: OTHER DETAILS

1.	Does the Company have any subsidiary Company / Companies?	Details of subsidiaries and Associate Companies forms part of the Board's Report.
2.	Do the Subsidiary Company/companies participate in the BR initiatives of the parent company:	The Company's Business Responsibility initiatives were not extended to its subsidiaries and associates during the reporting period.
3.	Does any other entity/ entities (e.g. suppliers, distributors, etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? (less than 30%, 30-60%, more than 60%):	In due course, the Company intends to extend its sustainability policies and initiatives beyond organisational boundaries and spread awareness among our stakeholders on the need for sustainability for business competitiveness.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR:
    (a) Details of Director/Directors responsible for the implementation of the BR policy/policies
    - DIN: 05297969
    - Name: Mr S. Hariharan
    - Designation: Executive Director – Finance & CFO

    (b) Details of BR Head
    - DIN: NA
    - Name: Mr B. Sreenivasa Reddy
    - Designation: Chief Operating Officer
    - Telephone: +91 80 46632100
    - E-Mail id: sreeni@solara.co.in

(c) **Principle wise (as per National Voluntary Guidelines) BR policy/policies**

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are briefly explained as follows:

P1 Conduct and govern business with Ethics, Transparency and Accountability

P2 Provide goods and services that are safe and contribute to sustainability throughout their life cycle

P3 Promote the well-being of employees

P4 Respect the interests of and be responsive towards stakeholders, especially those who are disadvantaged, vulnerable and marginalised

P5 Uphold and promote human rights

P6 Safeguard and make efforts to restore the environment

P7 Engage and influence public and regulatory policy in a responsible manner

P8 Support inclusive growth and equitable development

P9 Offer differentiated value to customers in a responsible manner

No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have policy/policies for	Y	Y	Y	Y	Y	Y	NA	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	NA	Y	Y
3.	Does the policy conform to any nation/ international standards? If Yes, specify.	The policies are drafted in line with the provisions of the respective laws prevalent in India								
	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/CEO/ appropriate Board Director	The policies are approved by the functional heads, and few of them have been adopted by the Board.								
5.	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	While a few of the policies mandate requirement of a Board Committee, the rest of them are monitored by the management team.								
6.	Indicate the link for the policy to be viewed online	Link to the policies, which are available on the website at http://solara.co.in/investor-relations/policies/								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, using the stakeholder engagement platforms in place								
8.	Does the Company have an in-house structure to implement the policy/policies?	Yes, the policies and regulations are commensurate with the size of the organisation								
9.	Does the Company have a grievance redressal mechanism related to the policy or policies to address the stakeholders' grievances related to the policy/policies?	Yes, the Company has an active and robust mechanism to address policy grievances								
10.	Has the Company carried out an independent audit/evaluation of the working of this policy by an internal or external agency?	No								

(d) **If the answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage, where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or workforce capacity and resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within the next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

2. Governance related to BR

No.	Description	
1.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company - within three months, 3-6 months, annually or over one year	Annually, following the Board of Directors Meeting
2.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this Report? How frequently is it published?	The BR Report is published annually as part of the Annual Report which is made available on the Company's website each year

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

Conduct and govern business with Ethics, Transparency and Accountability

In our journey towards improving lives and delivering consistent value to our fraternity of stakeholders, we uphold globally benchmarked ethical, safety and governance practices.

1. **Does the policy relating to ethics, bribery, and corruption cover only the Company?** - No

   Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/ Others?

   - Yes, we ascertain that members in our value chain are following our governance standards.

2. **How many stakeholder complaints were received in the past financial year, and what percentage was satisfactorily resolved by the management? If applicable, provide details thereof, in about 50 words or so:**

   In FY 2019-20, 53 concerns were received from stakeholders across the ethics channels. Of these, 52 were satisfactorily resolved as on March 31, 2020, and one remaining concern is being actively pushed for resolution by following due processes.

Principle 2

Provide goods and services that are safe and contribute to sustainability throughout their life cycle.

We are focused on manufacturing products that are socially beneficial and ecologically sustainable throughout their life cycle. 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 adopting the highest standards of environmental, social and governance practices across our manufacturing locations.

Sustainable sourcing

We are mindful of the elements of sustainable sourcing like ethics, labour and human rights, wages and benefits, health and safety and the environment around the purchase/service. We have ensured that these clauses are communicated to our vendors and suppliers and are also in the process of developing a well-defined 'Supplier Code of Conduct' with an endeavour to integrate sustainability in our product and service procurement process. We conduct audits and due diligence before sourcing of materials/availing services from the vendors. The sourced products are submitted for approval with the regulatory authorities and only the sanctioned materials are used in our final products.

Sourcing from local and small producers

The Company procures goods from local and small producers, who comply with its quality requirements. We follow required statutory obligation in furthering our sustainability story with the micro, small and medium enterprises as our associates.

As part of the supply chain strategy management of the Company, we facilitate local economic growth by encouraging and supporting local suppliers around our areas of operation. Local sourcing also helps us in reducing air emissions from vehicular movement. During FY 2019-20, we procured a part of our required materials from local suppliers.

We also educate our vendors and suppliers on the current needs of quality standards and regulatory compliances to be adhered to and share good industry practices with them.

Product recycle and waste management

It is our objective to bring safe, efficient and affordable healthcare and pharmaceutical solutions to global markets while operating according to the highest standards of compliance. We, therefore, use only the finest quality raw materials and implement a precautionary approach to check that no waste/rejected batch materials are returned to the production process. We also ensure that the waste generated is appropriately channelled for incineration as these are bio-medical waste and requires effective disposal mechanisms.

We took steps to ensure effective treatment of the process-generated wastewater. The processed-generated water is treated in the wastewater treatment plant and reused to use in gardens or lawns inside the plant premises across sites.

Principle 3

Promote the well-being of employees

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.

- Employees: 2396
- Employees hired on temporary/contractual and casual basis: 850
- Permanent women employees: 136
- Permanent employees with disabilities: 4

1. **Do you have an employee association that is recognised by the management?** Yes
2. **What percentage of permanent employees are members of this employee association?** 33%
3. **Please indicate the number of complaints registered on a child, forced or involuntary labour and sexual harassment in the last financial year and pending as on the end of the financial year** – During the year there were no reported cases of labour mishandling or that of sexual harassment within the organisation.
4. **What percentage of the mentioned number of employees were given safety and skill up-gradation training in the last year?**

   Safety is among our core values, and we are committed to the continuous improvement of our safety performance. We believe that offering a secure workplace is one of our key responsibilities and ensure the highest standards of security across our premises, operations and systems. We have a safety policy which covers the manufacturing plants, R&D, warehouses and office buildings. Our constant lookout is for ways to strengthen our safety performance across facilities and locations. We train recruits under refresher safety training module, which is conducted periodically. Skill upgradations also form a part of our strategic plan, where employees are identified based on a need and provided training across the levels. Currently, we are offering digital training also.

Principle 4

Respect the interests of and be responsive towards stakeholders, especially those who are disadvantaged, vulnerable and marginalised

Our objective has always been to act and be identified as a Company that is sensitised to the larger needs of the communities around us. We ensure that we operate in a way that demonstrates our desire to improve the life of people in tandem with growing business profitability.

Has the Company mapped its internal and external stakeholders?

- Yes

1. **Of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?**

- Yes, the Company has parameters to segregate stakeholder groups.

2. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?** If so, provide details in about 50 words.

We have mapped our internal and external stakeholders based on our 'shareholder and stakeholders communication' strategy. A detailed report on the CSR activities of the Company is annexed to the Board's Report as Annexure 2.

Principle 5

Uphold and promote human rights

As a responsible organisation, the Company respects the urgency of human rights to be upheld and propagated at the workplace. We work to adopt best international practices, which ensure the freedom of association, the prohibition of the child, forced and compulsory labour as also protection of indigenous rights. The Company values the rights of the individuals, and it is testified in our Code of Conduct for Board, senior management and employees. The Code of Conduct embraces a commitment to conduct our business most ethically with due regard to business needs and stakeholder interests.

A Committee has been constituted by the management to consider and redress complaints of sexual harassment. Any employee may contact their local HR point of contact to understand the redressal mechanisms.

In case of non-compliance, the employee or any of the business associates can directly approach the Chairperson of the Audit Committee. The Committee ensures utmost confidentiality and protects the complainant from being persecuted.

Stakeholder complaints

Our Code of Conduct discourages violation of human rights and provides a fair and transparent mechanism for reporting any such violation. No complaints were received on human rights violation during the reporting period.

Principle 6

Safeguard and make efforts to restore the environment

We believe that as a corporate citizen, it is our responsibility to ensure that 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. We follow our policy on Environment, Health & Safety, applicable across business operational facilities. As part of the policy, we commit to educating our stakeholders (employees, contractors, sub-contractors, transporters, visitors) about the EHS policy and emergency procedures.

We identify and assess the potential environmental risks as per the Environmental Management System Standards ISO 14001:2015. We developed appropriate standard operating procedures (SOPs) to address key environmental risks.

Clean Development Mechanism

We do not have any ongoing project related to the Clean Development Mechanism.

Compliance to CPCB/SPCB norms to emission/waste generated by the Company

Emission is monitored by authorised laboratories under the Pollution Control Board (PCB), and periodical emission test reports are submitted to regulatory bodies. The generated stack emissions and ambient air quality are well within defined limits of the Central Pollution Control Board or the State Pollution Control Board. Hazardous solid wastes are stored at designated spaces and disposed to approved recycler/TSDF, as per the requirements of Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016.

Show cause/legal notices received from CPCB/SPCB

During the year under review, the Company did not receive any notice from CPCB/ SPCB.

Principle 7

Engage and influence public and regulatory policy in a responsible manner

We strive to create a positive impact and participate in making sound policy decisions to facilitate change in public policies that are beneficial to the sector. We believe that sustainable business growth can be achieved when worked towards a union comprising the regulatory authorities, government and trading bodies.

We are a part of various industry bodies and associations that responsibly influence public and regulatory bodies, which include:

- Pharmaceuticals Export Promotion Council of India
- Export Promotion Council for EOUs & SEZs

We actively support the policy advocacy campaigns which the above organisations take up from time to time.

Principle 8

Support 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 disadvantaged, surrounding our area of operation.

The Company developed and implemented the CSR policy, which encompasses our philosophy towards social responsibilities of enterprises. It 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 of the society has been developed post a comprehensive Community Need Analysis. Our focus areas are:

a. Promoting hygiene and healthcare

b. Promoting education

c. Enhancing employability

A detailed Report on CSR initiatives and the amount spent during the period under review forms part of the Board's Report as Annexure 2.

Impact assessment

Our focus on community development of health, hygiene and education have led us to conceive the following initiatives:

- Offering preventive, promotive, and curative healthcare at our speciality healthcare centre
- Ensure safe drinking water through self-sustainable RO drinking water plants.

- Promoting sound healthcare and raising awareness on health and hygiene through health camps, among others, demonstrations, and so on.
- Providing infrastructure and empowering children to learn more and equip themselves for a better quality of life

Principle 9

Offer differentiated value to customers 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 employees.

1. **What percentage of the customer complaints/ consumer cases are pending as at the end of the financial year?**

   Nil.

2. **Does the Company display product information on the product label, over and above what is mandated by local laws?**

   No, our product disclosures comply with mandated laws.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising, and/or anti-competitive behaviour during the last five years and pending as on the end of the financial year?** If so, provide the details thereof in about 50 words or so:

   No, there were no cases filed by stakeholders against unethical trade practices or irresponsible marketing of products during the financial year.

4. **Did the Company carry out any consumer survey/ consumer satisfaction trends?**

   No.

For and on behalf of Board of Directors

Place: Bengaluru	**Jitesh Devendra**	**S. Hariharan**
Date: 07.05.2020	Managing Director	Executive Director-Finance and Chief Financial Officer

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 2020, 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 2020, and its profit, total comprehensive income, 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 specified under section 143(10) of the Act (SAs). 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.

Sl.No.	Key Audit Matter	Response to Key Audit Matter
1	**Revenue recognition:** Refer note 2.1(v) and note 26 of the Standalone financial statements. The Company's sales revenue mainly arose from sale of pharmaceuticals products, which are in the nature of API (i.e. Active Pharmaceutical Ingredient). The Company recognizes 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 customers has occurred before the balance sheet date or otherwise, we consider the risk of revenue from sale of goods being recognised in the incorrect period, a key audit matter.	**Principal audit procedures performed:** We evaluated the design of internal controls over recognition of revenue in the appropriate period in accordance with the Company's accounting policy. On a sample basis, we tested the operating effectiveness of the internal control relating to determination of point in time at which the transfer of control of the goods occurs. We tested the relevant information technology systems used in recording revenue including company's system generated reports, based on which selection of samples was undertaken. On sample basis, we performed test of details of sales recorded close to the year end through following procedures: ● Analysed the terms and conditions of the underlying contract with the customer, and ● Verified evidence for transfer of control of the goods prior to the balance sheet date or otherwise from relevant supporting documents.

Sl.No.	Key Audit Matter	Response to Key Audit Matter
2	**Carrying value of Goodwill relating to Human API business:** Refer note 6 of the standalone financial statements. The Company carries goodwill of Rs 357.95 crores as at March 31, 2020 arising from past acquisition of the Human API business. As indicated in note 2.1(xvi) to the standalone financial statements, the management of the Company assesses the impairment of goodwill annually. The carrying value of goodwill will be recovered through future cash flows and there is a risk of impairment loss where the actual future cash flows are less than expected. The impairment assessment performed by the management contained a number of significant judgements and estimates including short and long-term growth rates and discount rate. We focused on this area because of the significance of the balance and the significant judgements and assumptions involved in impairment assessment by the management about the future results of the Human API business.	**Principal audit procedures performed:** We assessed the management's process for impairment assessment of goodwill. We performed testing of design and operating effectiveness of internal controls and substantive testing as follows: • Evaluated the design of the management's internal control around the impairment assessment process. • Understood the key assumptions considered in the management's estimates of future cash flows. • 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. • Compared the historical cash flows (including for current year) against past projections of the management for the same periods and gained understanding of the rationale for the changes. • Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes; such as –revenue growth during the forecast period, the terminal growth rate and the discount rate applied to the future cash flows. • We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in impairment, and considered the likelihood of such events occurring. • We further assessed the adequacy of the disclosures made in the standalone financial statements for the year ended March 31, 2020.

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 including Annexures to Board's report, Corporate Governance and Shareholder's Information, 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.

MANAGEMENT'S RESPONSIBILITY 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 standalone 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those 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 system 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 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

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

   g) With respect to the other matters to be included in the Auditor's Report in accordance with 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;

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

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

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

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

Sathya P. Koushik
(Partner)
(Membership No. 206920)
Bengaluru, May 07, 2020 (UDIN: 20206920AAAADF3431)

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 OVER FINANCIAL REPORTING UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **SOLARA ACTIVE PHARMA SCIENCES LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sathya P. Koushik
(Partner)
(Membership No. 206920)
(UDIN: 20206920AAAADF3431)

Bengaluru, May 07, 2020

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

(c) According to the information and explanations given to us and the records examined by us, and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date, except the following:

Particulars	Gross Block (₹ in Crore as at March 31, 2020)	Net Block (₹ in Crore as at March 31, 2020)	Remarks
Land and building thereon			The title deeds of land and building capitalised in the books of the Company, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal, are in the name of transferor Companies.
Freehold	229.91	211.29	
Investment property	5.83	5.36	
Right of use assets	4.84	3.58	
Land and building thereon			The title deeds are in the name of erstwhile company, which got merged through a scheme of amalgamation approved by the National Company Law Tribunal. (Refer note- 37(a) to the standalone financial statements)
Freehold	26.64	24.94	
Investment property	7.60	7.11	
Right of use assets	12.74	9.78	

The Company is in the process of transferring the title deeds of such properties in its name.

(ii) As explained to us, the inventories were physically verified during the year ended March 31, 2020 by the management at reasonable intervals and no material discrepancies were noticed on physical verification.

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

(iv) 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 grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year ended March 31, 2020.

(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.

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Customs Duty, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Service Tax and Excise Duty which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of the Statue	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.2011-12toF.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

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

(ix) In our opinion and according to the information and explanations given to us, money raised by way of the term loans have been applied by the Company during the year ended March 31, 2020, for the purposes for which they were raised, other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year ended March 31, 2020.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013

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

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

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. With respect to the money received during the year towards allotment of equity shares against warrants issued in the previous year, we report that the amounts raised have been applied by the Company for the purposes for which the funds were raised, other than temporary deployment pending application.

(xv) In our opinion and according to the information and explanations given to us, during the year ended March 31, 2020, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

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

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

Sathya P. Koushik
(Partner)
(Membership No. 206920)
(UDIN: 20206920AAAADF3431)

Bengaluru, May 07, 2020

STANDALONE BALANCE SHEET

as at March 31, 2020

₹ in Crores

	Particulars			Note No.	As at 31-Mar-20	As at 31-Mar-19
A	**ASSETS**					
I	**Non-current assets**					
	(a)	Property, Plant and Equipment		3(i)	842.14	713.99
	(b)	Capital work in progress		3(ii)	40.21	39.20
	(c)	Right of use assets		4	62.30	-
	(d)	Investment property		5	12.47	12.96
	(e)	Goodwill		6	364.90	364.90
	(f)	Other intangible assets		7	92.28	102.89
	(g)	Financial assets				
		(i) Investments		8	18.03	18.12
		(ii) Loans		9(i)	1.50	2.37
		(iii) Other financial assets		10(i)	12.81	11.04
	(h)	Income tax assets (net)		11	6.15	4.13
	(i))	Other non-current assets		12(i)	23.47	37.52
	Total Non-current assets				**1,476.26**	**1,307.12**
II	**Current assets**					
	(a)	Inventories		13	279.73	213.94
	(b)	Financial assets				
		(i)	Trade receivables	14	229.67	290.24
		(ii)	Cash and cash equivalents	15	55.84	75.62
		(iii)	Bank balances other than (ii) above	16	0.74	0.75
		(iv)	Loans	9(ii)	52.34	2.34
		(v)	Other financial assets	10(ii)	15.64	16.75
	(c)	Other current assets		12(ii)	41.39	50.02
	Total Current assets				**675.35**	**649.66**
	Total Assets (I + II)				**2,151.61**	**1,956.78**
B	**EQUITY AND LIABILITIES**					
I	**Equity**					
	(a) Equity Share capital			17	26.85	25.77
	(b) Other equity			18	1,063.94	936.68
	Total Equity				**1,090.79**	**962.45**
II	**Liabilities**					
1	**Non-current liabilities**					
	(a)	Financial Liabilities				
		(i)	Borrowings	19(i)	232.71	224.97
		(ii)	Lease liability	19(ii)	12.76	-
		(iii)	Other financial liabilities	20(i)	0.42	0.42
	(b) Provisions			21(i)	10.53	8.89
	(c) Deferred tax liabilities (net)			22	11.84	32.83
	(d) Other non-current liabilities			23(i)	64.83	76.89
	Total Non-current liabilities				**333.09**	**344.00**
2	**Current liabilities**					
	(a)	Financial Liabilities				
		(i)	Borrowings	19 (iv)	353.79	214.46
		(ii)	Trade payables			
			(A) total outstanding dues of micro enterprises and small enterprises	24	3.91	1.62
			(B) total outstanding dues of creditors other than micro enterprises and small enterprises	24	211.81	240.90
		(iii)	Lease liability	19(iii)	2.41	-
		(iv)	Other financial liabilities	20(ii)	130.22	161.85
	(b)	Other current liabilities		23(ii)	23.73	29.14
	(c)	Provisions		21(ii)	1.86	1.56
	(d) Current tax liabilities (net)			25	-	0.80
	Total Current liabilities				**727.73**	**650.33**
	Total Equity and liabilities (I + II)				**2,151.61**	**1,956.78**

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 No. 117366W/W-100018

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

S Hariharan
Executive Director - Finance and
Chief Financial Officer
DIN: 05297969

Sathya P. Koushik
Partner
Membership No.: 206920

Place : Bengaluru
Date : May 7, 2020

S Murali Krishna
Company Secretary
Membership No.: 13372

Place : Bengaluru
Date : May 7, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

₹ in Crores

	Particulars	Note No.	For the year ended 31-Mar-20	For the year ended 31-Mar-19
A.	CONTINUING OPERATIONS:			
1	Revenue from operations	26	1,321.75	1,386.68
2	Other income	27	27.51	12.03
3	**Total Income (1+2)**		**1,349.26**	**1,398.71**
4	EXPENSES			
	(a) Cost of materials consumed	28	623.36	729.54
	(b) Purchase of stock-in-trade	29	29.67	9.08
	(c) Changes in inventories of finished goods and work-in-progress	30	(54.16)	(33.79)
	(d) Employee benefits expenses	31	202.24	183.98
	(e) Finance costs	32	77.88	82.42
	(f) Depreciation and amortisation expenses	33	93.67	82.79
	(g) Other expenses	34	264.11	276.33
	Total expenses (4)		**1,236.77**	**1,330.35**
5	PROFIT / (LOSS) BEFORE TAX (3-4)		**112.49**	**68.36**
6	TAX EXPENSE	35		
	(a) Current tax		20.69	15.96
	(b) Deferred tax		(20.69)	(13.95)
	Total tax expense (6)		**-**	**2.01**
7	PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS (5-6)		**112.49**	**66.35**
B.	DISCONTINUED OPERATIONS:			
8	Profit / (Loss) from discontinued operations	38	-	(9.92)
9	Tax expense of discontinued operations	38	-	(2.24)
10	PROFIT / (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS (8-9)		**-**	**(7.68)**
11	PROFIT / (LOSS) FOR THE PERIOD (7+10)		**112.49**	**58.67**
12	OTHER COMPREHENSIVE INCOME			
	Items that will not be reclassified to statement of profit and loss			
	Remeasurement of post employment benefit obligations - gain / (loss)		(3.29)	(2.01)
	Income tax relating to these items		-	0.71
	Total Other comprehensive Income		**(3.29)**	**(1.30)**
13	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (11+12)		**109.20**	**57.37**
14	EARNINGS PER EQUITY SHARE (OF ₹ 10/- EACH) (FOR CONTINUING OPERATIONS)	44		
	- Basic (₹)		43.47	24.53
	- Diluted (₹)		42.03	24.50
15	EARNINGS PER EQUITY SHARE (OF ₹ 10/- EACH) (FOR DISCONTINUED OPERATION)			
	- Basic (₹)		-	(3.11)
	- Diluted (₹)		-	(3.11)
16	EARNINGS PER EQUITY SHARE (OF ₹ 10/- EACH) (FOR CONTINUING & DISCONTINUED OPERATIONS)			
	- Basic (₹)		43.47	21.42
	- Diluted (₹)		42.03	21.39

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 No. 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place : Bengaluru
Date : May 7, 2020

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

S Hariharan
Executive Director - Finance and
Chief Financial Officer
DIN: 05297969

S Murali Krishna
Company Secretary
Membership No.: 13372

Place : Bengaluru
Date : May 7, 2020

STANDALONE CASHFLOW STATEMENT

for the year ended March 31, 2020

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax from		
Continuing operations	**112.49**	**68.36**
Discontinued operations	**-**	**(9.92)**
Adjustments for:		
Depreciation and amortisation	93.67	83.39
Interest expense on loans	79.95	76.49
Share based compensation expenses	5.60	2.39
Rental income from investment property	(5.61)	(3.76)
Interest income	(7.84)	(1.86)
Liabilities / provisions no longer required written back	(1.83)	(2.45)
Loss / (Profit) on sale of property, plant and equipment	0.32	(0.44)
Provision for doubtful receivables and advances	0.70	0.52
Unrealised exchange (gain)/loss (net)	4.65	(5.97)
Operating profit before working capital changes	**282.10**	**206.75**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(65.79)	(24.33)
Trade receivables	66.10	(55.96)
Other assets (financial & non-financial)	22.81	39.66
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(26.35)	(52.99)
Other liabilities (financial & non-financial)	(11.27)	67.11
Cash generated from operations	**267.60**	**180.24**
Net income tax (paid) / refunds	(23.51)	(14.52)
Net cash flow from / (used in) operating activities (A)	**244.09**	**165.72**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure for property, plant and equipments and intangible assets, including capital advances	(268.87)	(59.05)
Acquisition of R&D business from Strides Pharma Sciences Limited (Refer note 37 (b))	-	(34.74)
Rental income from investment property	5.61	3.76
Intercorporate deposit	(50.00)	-
Proceeds from sale of disposal of business (Refer note 38)	-	46.40
Proceeds from sale of property, plant and equipment	1.32	0.76
Acquisition of Strides Chemicals Private Limited (Refer note 37 (a))	(55.10)	(75.90)
Proceeds from sale of investments in other entities	0.09	0.40
(Increase)/decrease in balance held as margin money	0.05	1.18
Interest received	8.09	1.55
Net cash flow from / (used in) investing activities (B)	**(358.81)**	**(115.64)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	29.76	44.00
Share issue expenses	-	(5.79)
Proceeds from issue of warrants	-	104.00
Proceeds from non-current borrowings	134.38	93.02
Repayment of non-current borrowings	(100.87)	(71.64)
Net increase / (decrease) in current borrowings	130.06	(109.45)
Lease payments	(1.75)	-
Interest paid	(81.02)	(77.14)
Dividend paid	(12.89)	-
Dividend distribution taxes paid	(2.73)	-

STANDALONE CASHFLOW STATEMENT

for the year ended March 31, 2020

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Net cash flow from / (used in) financing activities (C)	**94.94**	**(23.00)**
Net increase in cash and cash equivalents (A+B+C)	**(19.78)**	**27.08**
Cash and cash equivalents at the beginning of the period	75.62	45.87
Add: Cash and cash equivalents acquired on account of business combination	-	2.67
Cash and cash equivalents at the end of the year	**55.84**	**75.62**
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer note 15)	55.84	75.62
Cash and cash equivalents at the end of the year *	**55.84**	**75.62**
*** Comprises**		
Cash on hand	0.10	0.13
Balance with banks:		
- In current account	0.90	3.38
- In deposit account	54.84	72.11
Total	**55.84**	**75.62**

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 No. 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place : Bengaluru
Date : May 7, 2020

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

S Hariharan
Executive Director - Finance and Chief Financial Officer
DIN: 05297969

S Murali Krishna
Company Secretary
Membership No.: 13372

Place : Bengaluru
Date : May 7, 2020

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

₹ in Crores

Particulars	Amount
Balance as at March 31, 2018	24.67
Changes in equity share capital during the year	
- Issued during the year (Refer note 17 v)	1.10
Balance as at March 31, 2019	25.77
Changes in equity share capital during the year	
- Issued during the year (Refer note 17 (v) & ESOP Note 46)	1.08
Balance as at March 31, 2020	**26.85**

B. OTHER EQUITY

₹ in Crores

Particulars	Share application money pending allotment	Reserves and Surplus				Total equity attributable to equity holders of the company
		Capital reserve	Securities premium account	Retained earnings	Share options outstanding account	
Balance as at March 31, 2018	-	0.01	743.48	1.70	-	**745.20**
Share application money received on issue of warrants	148.00	-	-	-	-	**148.00**
Issue of shares pursuant to exercise of warrants	(44.00)	-	42.90	-	-	**(1.10)**
Share issue expenses	-	-	(5.77)	-	-	**(5.77)**
Profit for the year	-	-	-	58.67	-	**58.67**
Other comprehensive income for the year	-	-	-	(1.31)	-	**(1.31)**
Adjustment on account of transition to Ind AS 115	-	-	-	(9.39)	-	**(9.39)**
Employee stock compensation expenses	-	-	-	-	2.39	**2.39**
Balance as at March 31, 2019	**104.00**	**0.01**	**780.61**	**49.67**	**2.39**	**936.68**
Share application money received on issue of warrants	24.00	-	-	-	-	**24.00**
Issue of shares pursuant to exercise of warrants	(32.00)	-	31.20	-	-	**(0.80)**
Issue of shares pursuant to exercise of options	-	-	8.74	-	-	**8.74**
Profit for the year	-	-	-	112.49	-	**112.49**
Dividend (including tax on dividend)	-	-	-	(15.66)	-	**(15.66)**
Other comprehensive income for the year	-	-	-	(3.29)	-	**(3.29)**
Adjustment on account of transition to Ind AS 116 (Refer note 50)	-	-	-	(0.56)	-	**(0.56)**
Employee stock compensation expenses	-	-	-	-	5.60	**5.60**
Transferred to securities premium account on exercise (net)	-	-	-	-	(3.26)	**(3.26)**
Balance as at March 31, 2020	**96.00**	**0.01**	**820.55**	**142.65**	**4.73**	**1,063.94**

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 No. 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place : Bengaluru
Date : May 7, 2020

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
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S Hariharan
Executive Director - Finance and Chief Financial Officer
DIN: 05297969

S Murali Krishna
Company Secretary
Membership No.: 13372

Place : Bengaluru
Date : May 7, 2020

1 BACKGROUND

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

The standalone financial statements were approved by the Board of Directors and authorised for issue on May 7, 2020.

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 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.

(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. 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 (INR), which is the Company's functional and presentation currency.

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

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

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

(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.

(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 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.

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 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.

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 collaterised 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) Key sources of estimation uncertainty

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

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

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

Impairment of goodwill and other non-financial assets

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

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

Impairment of financial assets

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

Useful lives of property, plant and equipment

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

Litigations

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

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.

(xxiii) Estimation uncertainty relating to the global health pandemic on COVID-19

COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS CoV 2. In March 2020 the WHO declared COVID-19, a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption.

In assessing the recoverability of property plant and equipment, investment property, goodwill, receivables and intangible assets, the Company has considered internal and external information up to the date of approval of these financial statements including economic forecasts. The Company has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Company expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Company will continue to closely monitor any material changes to future economic conditions.

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

₹ in Crores

Particulars	Gross block							Accumulated depreciation					Net block	
	As at 1-Apr-2019	Additions pursuant to the Scheme (Refer note 37 (a))	Additions pursuant to business acquisition (Refer note 37 (b))	Additions	Disposals	Derecognised on disposal of business (Refer note 38)	As at 31-Mar-2020	As at 1-Apr-2019	Depreciation expense for the year	Eliminated on disposal of assets	Eliminated on disposal of busines (Refer note 38)	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
Land:														
- Freehold	57.18	-	-	-	-	-	57.18	-	-	-	-	-	57.18	57.18
	(55.00)	-	-	(2.18)	-	-	(57.18)	-	-	-	-	-	(57.18)	(55.00)
Leasehold Land under finance lease*	-	-	-	-	-	-	-	-	-	-	-	-	-	18.35
	-	-	-	(18.52)	-	-	(18.52)	-	(0.17)	-	-	(0.17)	(18.35)	-
Leasehold Improvements	14.30	-	-	0.03	-	-	14.33	3.47	2.90	-	-	6.37	7.96	10.83
	(13.21)	-	-	(1.09)	-	-	(14.30)	(0.73)	(2.74)	-	-	(3.47)	(10.83)	(12.48)
Buildings	193.85	-	-	53.86	-	-	247.71	11.55	8.80	-	-	20.35	227.36	182.30
	(171.29)	(26.64)	-	(6.67)	(0.03)	(10.72)	(193.85)	(3.84)	(8.11)	(0.01)	(0.39)	(11.55)	(182.30)	(167.45)
Plant and Machinery	489.37	-	-	162.83	2.89	-	649.31	68.24	55.98	1.34	-	122.88	526.43	421.13
	(364.76)	(47.85)	(24.73)	(71.26)	(0.22)	(19.01)	(489.37)	(19.03)	(51.79)	(0.01)	(2.57)	(68.24)	(421.13)	(345.73)
Furniture and fixtures	5.28	-	-	1.49	-	-	6.77	0.88	0.71	-	-	1.59	5.18	4.40
	(3.88)	(0.30)	(1.21)	(0.26)	(0.09)	(0.28)	(5.28)	(0.24)	(0.71)	(0.01)	(0.06)	(0.88)	(4.40)	(3.64)
Vehicles	0.77	-	-	0.24	-	-	1.01	0.31	0.17	-	-	0.48	0.53	0.46
	(0.78)	-	-	-	-	(0.01)	(0.77)	(0.11)	(0.20)	-	-	(0.31)	(0.46)	(0.67)
Office equipments	27.70	-	-	5.81	0.14	-	33.37	8.36	7.59	0.08	-	15.87	17.50	19.34
	(14.87)	(1.80)	(1.68)	(9.38)	-	(0.03)	(27.70)	(2.20)	(6.17)	-	(0.01)	(8.36)	(19.34)	(12.67)
Total	**788.45**	**-**	**-**	**224.26**	**3.03**	**-**	**1,009.68**	**92.81**	**76.15**	**1.42**	**-**	**167.54**	**842.14**	**713.99**
Previous year	**(623.79)**	**(76.59)**	**(27.62)**	**(109.36)**	**(0.34)**	**(30.05)**	**(806.97)**	**(26.15)**	**(69.89)**	**(0.03)**	**(3.03)**	**(92.98)**	**(713.99)**	**(597.64)**

* Effective 01 April 2019, the Company applied Ind AS 116 – Leases to applicable lease contracts existing as on 01 April, 2019. The Company has used the modified retrospective method prescribed under Ind AS 116 and accordingly, the comparative numbers have not been retrospectively adjusted. Refer Note 50 for the transition policies adopted by the Company.

Notes:-
(i) Refer note 19 for properties pledged as security towards borrowings
(ii) Figures in brackets relates to previous year.

NOTE NO. 3 (ii) CAPITAL WORK IN PROGRESS

₹ in Crores

Particulars	As at 31-Mar-2020	As at 31-Mar-2019
Opening balance	39.20	70.31
Add: Pursuant to the Scheme (Refer note 37 (a))	-	4.95
Add: Pursuant to business acquisition (Refer note 37 (b))	-	7.47
Less: Capitalised during the period (net)	1.01	(43.53)
Closing balance	**40.21**	**39.20**

NOTE NO. 4 RIGHT OF USE ASSETS*

₹ in Crores

Particulars	Gross block			Accumulated depreciation			Net block
	As at 1-Apr-2019 on adoption of Ind AS 116 (refer note 50)	Additions	As at 31-Mar-2020	As at 1-Apr-2019 on adoption of Ind AS 116 (refer note 50)	Depreciation expense for the year	As at 31-Mar-2020	As at 31-Mar-2020
Land	31.84	27.90	59.74	0.29	1.05	1.34	58.40
Building	10.29	-	10.29	4.42	1.97	6.39	3.90
Total	**42.13**	**27.90**	**70.03**	**4.71**	**3.02**	**7.73**	**62.30**

* Effective 01 April 2019, the Company applied Ind AS 116 – Leases to applicable lease contracts existing as on 1 April, 2019. The Company has used the modified retrospective method prescribed under Ind AS 116 and accordingly, the comparative numbers have not been retrospectively adjusted.

NOTE NO. 5 INVESTMENT PROPERTY

₹ in Crores

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1-Apr-2019	Additions pursuant to the Scheme (Refer note 37 (a))	Additions	As at 31-Mar-2020	As at 1-Apr-2019	Depreciation expense for the year	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2020
Building	13.43	-	-	13.43	0.47	0.49	0.96	12.47	12.96
	(5.83)	(7.60)	-	(13.43)	(0.09)	(0.38)	(0.47)	(12.96)	(5.74)
Total	**13.43**	**-**	**-**	**13.43**	**0.47**	**0.49**	**0.96**	**12.47**	**12.96**
Previous year	**(5.83)**	**(7.60)**	**-**	**(13.43)**	**(0.09)**	**(0.38)**	**(0.47)**	**(12.96)**	**(5.74)**

(i) Details of Assets given under operating lease:

₹ in Crores

Particulars	Gross Block	Gross Block	Net Block	Net Block
	31-Mar-20	31-Mar-19	31-Mar-20	31-Mar-19
Building	13.43	13.43	12.47	12.96

(ii) Fair value of Investment properties:

The fair value of the Company's investment properties as at March 31, 2020 has been arrived at ₹ 75.38 Crores on the basis of a valuation carried out by independent valuers not related to the Company. The said valuers have appropriate professional qualifications and relevant experience in the valuation of properties in the relevant locations. The inputs used are as follows:

a) Valuation is done using discounted cash flow approach, where the value of an asset is measured in terms of future cash flow streams, discounted to the present time at 12.50%.

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

(iii) Refer note 19 for properties pledged as security towards borrowings.

(iv) Figures in brackets relates to previous year.

NOTE NO. 6 GOODWILL

₹ in Crores

Particulars	As at 1-Apr-2019	Additions pursuant to the Scheme (Refer note 37 (a))	As at 31-Mar-2020
Goodwill	364.90	-	364.90
	(358.38)	(6.52)	(364.90)
Total	**364.90**	**-**	364.90
Previous year	**(358.38)**	**(6.52)**	**(364.90)**

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

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Human API business	357.95	357.95
R&D business	0.43	0.43
Strides Chemicals Private Limited	6.52	6.52
Total	**364.90**	**364.90**

Impairment assessment of goodwill allocated to the "Human API business" as at March 31, 2020:

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 arising from the possible effects due to COVID-19 outbreak, 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 12.5% (previous year: 12%). 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 5% (previous year: 4%) 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	5% decrease
	(3.25% decrease)
Post tax discount rate	3.3% increase
	(2% increase)
Expected net revenue growth rates	12% decrease for short term and 2% decrease for long term
	(11% decrease for short term)

The details given in brackets relate to previous year

NOTE NO. 7 OTHER INTANGIBLE ASSETS

₹ in Crores

Particulars	Gross block						Accumulated amortisation				Net block	
	As at 1-Apr-2019	Additions pursuant to the Scheme (Refer note 37 (a))	Additions pursuant to business acquisition (Refer note 37 (b))	Additions	Derecognised on disposal of business (Refer note 38)	As at 31-Mar-2020	As at 1-Apr-2019	Amortisation expense for the year	Eliminated on disposal of business (Refer note 38)	As at 31-Mar-2019	As at 31-Mar-2020	As at 31-Mar-2019
Registration and brands	4.33	-	-	-	-	4.33	0.27	0.46	-	0.73	3.60	4.06
	-	(2.13)	-	(2.20)	-	(4.33)	-	(0.27)	-	(0.27)	(4.06)	-
Product portfolio (Refer note (ii) below)	105.50	-	-	-	-	105.50	15.92	10.64	-	26.56	78.94	89.58
	(105.50)	-	-	-	-	(105.50)	*(5.28)*	*(10.64)*	-	(15.92)	(89.58)	(100.22)
Software licenses	16.19	-	-	3.40	-	19.59	6.94	2.91	-	9.85	9.74	9.25
	(5.59)	(0.89)	(0.63)	(10.00)	(0.92)	(16.19)	(5.04)	(2.21)	(0.31)	(6.94)	(9.25)	(0.55)
Total	**126.02**	**-**	**-**	**3.40**	**-**	**129.42**	**23.13**	**14.01**	**-**	**37.14**	**92.28**	**102.89**
Previous year	**(111.09)**	**(3.02)**	**(0.63)**	**(12.20)**	**(0.92)**	**(126.02)**	**(10.32)**	**(13.12)**	**(0.31)**	**(23.13)**	**(102.89)**	**(100.77)**

Notes:-
(i) Figures in brackets relates to previous year.
(ii) The remaining amortisation period of product portfolio as at March 31, 2020 is 7.5 years

NOTE NO. 8 INVESTMENTS

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
(A) Investments in subsidiaries (carried at cost less provision for impairment):		
Equity shares, unquoted		
Shasun USA Inc., USA		
- 15,000 (As at March 31, 2019 - 15,000) shares of USD 1 each fully paid up	0.05	0.05
Sequent Penems Private Limited, India		
- 4,038,436 (As at March 31, 2019 - 4,038,436) shares of ₹ 10 each fully paid up	14.30	14.30
Chemsynth Laboratories Private Limited, India		
- 3,362,745 (As at March 31, 2019 - 3,362,745) shares of ₹ 10 each fully paid up	3.36	3.36
Total [A]	**17.71**	**17.71**
(B) Investments carried at amortised cost:		
Equity shares, unquoted		
Tulsyan Nec Limited, India		
- 3,750 (As at March 31, 2019 - 3,750) shares of ₹ 10 each fully paid up	0.01	0.01
Watsun Infrabuild Private Limited, India		
-2,68,694 (As at March 31, 2019 - 3,60,361) equity shares of ₹ 10/- each, fully paid up	0.27	0.36
SIPCOT Industrial Common Utilities Limited, India		
- 4,242 (As at March 31, 2019 - 4,242) shares of ₹ 100/- each, fully paid up	0.04	0.04
Total [B]	**0.32**	**0.41**
Total [A+B]	**18.03**	**18.12**
Aggregate amount of unquoted investments	18.03	18.12
Aggregate amount investments carried at cost	17.71	17.71
Aggregate amount financial assets carried at amortised cost	0.32	0.41

NOTE NO. 9 LOANS

(i) Non-current loans

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Loans receivable considered good - unsecured:		
Receivable from employees	0.02	0.02
Receivable from related parties	1.48	2.35
Total	**1.50**	**2.37**

(ii) Current loans

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Loans receivable considered good - unsecured:		
Receivable from employees	2.34	2.34
Receivable from related parties	50.00	-
Total	**52.34**	**2.34**

NOTE NO. 10 OTHER FINANCIAL ASSETS

(i) Non-current financial assets

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unsecured, considered good:		
Security deposits	12.81	11.04
Total	**12.81**	**11.04**

(ii) Current financial assets

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unsecured, considered good:		
Interest accrued on deposit	0.23	0.49
Interest accrued on others	1.27	0.23
Incentives receivables	6.87	15.59
Insurance claim receivables	7.27	0.44
Total	**15.64**	**16.75**

NOTE NO. 11 INCOME TAX ASSETS (net)

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Advance income tax (net of provisions)	6.15	4.13
Total	**6.15**	**4.13**

NOTE NO. 12 OTHER ASSETS

(i) Other non-current assets

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unsecured, considered good:		
Capital advances	13.04	12.87
Advances to other parties	7.55	7.55
Prepaid expenses	0.80	14.64
Balances with government authorities		
- VAT/CST refund receivable	2.08	2.42
- Taxes paid under protest	-	0.04
Unsecured, considered doubtful:		
Capital advances	0.41	0.39
Less: Allowances for doubtful advances	(0.41)	(0.39)
	-	-
Total	**23.47**	**37.52**

(ii) Other current assets

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unsecured, considered good:		
Advances to suppliers of materials	16.25	16.90
Advances to employees	0.48	0.35
Prepaid expenses	7.32	6.13
Balances with government authorities:		
- GST credit & other receivable	17.34	26.48
- VAT/CST refund receivable	-	0.16
Unsecured, considered doubtful:		
Advances to suppliers of materials	0.29	0.04
Less: Allowances for doubtful advances	(0.29)	(0.04)
	-	-
Total	**41.39**	**50.02**

NOTE NO. 13 INVENTORIES

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Raw materials	92.56	78.91
- Goods-in-transit	4.97	7.79
Work-in-progress	146.29	99.80
Finished goods	30.63	22.96
Stores and spares	5.28	4.48
Total*	**279.73**	**213.94**

* Value by which inventories have been written down to net realisable value amounted to ₹ 28.32 Crores (previous year: ₹ 22.50 Crores)

NOTE NO. 14 TRADE RECEIVABLES

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Trade receivables considered good - unsecured	229.67	290.24
Trade receivables - credit impaired	2.18	1.48
	231.85	291.72
Less: Allowances for doubtful receivables	(2.18)	(1.48)
Total	**229.67**	**290.24**

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

Movement in Expected credit loss allowance:

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Opening balance	1.48	2.35
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected	0.70	(0.87)
Closing balance	**2.18**	**1.48**

NOTE NO. 15 CASH AND CASH EQUIVALENTS

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Cash on hand	0.10	0.13
Balance with banks:		
- In current account	0.90	3.38
- In deposit account	54.84	72.11
Total	**55.84**	**75.62**

NOTE NO. 16 OTHER BALANCES WITH BANKS

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unpaid dividend accounts	0.04	-
Balance held as margin money		
- against working capital facilities with banks	0.70	0.75
Total	**0.74**	**0.75**

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17 EQUITY SHARE CAPITAL

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Authorised		
120,000,000 Equity shares of ₹ 10/- each with voting rights *	120.00	40.00
(March 31, 2019: 40,000,000 equity shares of ₹ 10/-)		
	120.00	**40.00**
Issued, subscribed and fully paid-up		
26,855,267 Equity shares of ₹10/- each with voting rights	26.85	25.77
(March 31, 2019: 25,774,267 equity shares of ₹ 10/-)		
Total	**26.85**	**25.77**

* The authorised share capital of the Company has increased during the current year pursuant to the amalgamation of Strides Chemicals Private Limited with the Company.

(i) Reconciliation of number of shares and amount outstanding

	As at 31-Mar-20		As at 31-Mar-19	
Particulars	**No. of shares**	**₹ In Crores**	**No. of shares**	**₹ In Crores**
Equity share capital				
Equity share of ₹ 10/- each				
Opening balance	25,774,267	25.77	24,674,267	24.67
Issue of shares during the year (Refer note 17 (v) & ESOP Note 46)	1,081,000	1.08	1,100,000	1.10
Closing balance	**26,855,267**	**26.85**	**25,774,267**	**25.77**

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

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

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

	As at 31-Mar-20		As at 31-Mar-19	
Particulars	**No. of Shares**	**%**	**No. of Shares**	**%**
Pronomz Ventures LLP	3,190,831	11.88%	3,190,831	12.38%
Arun Kumar Pillai	1,668,463	6.21%	1,668,463	6.47%
TPG Growth IV SF PTE LTD	1,466,816	5.46%	-	0.00%
Karuna Business Solutions LLP	1,412,121	5.26%	612,121	2.37%

(iv) Details of shares reserved for issue under options and contracts/commitments for the sale of shares:

	As at 31-Mar-20		As at 31-Mar-19	
Particulars	**No. of Shares**	**₹ in Crores**	**No. of Shares**	**₹ in Crores**
For convertible warrants: 8,600,000 equity shares of ₹ 10/- each	8,600,000	8.60	9,400,000	9.40
Under employee stock option scheme, 2018: 12,28,778 equity shares of ₹ 10/- each	947,778	0.95	1,228,778	1.23

(v) During the previous year ended March 31, 2019, pursuant to shareholders' approval at the extraordinary general meeting held on February 27, 2019, the Company issued 6,500,000 convertible warrants of ₹ 10/- each at a premium of ₹ 390/- per warrant to promoters group and 4,000,000 convertible warrants of ₹ 10/- each at a premium of ₹ 490/- per warrant to M/s. TPG Growth IV SF Pte. Ltd ("Investor") after obtaining the approval of BSE and NSE of India. The terms of conversion required that each of the warrants to be converted into one equity share of ₹ 10/- within eighteen months from the date of allotment of warrants. The Company received preliminary consideration of ₹ 65 Crores and ₹ 50 Crores from the promoter group and the investor respectively towards allotment of 10,500,000 convertible warrants during the previous year.

Subsequently, the promoter group comprising of Mr. Arun Kumar Pillai and M/s Karuna Business Solutions LLP exercised their option to convert 1,100,000 warrants into equivalent equity shares which was approved by the board of directors at their meeting held on March 26, 2019. On receipt of balance consideration of ₹ 33 Crores, 1,100,000 equity shares were allotted on March 26, 2019.

During the current year, M/s Karuna Business Solutions LLP of the promoter group exercised its option to convert 800,000 warrants into equivalent equity shares which was approved by the board of directors at their meeting held on March 26, 2020. On receipt of balance consideration of ₹ 24 Crores, the equivalent equity shares were allotted on March 26, 2020.

NOTE NO. 18 OTHER EQUITY

₹ in Crores

Particulars	Notes	As at 31-Mar-20	As at 31-Mar-19
Capital reserve	18 (i)	0.01	0.01
Securities premium account	18 (ii)	820.55	780.61
Retained earnings	18 (iii)	142.65	49.67
Share options outstanding account	18 (iv)	4.73	2.39
Share application money pending allotment (Refer note 17 v)	18 (v)	96.00	104.00
Total		**1,063.94**	**936.68**

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
(A) Reserves and surplus		
(i) Capital reserve		
Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.		
Opening balance	0.01	0.01
Closing balance	**0.01**	**0.01**
(ii) Securities premium account		
Amounts received on issue of shares in excess of the par value has been classified as securities premium.		
Opening balance	780.61	743.48
Add: Premium on shares issued during the year pursuant to exercise of warrants (Refer note 17 v)	31.20	42.90
Add: Premium on shares issued during the year pursuant to exercise of options (Refer note 46)	8.74	-
Less: Shares issue expenses	-	(5.77)
Closing balance	**820.55**	**780.61**

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₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
(iii) Retained earnings		
Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.		
Opening balance	49.67	1.70
Add: Profit / (loss) for the period	112.49	58.67
Less: Dividend (including tax on dividend)	(15.66)	-
Add: Remeasurement of the defined benefit liabilities (net of tax)	(3.29)	(1.31)
Less: Adjustment on account of transition to Ind AS 115	-	(9.39)
Less: Adjustment on account of transition to Ind AS 116 (Refer note 50)	(0.56)	-
Closing balance	**142.65**	**49.67**
(iv) Share options outstanding account		
The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account will be transferred to securities premium reserve upon exercise of stock options by employees.		
Opening balance	2.39	-
Add: Amounts recorded on share based compensation to eligible employees during the year	5.60	2.39
Less: Transferred to securities premium account on account of exercise of options	(3.26)	-
Closing balance	**4.73**	**2.39**
(v) Share application money pending allotment		
Share application money pending allotment account represents the share allotment monies received by the company but pending allotment as on the reporting date.		
Opening balance	104.00	-
Add: Share application money received on account of issue of warrants (Refer note 17 v)	24.00	148.00
Less: Issue of shares pursuant to exercise of warrants (Refer note 46)	(32.00)	(44.00)
Closing balance	**96.00**	**104.00**
Total Reserves and surplus	**1,063.94**	**936.68**

NOTE NO. 19 BORROWINGS

(i) Non-current borrowings

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Secured		
Term loans from banks (Refer note (i) to (iv) below)	232.71	191.85
Term loans from others (Refer note (v) below)	-	29.31
Finance lease obligation (Refer note (vi) below)	-	3.81
Total	**232.71**	**224.97**

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

₹ in Crores

Terms of repayment and security	As at 31-Mar-20	As at 31-Mar-19
(i) Term loan from banks: Loan 1		
Long-term borrowings	94.94	19.29
Current maturities of non-current borrowings	17.00	-
Security: First Paripassu Charge on the Movable and Immovable Fixed Assets of the Company and Second Charge on Current Assets of the Company. Rate of interest: - 1 Year MCLR plus 1.30% p.a - 2.50% p.a Repayment terms: ₹ 2.83 Cr per month starting from Oct 20		

₹ in Crores

Terms of repayment and security	As at 31-Mar-20	As at 31-Mar-19
(ii) Term loan from banks: Loan 2		
Long-term borrowings	48.81	85.33
Current maturities of non-current borrowings	37.50	37.50
Security: First paripassu charge on all moveable & immoveable fixed assets and second paripassu charge on all current assets Rate of interest: - 9.70% p.a Repayment terms: ₹ 3.13 Cr per month		
(iii) Term loan from banks: Loan 3		
Long-term borrowings	29.65	-
Current maturities of non-current borrowings	10.00	-
Security: First paripassu charge on all moveable & immoveable fixed assets and second paripassu charge on all current assets Rate of interest: - 3 Month MCLR p.a Repayment terms: ₹ 1.67 Cr per month starting from Oct 20		
(iv) Term loan from banks: Loan 4		
Long-term borrowings	59.31	87.23
Current maturities of non-current borrowings	28.33	28.33
Security: First paripassu charge by way of mortgage on immoveable fixed assets 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: IDFC Bank MCLR plus Spread Repayment terms: ₹ 2.36 Cr per month		
(v) Term loans from others: Loan 5		
Long-term borrowings	-	29.31
Current maturities of non-current borrowings	27.46	32.50
Security: First paripassu charge on all fixed assets of the Company present & future including intangible assets, second paripassu on all current assets of the Company both present & future. Rate of interest: 10.25% p.a Repayment terms: ₹ 3.06 Cr per month		
(vi) Finance lease obligation : Loan 6		
Long-term borrowings	-	3.81
Current maturities of finance lease obligations	-	0.29
Rate of interest: 10.90% p.a Repayment terms: Payable in 396 monthly instalments commencing from December 2018. (Effective 01 April 2019, the Company applied Ind AS 116 – Leases to applicable lease contracts existing as on 01 April, 2019. The Company has used the modified retrospective method prescribed under Ind AS 116 and accordingly, the comparative numbers have not been retrospectively adjusted. Refer Note 50 for the transition policies adopted by the Company)		

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Disclosed under non-current borrowings	232.71	224.97
Disclosed under other current financial liabilities		
- Current maturities of non-current borrowings	120.29	98.33
- Current maturities of finance lease obligations	-	0.29

(ii) Non-current lease liability

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Non- current lease liability	12.76	-
Total	**12.76**	**-**

(iii) Current lease liability

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Current lease liability	2.41	-
Total	**2.41**	**-**

(iv) Current borrowings

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Secured loans repayable on demand from banks:		
Working capital loans	353.79	214.46
Total	**353.79**	**214.46**

Details of security and terms of repayment for current borrowings:

a) 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.

b) Rate of interest for INR borrowings ranges from 9.45% to 10.70%

c) Rate of interest for USD borrowings ranges from 2.84% to 6.75%

NOTE NO. 20 OTHER FINANCIAL LIABILITIES

(i) Other Non-current financial liabilities

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Security deposits	0.42	0.42
Total	**0.42**	**0.42**

(ii) Other Current financial liabilities

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Current maturities of non-current borrowings (Refer note 19(i))	120.29	98.33
Current maturities of finance lease obligations (Refer note 19(i))	-	0.29
Advance from related parties	0.40	-
Interest accrued but not due on borrowings	0.75	0.49
Unclaimed dividends	0.04	-
Other payables:		
Payables on purchase of property, plant and equipment	8.74	7.64
Payable on acquisition of investments	-	55.10
Total	**130.22**	**161.85**

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NOTE NO. 21 PROVISIONS

(i) Non-current provisions

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Provision for employee benefits:		
Compensated absences	10.53	8.89
Total	**10.53**	**8.89**

(ii) Current provisions

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Provision for employee benefits:		
Compensated absences	1.86	1.56
Total	**1.86**	**1.56**

NOTE NO. 22 DEFERRED TAX LIABILITIES / (ASSETS) (net)

₹ in Crores

2019-20	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Adjustment in retained earning on account of transition to Ind AS 116	Closing balance
Property, plant and equipment	55.56	14.77	-	-	70.33
Intangible assets – Other than Goodwill	31.31	(3.72)	-	-	27.59
Provision for employee benefits	(12.45)	(2.93)	1.09	-	(14.29)
Carry forward business loss and unabsorbed depreciation	(22.35)	0.40	-	-	(21.95)
Provision for doubtful debts and others	(4.98)	(5.92)	-	-	(10.90)
Others	-	(3.69)	-	(0.30)	(3.99)
MAT Credits entitlement	(14.26)	(19.60)	(1.09)	-	(34.95)
Total	**32.83**	**(20.69)**	**-**	**(0.30)**	**11.84**

2018-19	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Acquisitions/ disposals	Closing balance
Property, plant and equipment	35.26	20.61	-	(0.31)	55.56
Intangible assets – Other than Goodwill	34.69	(3.38)	-	-	31.31
Provision for employee benefits	(10.45)	(0.76)	(0.71)	(0.53)	(12.45)
Carry forward business loss and unabsorbed depreciation	(9.83)	(12.52)	-	-	(22.35)
Provision for doubtful debts and others	(0.81)	(4.17)	-	-	(4.98)
MAT Credits entitlement	(0.42)	(13.84)	-	-	(14.26)
Total	**48.44**	**(14.06)**	**(0.71)**	**(0.84)**	**32.83**

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NOTE NO. 23 OTHER LIABILITIES

(i) Other non-current liabilities

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Contract liability:		
Advance from customers	39.81	51.86
Income received in advance (unearned revenue)	2.93	5.13
Provision for employee benefits:		
Gratuity (Refer note 40)	22.09	19.90
Total	**64.83**	**76.89**

(ii) OTHER CURRENT LIABILITIES

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Contract liability:		
Advance from customers	16.21	15.93
Income received in advance (unearned revenue)	2.20	2.76
Other payables:		
- Advance rentals	1.23	1.13
- Advance from related party	-	5.31
Statutory remittances	4.09	4.01
Total	**23.73**	**29.14**

During the year ended March 31, 2020, the company recognized revenue of ₹ 15.93 Crores arising (previous year: ₹ 16.04 Crores) from opening contract liability as of April 01, 2019.

NOTE NO. 24 TRADE PAYABLES

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises	3.91	1.62
Total outstanding dues of creditors other than micro and small enterprises	211.81	240.90
Total	**215.72**	**242.52**

Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act,2006

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
(i) Principal amount remaining unpaid to any suppliers as at the end of the accounting year	3.91	1.62
(ii) Interest due thereon remaining unpaid to any suppliers as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the suppliers beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of the interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of the future interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

NOTE NO. 25 CURRENT INCOME TAX LIABILITIES(net)

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Provision for tax (net of advance tax)	-	0.80
Total	**-**	**0.80**

NOTE NO. 26 REVENUE FROM OPERATIONS

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Sale of products	1,250.83	1,291.76
Sale of services	16.81	30.33
Other operating revenues	54.11	64.59
Total	**1,321.75**	**1,386.68**

Refer Note 45 for disaggregated revenues from contracts with customers by geography.

Performance obligations and remaining performance obligations:
The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

NOTE NO. 27 OTHER INCOME

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Interest income (Refer note (i) below)	7.84	1.86
Other non-operating income		
- Liabilities / provisions no longer required written back	1.83	2.45
- Profit on sale of property, plant and equipment (net)	-	0.44
- Insurance claims	7.28	-
- Rental income from investment properties	5.61	3.76
- Others	4.95	3.52
Total	**27.51**	**12.03**

Note:
(i) Interest income comprises:

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Interest from banks on deposits	6.51	1.15
Interest on loans and advances	0.23	0.71
Interest from others	1.10	-
Total	**7.84**	**1.86**

NOTE NO. 28 COST OF MATERIALS CONSUMED

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Opening stock	86.70	85.35
Add: Purchases	634.19	729.57
Less: Opening stock of business disposed during the year (Refer note 38)	-	(5.83)
Add: Opening stock of business acquired during the year (Refer note 37 (a))	-	7.15
Less: Closing stock	(97.53)	(86.70)
Cost of materials consumed	**623.36**	**729.54**

NOTE NO. 29 PURCHASE OF TRADED GOODS

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Traded goods	29.67	9.08
Total	**29.67**	**9.08**

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

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Inventories at the end of the year		
- Finished goods	30.63	22.96
- Work-in-progress	146.29	99.80
	176.92	**122.76**
Inventories at the beginning of the year		
- Finished goods	22.96	29.36
- Work-in-progress	99.80	69.57
	122.76	**98.93**
Add: Opening stock of business acquired during the year (Refer note 37 (a))		
- Finished goods	-	0.39
- Work-in-progress	-	1.66
	-	**2.05**
Less: Opening stock pertaining to business disposed during the year (Refer note 38)		
- Finished goods	-	(1.31)
- Work-in-progress	-	(10.70)
	-	**(12.01)**
Net (increase) / decrease	**(54.16)**	**(33.79)**

NOTE NO. 31 EMPLOYEE BENEFITS EXPENSES

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Salaries and wages	165.05	152.81
Contribution to provident and other funds (Refer note 40)	15.16	14.29
Expense on employee share based payments (Refer note 46)	5.60	2.39
Staff welfare expenses	16.43	14.49
Total	**202.24**	**183.98**

NOTE NO. 32 FINANCE COSTS

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Interest expense on:		
- Borrowings	72.87	73.20
- Delayed payment of income tax	0.24	0.07
- Others	4.19	0.64
Exchange differences regarded as an adjustment to borrowing costs	7.58	6.74
Other borrowing cost	2.65	2.58
Less : Capitalised during the year	(9.65)	(0.81)
Total	**77.88**	**82.42**

NOTE NO. 33 DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Depreciation on Property, plant and equipment (Refer note 3(i))	76.15	69.89
Depreciation on Investment property (Refer note 5)	0.49	0.38
Amortisation on Intangible assets (Refer note 7)	14.01	13.12
Depreciation on Right of use assets (Refer note 4)	3.02	-
Total	**93.67**	**83.39**
- from continuing operations	93.67	82.79
- from discontinued operations	-	0.60

NOTE NO. 34 OTHER EXPENSES

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Subcontracting	17.11	16.07
Power and fuel	76.22	77.56
Water	1.46	1.79
Rent including lease rentals (Refer note 41)	2.67	5.04
Repairs and maintenance:		
- Buildings	4.25	3.56
- Machinery	19.47	15.19
- Others	23.92	30.87
Insurance	7.70	4.39
Rates and taxes	3.93	1.98
Communication	2.14	2.34
Travelling and conveyance	6.82	6.32
Printing and stationery	2.75	2.44
Freight and forwarding	19.19	25.02
Sales commission	5.65	4.03
Business promotion	1.56	2.28
Donations and contributions	1.17	1.13
Expenditure on Corporate Social Responsibility	1.27	1.43
Analytical charges	5.24	10.27
Regulatory expenses	3.17	2.35
Legal and professional fees	21.10	10.04
Payments to statutory auditors (Refer note (i) below)	0.68	0.82

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Bad debts written off / Allowance for doubtful trade and other receivables	0.70	0.52
Loss on sale of property, plant and equipment (net)	0.32	-
Consumables	24.75	25.89
Exchange fluctuation loss (net)	1.71	11.27
Provision for doubtful advances, net	0.27	0.36
Miscellaneous expenses	8.89	13.37
Total	**264.11**	**276.33**

i. Payments to the Statutory Auditors comprises (net of taxes) for:

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19*
- Audit of standalone and consolidated financial statements including limited review	0.58	0.55
- Other services	0.07	0.14
- Tax audit	-	0.07
- Reimbursement of expenses	0.03	0.06
Total	**0.68**	**0.82**

* Includes payment made to other auditor in respect of audit of Strides Chemicals Private Limited towards year end audit ₹ 0.05 Crores and tax audit ₹ 0.02 Crores.

NOTE NO. 35 TAX EXPENSES

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Continuing operations		
Current tax		
Current tax expense	20.69	15.96
Deferred tax benefit		
Deferred tax (credit) / expenses	-	2.01
MAT credit availment	(20.69)	(15.96)
Tax expenses for continuing operations	**-**	**2.01**
Discontinued operations		
Current tax		
Current tax expense	-	(2.14)
Deferred tax benefit		
Deferred tax (credit) / expenses	-	(2.24)
MAT credit availment	-	2.14
Tax expenses for discontinued operations	**-**	**(2.24)**
Total tax expense	**-**	**(0.23)**

The reconciliation of estimated income tax expenses at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Profit before income taxes:		
- from continuing operations	112.49	68.36
- from discontinued operations	-	(9.92)
- from total operations	112.49	58.44
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	39.31	20.42
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expenses:		
Effect of expenses that are not deductible in determining taxable profit	0.24	0.93
Effect on additional tax allowance	(7.22)	(21.11)
Effect on unused tax losses	(30.61)	-
Others (net)	(1.72)	(0.47)
Total income tax expense	**-**	**(0.23)**

Refer Note 22 for significant components of deferred tax assets and liabilities.

NOTE NO. 36 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED (CHARGED TO STATEMENT OF PROFIT AND LOSS)

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Outsourced:		
Development charges	-	-
Inhouse:		
Salaries and wages	25.07	22.54
Depreciation and amortisation expenses	11.61	10.09
Materials	0.93	1.56
Others	20.96	19.94
Total	**58.57**	**54.13**

In addition, the Company has also incurred capital expenditure in such facilities of ₹ 2.72 Crores (Previous year: ₹ 52.17 Crores) which has been capitalised under respective heads in the financial statements.

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

NOTE NO. 37 BUSINESS ACQUISITIONS:

a) Acquisition of Strides Chemicals Private Limited:

During the previous year, the Company acquired 100% of the equity shares in Strides Chemicals Private Limited (SCPL) for a consideration of ₹ 131 Crores on September 1, 2018 pursuant to a share purchase agreement with Strides Pharma Sciences Limited.

The Board of Directors of the Company in their meeting held on September 28, 2018, approved a Scheme of Amalgamation of SCPL with the Company. The appointed date of the Scheme is September 1, 2018, the date on which the Company acquired all shares of SCPL thereby resulting in SCPL becoming a wholly-owned subsidiary of the Company. During the current year, the National Company Law Tribunal (NCLT) vide its order dated December 20, 2019 approved the aforesaid Scheme. The Company filed the Scheme on February 1, 2020 with Registrar of Companies and has accordingly, given effect of this amalgamation during the current year. In accordance with the requirements of Appendix C of Ind AS 103 Business Combination, the standalone financial statements of the corresponding period in the previous year has been restated as if the amalgamation had occurred on the appointed date of the Scheme.

Consideration transferred:

Particulars	₹ in Crores
Cash	131.00

Out of consideration of ₹ 131 Crores, ₹ 75.9 Crores was paid during the year ended March 31, 2019 and the balance of ₹ 55.1 Crores has been paid during the current year.

Details of the fair value of assets and liabilities of Strides Chemicals Private Limited as at September 1, 2018 are as below:

Particulars	₹ in Crores
Non-current assets (other than goodwill on this acquisition)	110.20
Current assets	30.06
(A) Total assets	**140.26**
Non-current liabilities	0.57
Current liabilities	15.21
(B) Total liabilities	**15.78**
(C) Net assets (A) - (B)	**124.48**

Calculation of Goodwill / Capital reserve arising on acquisition:

Particulars	₹ in Crores
Consideration transferred	131.00
Less: Identifiable net assets acquired	(124.48)
Excess of the consideration transferred by the Company over the net assets acquired has been debited to Goodwill	6.52

Impact of the above acquisition on the results of the Company pursuant to restatement:

₹ in Crores

Particulars	For the year ended 31-Mar-19
Revenue from operations	19.41
Other income	5.24
Total revenue (A)	**24.65**
Cost of materials consumed	10.48
Purchase of Stock-in-trade	-
Changes in inventories of finished goods and work-in-progress	(4.51)
Employee benefits expenses	4.06
Finance costs	-
Depreciation and amortisation expenses	4.06
Other expenses	13.90
Total expenses (B)	27.99
Profit / (Loss) before tax (C)	**(3.34)**

b) Acquisition of R&D business from Strides Pharma Science Limited during previous financial year:

The company entered into a Business purchase agreement to acquire a R&D business at Chennai from Strides Pharma Science Limited and the transaction was completed on April 1, 2018. Assets and liabilities of the R&D business have been recorded to reflect at their fair values as on the transaction closure date (i.e. April 1, 2018).

Principal Activity of the R&D business acquired:

The R&D business at Chennai is a state-of-art facility engaged in the development of complex products and is also engaged in the business of providing product development solutions to its clients.

Consideration transferred:

Particulars	₹ in Crores
Cash	34.75

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

Particulars	₹ in Crores
Non-current assets (other than goodwill on this acquisition)	35.73
Current assets	2.09
(A) Total assets	**37.82**
Current liabilities	3.07
(B) Total liabilities	**3.07**
C) Net assets (A) – (B)	**34.75**

Calculation of Goodwill / Capital reserve arising on acquisition:

Particulars	₹ in Crores
Consideration transferred	34.75
Less: Identifiable net assets acquired	(34.75)
Excess of the consideration transferred by the Company over the net assets acquired has been debited to Goodwill	**-**

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

₹ in Crores

Particulars	For the year ended 31-Mar-19
Revenue from operations	11.29
Other income	0.02
Total revenue (A)	**11.31**
Cost of materials consumed	2.29
Purchase of Stock-in-trade	0.03
Changes in inventories of finished goods and work-in-progress	(0.76)
Employee benefits expenses	15.97
Finance costs	0.01
Depreciation and amortisation expenses	4.74
Other expenses	15.07
Total expenses (B)	**37.35**
Profit / (Loss) before tax (C)	**(26.04)**

NOTE NO. 38 DISCONTINUED OPERATIONS

During previous financial year:

The Board of Directors in their meeting held on May 19, 2018 approved for disposal of business operations at Mahad facility. The disposal was completed on July 31, 2018 on which date the control passed to the acquirer.

The details of assets and liabilities disposed off, and the calculation of the profit or loss on disposal, are as below:

a) Carrying value of assets and liabilities as at July 31, 2018:

Particulars	₹ in Crores
Non-current assets	34.01
Current assets	41.94
(A) Total assets	**75.95**
Non-current liabilities	0.62
Current liabilities	28.93
(B) Total liabilities	29.55
(C) Net assets (A) - (B)	**46.40**

b) Gain / (loss) on disposal:

Particulars	₹ in Crores
Consideration received	46.40
Net assets disposed off	(46.40)
Gain / (loss) on disposal	-

c) Net cash inflow on disposal:

Particulars	₹ in Crores
Consideration received in cash and cash equivalents	46.40
Less: Cash and cash equivalents balances disposed off	(0.15)
Net cash inflow on disposal	**46.25**

d) Impact of the above disposal on the results of the Company:

The financial performance and cash flow information of Mahad facility included in the statement of profit and loss is as below

₹ in Crores

Particulars	For the year ended 31-Mar-19
Revenue from operations	21.90
Other income	-
Total revenue (A)	**21.90**
Cost of materials consumed	16.24
Changes in inventories of finished goods and work-in-progress	2.96
Employee benefits expenses	2.01
Finance costs	0.06
Depreciation and amortisation expenses	0.62
Other expenses	9.93
Total expenses (B)	**31.82**
Profit / (Loss) before tax (C)	**(9.92)**
Current tax	(2.14)
Deferred tax	(0.10)
Tax expenses / (credit) (D)	**(2.24)**
Profit / (Loss) after tax (C) - (D)	**(7.68)**

e) Cash flows from discontinued operations:

₹ in Crores

Particulars	For the year ended 31-Mar-19
Net cash inflows / (outflows) from operating activities	(11.20)
Net cash inflows / (outflows) from investing activities	(1.15)
Net cash inflows / (outflows) from financing activities	12.50
Total	**0.15**

NOTE NO. 39 COMMITMENTS AND CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Amount in ₹

Particulars		As at 31-Mar-20	As at 31-Mar-19
a)	**Contingent liabilities - Pending Litigations**		
	Indirect taxes	3.22	4.55
	Other claims against the Company not acknowledged as debts	1.64	1.64
b)	**Commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
	- Property, plant and equipment	67.71	89.74
	- Intangible Asset	0.94	0.83

NOTE NO. 40 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 ₹10.84 Crores (Previous year ₹ 10.04 Crores) for Provident fund contributions, ₹ 0.24 Crores (Previous year ₹ 0.31 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 operates a gratuity plan, a defined employee benefit scheme covering qualifying employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Composition of the plan assets

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

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

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

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

Particulars	Valuation as at 31-Mar-20	Valuation as at 31-Mar-19
Discount rate	6.51%	7.25%
Expected rate of salary increase	6.50%	6.50%
Attrition rate	11.00%	11.00%
Mortality Rate	As per IALM (2012-14) ultimate	As per IALM (2006-08) ultimate
Retirement age (years)	58 years	58 years

Amounts recognised in Statement of profit and loss and in other comprehensive income in respect of this defined benefit plan are as follows:

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Service cost:		
Current service cost	3.10	3.00
Past service cost and (gain)/loss from settlements	-	0.34
Net interest expense	1.22	0.80
Components of defined benefit costs recognised in statement of profit and loss	**4.32**	**4.14**
Remeasurement on the net defined benefit liability:		
Return on plan assets [excluding amounts included in net interest expense] (excess) / Short return	0.11	0.40
Actuarial (gains) / losses arising from changes in demographic assumptions	-	0.03
Actuarial (gains) / losses arising from changes in financial assumptions	1.65	(2.80)
Actuarial (gains) / losses arising from experience adjustments	1.53	4.38
Components of defined benefit costs recognised in other comprehensive income	**3.29**	**2.01**
Total	**7.61**	6.15

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

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Present value of funded defined benefit obligation	45.16	38.08
Fair value of plan assets	(23.07)	(18.18)
Funded status	**22.09**	**19.90**
Restrictions on asset recognised	-	-
Net liability arising from defined benefit obligation	**22.09**	**19.90**

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

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Opening defined benefit obligation	38.08	33.07
Add : Acquisition / (disposal)	-	0.01
Expenses Recognised in statement of profit and loss		
Current service cost	3.10	3.00
Past service cost and (gain)/loss from settlements	-	0.34
Interest cost	2.52	2.34
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	-	0.03
Actuarial gains and losses arising from changes in financial assumptions	1.65	(2.80)
Actuarial gains and losses arising from experience adjustments	1.53	4.38
Benefits paid	(1.72)	(2.29)
Closing defined benefit obligation	**45.16**	**38.08**

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

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Opening fair value of plan assets	18.18	16.81
Add : Acquisition / (disposal)	-	1.36
Expected return on plan assets	1.30	1.54
Remeasurement gain / (loss):		
Contributions from the employer	5.30	1.16
Actuarial (gains) / losses on planned assets	(0.11)	(0.40)
Benefits paid	(1.60)	(2.29)
Closing fair value of plan assets	**23.07**	**18.18**

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 increase / (decrease) by 1%, the defined benefit obligation would be ₹ 42.96 Crores (₹ 47.60 Crores) as at March 31, 2020.

If the expected salary growth increase / (decrease) by 1%, the defined benefit obligation would be ₹ 47.29 Crores (₹ 43.19 Crores) as at March 31, 2020.

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

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

Expected future Cash outflows towards the plan are as follows-

₹ in Crores

Financial Year	Amount
2020-21	7.32
2021-22	5.73
2022-23	5.39
2023-24	5.24
2024-25	5.61
2025-26 to 2030- 31	20.47

NOTE NO. 41 LEASES:

Disclosures in respect of leases

The Company has entered into lease arrangements for its factory land and office premises. Refer Note 2.1 (viii) and Note 50 for the accounting policies and transition policies adopted by the Company respectively.

(a) Movement in right-of-use assets and lease liabilities during the year:

(i) Right-of-use assets

₹ in Crores

Particulars	Factory Land	Office Premises	Total
Gross carrying value:			
As at the date of transition	**31.84**	**10.29**	**42.13**
Additions	27.90	-	27.90
Deletions	-	-	-
As at March 31, 2020	**59.74**	**10.29**	**70.03**
Accumulated depreciation	**0.29**	**4.42**	**4.71**
Depreciation for the year	1.05	1.97	3.02
Deletions	-	-	-
As at March 31, 2020	**1.34**	**6.39**	**7.73**
Net carrying value as at March 31, 2020	**58.40**	**3.90**	**62.30**

(ii) Lease liabilities

₹ in Crores

Particulars	As at March 31, 2020
As at the date of transition	**10.82**
Addition	6.10
Accretion of interest	1.35
Payments	(3.10)
Deletion	-
As at March 31, 2020	**15.17**
Current	2.41
Non-current	12.76

(iii) Maturity analysis: Contractual undiscounted cash flows

₹ in Crores

	As at March 31, 2020		Total
Particulars	Factory Land	Office Premises	
Less than one year	0.75	2.16	2.91
One to five years	3.41	3.28	6.69
More than five years	53.26	-	53.26
Total	**57.42**	**5.44**	**62.86**

(b) Amount recognised in Standalone Statement of Profit and Loss

₹ in Crores

Particulars	For the year ended March 31, 2020
Depreciation on Right-of-use assets	3.02
Finance cost: Interest on lease liabilities	1.35
Short term lease payments (Refer Note (i) below)	2.77

(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).

(c) Amount recognised in Standalone Statement of Cash Flows

₹ in Crores

Particulars	For the year ended March 31, 2020
Cash outflows for leases	
interest portion of lease liabilities	1.35
principal portion of lease liabilities	1.75

NOTE NO. 42 CORPORATE SOCIAL RESPONSIBILITY:

a. Gross amount required to be spent by the company during the year: ₹ 1.15 Cr

b. Amount spent during the year on:

₹ in Crores

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	-	-	-
(ii) On purposes other than (i) above	1.27	-	1.27
Total	**1.27**	**-**	**1.27**

NOTE NO. 43 RELATED PARTY INFORMATION:

Wholly owned subsidiary:
Shasun USA Inc., USA

Other Subsidiaries:
Sequent Penems Private Limited
Chemsynth Laboratories Private Limited

KMP / Person holding significant interest in the company:

Jitesh Devendra	Managing Director
S Hariharan	Executive Director - Finance and Chief Financial Officer
R. Ramakrishnan	Independent Director
Nirmal P Bhogilal	Independent Director
Jagdish V Dore	Independent Director (Resigned wef. August 03, 2018)
Kausalya Santhanam	Independent Director
Deepak C Vaidya	Non-Executive Director
Ronald Tjeerd De Vries	Independent Director (Appointed wef. October 30, 2018)
Ankur Nand Thadani	Non-Executive Director (Appointed wef. May 16, 2019)
Arun Kumar	Person holding significant interest in the company
Bharat R Sesha	Chief Executive Officer (Appointed wef. Feb 6, 2020)
B Sreenivasa Reddy	Chief Operating Officer
S Murali Krishna	Company Secretary

Enterprises controlled, owned or significantly influenced by KMP or person holding significant interest in the company:

Strides Pharma Science Limited, India
Devendra Estates LLP, India
Devicam LLP, India
Sequent Scientific Limited, India
Alivira Animal Health Limited, India
Sterling Pharma Solutions Limited, UK (up to February 27, 2019)
Tenshi Life Sciences Private Limited, India
Aurore Life Sciences Private Limited, India
Tenshi Kaizen Private Limited, India (formerly Higher Pharmatech Private Limited)
Olene Life Sciences Private Limited, India
GMS Tenshi Holdings Pte Limited, Singapore
Stelis Biopharma Private Limited, India
Steriscience Private Limited, India (formerly Sovizen Life Sciences Private Limited)
Tenshi Active Pharma Sciences Private Limited, India
Tenshi Life Care Private Limited, India
Triphase Pharmaceuticals Private Limited, India
Oncobiologics Inc., USA
Naari Pharma Private Limited, India
Sequent Research Limited, India
Chayadeep Properties 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
Hydra Active Pharma Sciences Private Limited, India
Tenshi Kaizen Pharma Pte Ltd, Singapore
Tenshi Kaizen Private Limited, UK

Transactions during the period

₹ in Crores

Description	Related party	As at 31-Mar-20	As at 31-Mar-19
Sale of goods	Strides Pharma Science Limited	267.59	304.83
	Aurore Life Sciences Private Limited	0.52	0.02
	Tenshi Kaizen Private Limited	0.01	0.05
	Sequent Scientific Limited	-	26.47
	Alivira Animal Health Limited	9.99	10.23
Sale of services	Sterling Pharma Solutions Limited	-	1.62
	Strides Pharma Science Limited	10.01	10.13
Interest income	Chemsynth Laboratories Private Limited	0.23	0.26
	Tenshi Life Sciences Private Limited	0.93	-
Other operating revenue	Strides Pharma Science Limited	1.72	2.18
Management charges	Shasun USA Inc	3.34	-
Other income	Tenshi Kaizen Private Limited	1.42	0.78
Sale of Asset	Strides Pharma Science Limited	-	0.15

₹ in Crores

Description	Related party	As at 31-Mar-20	As at 31-Mar-19
Purchase of goods	Alivira Animal Health Limited	19.36	5.49
	Sequent Scientific Limited	0.01	1.09
	Strides Pharma Science Limited	2.42	0.50
	Aurore Life Sciences Private Limited	2.67	3.31
Purchase of services	Sequent Research Limited	5.82	8.19
	Sterling Pharma Solutions Limited	-	0.89
	Batliboi Impex Limited	0.93	0.28
Purchase of property, plant and equipment	Tenshi Life Sciences Private Limited	0.27	-
	Chemsynth Laboratories Private Limited	0.92	-
	Strides Pharma Science Limited	-	34.94
Purchase of Intangible asset	Sequent Scientific Limited	-	0.15
Investments in Strides Chemicals Private Limited	Strides Pharma Science Limited	-	131.00
Sales commission	Shasun USA Inc	1.70	-
	Alivira Animal Health Limited	0.10	-
	Sequent Scientific Limited	-	0.13
Recovery of expenses from	Shasun USA Inc	0.05	0.06
	Alivira Animal Health Limited	0.01	-
	Sequent Research Limited	0.50	0.70
	Chemsynth Laboratories Private Limited	0.01	-
	Strides Pharma Science Limited	14.80	15.67
Reimbursement of expenses to	Shasun USA Inc	-	0.14
	Strides Pharma Science Limited	1.61	7.41
	Tenshi Life Sciences Private Limited	2.29	5.72
	Sequent Scientific Limited	0.14	0.57
	Sequent Research Limited	0.67	0.65
	Sterling Pharma Solutions Limited	-	0.56
Rental Income	Sequent Research Limited	0.84	0.84
Rent & Maintenance for leased property	Devendra estates LLP	0.31	0.29
	Strides Pharma Science Limited	1.52	1.45
	Sequent Penems Private Limited	0.46	0.46
Advances given	Tenshi Kaizen Private Limited	-	14.00
	Tenshi Life Sciences Private Limited	-	14.15
	Chemsynth Laboratories Private Limited	0.05	0.01
Loan given	Tenshi Life Sciences Private Limited	50.00	-
Security deposit received	Sequent Research Limited	-	0.42
Security deposit given	Strides Pharma Science Limited	-	0.72

Transactions during the period

₹ in Crores

Description	Related party	As at 31-Mar-20	As at 31-Mar-19
Sitting fees paid to directors	Deepak C Vaidya	0.08	0.11
	Jagdish V Dore	-	0.04
	Kausalya Santhanam	0.08	0.11
	Nirmal P Bhogilal	0.08	0.11
	Ronald Tjeerd De Vries	0.08	0.04
	R. Ramakrishnan	0.08	0.11
Services received in the capacity other than as KMP (refer note (i) below)	Bharat R Sesha	0.60	-

₹ in Crores

Description	Related party	As at 31-Mar-20	As at 31-Mar-19
Short term employee benefits paid to (refer note (i) below)	Jitesh Devendra	9.07	3.90
	S Hariharan	1.67	1.71
	Bharat R Sesha	0.76	-
	B Sreenivasa Reddy	1.73	1.52
	S Murali Krishna	0.42	0.41

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

Balances as at March 31, 2020

₹ in Crores

Description	Related party	As at 31-Mar-20	As at 31-Mar-19
Trade payables	Shasun USA Inc.	3.05	0.02
	Alivira Animal Health Limited	-	5.06
	Sequent Scientific Limited	0.03	0.25
	Batliboi Impex Limited	0.09	-
	Sequent Research Limited	1.00	2.69
	Devendra Estates LLP	0.03	0.03
	Sequent Penems Private Limited	0.20	0.33
	Strides Pharma Science Limited	2.94	2.06
	Tenshi Life Sciences Private Limited	1.40	1.86
	Aurore Life Sciences Private Limited	0.02	2.46
Security deposit received	Sequent Research Limited	0.42	0.42
Payables on acquisition of investments	Strides Pharma Science Limited	-	55.10
Trade receivables	Alivira Animal Health Limited	2.23	4.69
	Aurore Life Sciences Private Limited	0.19	2.95
	Tenshi Kaizen Private Limited	0.01	0.08
	Tenshi Life Sciences Private Limited	-	0.84
	Sequent Research Limited	0.27	-
	Strides Pharma Science Limited	26.94	55.92
	Sequent Scientific Limited	-	0.04
	Shasun USA Inc.	1.59	1.61
Other receivables	Chemsynth Laboratories Private Limited	0.43	0.23
	Tenshi Kaizen Private Limited	1.53	-
	Tenshi Life Sciences Private Limited	0.84	-
Loan / Advances receivable/ (payable)	Tenshi Kaizen Private Limited	10.50	14.00
	Tenshi Life Sciences Private Limited	50.00	-
	Chemsynth Laboratories Private Limited	1.48	2.35
	Sequent Penems Private Limited	(0.40)	-
Security deposit given	Sequent Penems Private Limited	-	0.46
	Strides Pharma Science Limited	0.72	0.72
	Devendra estates LLP	0.20	0.20

NOTES

forming part of the standalone financial statements

NOTE NO. 44 EARNINGS PER SHARE:

Amount in ₹

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Basic earnings per share:		
From continuing operations (A/C)	43.47	24.53
From discontinued operations (B/C)	-	(3.11)
Total basic earnings per share	**43.47**	**21.42**
Diluted earnings per share:		
From continuing operations (A/D)	42.03	24.50
From discontinued operations (B/D)	-	(3.11)
Total diluted earnings per share	**42.03**	**21.39**

Earnings used in computing basic and diluted earnings per share

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Profit / (loss) after tax attributable to the equity holders of the Company		
From continuing operations	112.49	66.35
Less: Share issue expenses debited to securities premium	-	(5.77)
From continuing operations (A)	**112.49**	**60.58**
From discontinued operations (B)	-	(7.68)
Total operations	**112.49**	**52.90**

Weighted average number of shares used as the denominator

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Weighted average number of equity shares used as denominator in calculating basic earnings per share (C)	**25,878,915**	**24,689,335**
Adjustments for calculation of diluted earnings per share:		
- share warrants**	551,325	-
- employee stock options	335,953	38,073
Weighted average number of equity shares used as denominator in calculating diluted earnings per share (D)	**26,766,192**	**24,727,408**

** Effect of share warrants was not dilutive for the previous year and hence not considered for the purpose of calculation of Diluted EPS.

NOTE NO. 45 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:

Geographical information

(i) Revenue from external customers

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Asia Pacific	655.29	773.96
Europe	352.00	334.13
North America	102.56	77.81
South America	117.92	110.53
Rest of the World	39.87	25.66
Total	**1,267.64**	**1,322.09**

(ii) Non-current assets*

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
India	1,443.92	1,275.59
Total	**1,443.92**	**1,275.59**

*Non-current assets do not include financial assets under financial instruments

(iii) Revenue from major customers

Revenue from one customer of the Company is ₹ 277.60 Crores (31 March 2019 - ₹ 321.87 Crores) which is individually more than 10 percent of the Company's total revenue.

NOTE NO. 46 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 for 1,228,778 options. Each option comprises one underlying equity share 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. 1,90,000 options (Previous year: 8,45,000 options) were granted under this plan during the current year.

During the current year, employee compensation costs of ₹ 5.60 Crores (Previous year: ₹ 2.39 Crores) relating to the above referred Employee Stock Option Plans have been charged to the Statement of Profit and Loss.

Fair value of share options granted in the year

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

Assumptions	Grant Date: May 15, 2019 (ESOP 2018)		
	Vest 1 May 15, 2020	Vest 2 May 15, 2021	Vest 3 May 15, 2022
	20%	**30%**	**50%**
No. of options	8,000	12,000	20,000
Fair market value of option at grant date (₹)	159.49	175.27	187.64
Fair market value of share at grant date (₹)	443.98	443.98	443.98
Exercise price (₹)	332.00	332.00	332.00
Expected volatility	39.53%	39.53%	39.53%
Option life (Years)	1	2	3
Expected Dividend Yield	0.00%	0.00%	0.00%
Risk-free interest rate	7.41%	7.41%	7.41%

Assumptions	Grant Date: February 5, 2020 (ESOP 2018)		
	Vest 1 Feb 5, 2021	Vest 2 Feb 5, 2022	Vest 3 Feb 5, 2023
	13%	**20%**	**67%**
No. of options	20,000	30,000	100,000
Fair market value of option at grant date (₹)	162.82	191.11	203.65
Fair market value of share at grant date (₹)	498.65	498.65	498.65
Exercise price (₹)	374.00	374.00	374.00
Expected volatility	39.40%	39.40%	34.32%
Option life (Years)	1	2	3
Expected Dividend Yield	1.00%	1.00%	1.00%
Risk-free interest rate	5.43%	5.63%	5.80%

Fair value of share options granted in the previous year

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value of the ESOP granted during the previous year are as below:

Assumptions	Grant Date: October 01, 2018 (ESOP 2018)		
	Vest 1 October 01, 2019	Vest 2 October 01, 2020	Vest 3 October 01, 2021
	20%	**30%**	**50%**
No. of options	49,000	73,500	122,500
Fair market value of option at grant date (₹)	92.33	103.18	111.25
Fair market value of share at grant date (₹)	265.97	265.97	265.97
Exercise price (₹)	205.00	205.00	205.00
Expected volatility	39.13%	39.13%	39.13%
Option life (Years)	1	2	3
Expected Dividend Yield	0.00%	0.00%	0.00%
Risk-free interest rate	8.00%	8.00%	8.00%

Assumptions	Grant Date: November 01, 2018 (ESOP 2018)	
	Vest 1 November 30, 2019	Vest 2 November 30, 2020
	40%	**60%**
No. of options	240,000	360,000
Fair market value of option at grant date (₹)	120.08	130.93
Fair market value of share at grant date (₹)	297.86	297.86
Exercise price (₹)	205.00	205.00
Expected volatility	39.13%	39.13%
Option life (Years)	1	2
Expected Dividend Yield	0.00%	0.00%
Risk-free interest rate	8.00%	8.00%

Employee stock options details as on the balance sheet date are as follows:

Particulars	During the year 2019-20		During the year 2018-19	
	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:				
- ESOP 2018	845,000	205.00	-	-
Granted during the year:				
- ESOP 2018	190,000	365.16	845,000	205.00
Exercised during the year:				
- ESOP 2018	281,000	205.00	-	-
Lapsed/ cancelled during the year:				
- ESOP 2018	40,000	205.00	-	-
Options outstanding at the end of the year:				
- ESOP 2018	714,000	247.62	845,000	205.00
Options available for grant:				
- ESOP 2018	193,778	-	383,778	-

NOTE NO. 47 FINANCIAL INSTRUMENTS

47.1 Categories of financial instruments

₹ in Crores

Particulars	31-Mar-20	31-Mar-19
Financial assets:		
Measured at amortised cost		
(a) Cash and bank balances	56.58	76.37
(b) Investments	0.32	0.41
(c) Trade receivables	229.67	290.24
(d) Loans	53.84	4.71
(e) Other financial assets at amortised cost	28.45	27.79
Financial liabilities:		
Measured at amortised cost		
(a) Borrowings	586.50	439.43
(b) Lease liability	15.17	-
(c) Current maturity of non-current borrowings	120.29	98.33
(d) Current maturity of finance lease obligations	-	0.29
(e) Trade payables	215.72	242.52
(f) Other Financial Liabilities	10.35	63.65

47.2 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 value of financial assets and financial liabilities (except borrowings) approximate the fair value in both of the years presented.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

₹ in Crores

Particulars	31-Mar-20		31-Mar-19	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	706.79	715.10	538.05	549.25

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Financial risk management objectives

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

47.3 Foreign currency risk management

The Company is exposed to foreign exchange risk due to:

- debt availed in foreign currency

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

The 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:

Amounts in Crores

Amount receivable / (payable)	As at 31-Mar-20		As at 31-Mar-19	
Exposure to the Currency	in foreign Currency	in INR	in foreign Currency	in INR
USD	(0.88)	(65.86)	(0.60)	(41.25)
EUR	0.02	1.36	0.03	2.40
GBP	0.00	0.25	0.01	0.96
JPY	0.03	0.02	(0.21)	(0.13)
SGD	-	-	0.00	0.03
CHF	(0.00)	(0.08)	-	-

Foreign currency sensitivity analysis

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

₹ in Crores

Exposure to the Currency	Increase / (Decrease) in Profit 31-Mar-20	Increase / (Decrease) in Profit 31-Mar-19
Appreciation in the USD	(3.29)	(2.06)
Depreciation in the USD	3.29	2.06
Appreciation in the EUR	0.07	0.12
Depreciation in the EUR	(0.07)	(0.12)
Appreciation in the GBP	0.01	0.05
Depreciation in the GBP	(0.01)	(0.05)
Appreciation in the JPY	-	(0.01)
Depreciation in the JPY	-	0.01

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

For the purpose of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of respective financial years remains constant thereafter.

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

47.4 Interest rate risk management

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

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

₹ in Crores

Particulars	As at 31 March, 2020	As at 31 March, 2019
Fixed-rate instruments		
Financial assets		
Balance with banks held as margin money	0.70	0.75
Balance with banks held in deposit account	54.84	72.11
Financial liabilities		
Finance lease obligations	-	4.10
Lease liability	15.17	-
	70.71	**76.96**
Variable-rate instruments		
Financial liabilities		
Borrowings from bank	706.79	533.95
	706.79	**533.95**

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include secured long term loans from banks, secured long term loans from others and secured short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be ₹ 6.79 Crores (Previous year: ₹ 7.29 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.

47.5 Credit risk management

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

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

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

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

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47.6 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.

47.6.1 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.

₹ in Crores

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
Bank & other borrowings								
- As on March 31, 2020	475.77	113.58	91.08	34.67	-	-	**715.10**	**706.79**
- As on March 31, 2019	314.75	113.14	74.16	41.17	3.55	2.48	**549.25**	**538.05**
Interest payable on borrowings								
- As on March 31, 2020	0.75	-	-	-	-	-	**0.75**	**0.75**
- As on March 31, 2019	0.49	-	-	-	-	-	**0.49**	**0.49**
Lease liability								
- As on March 31, 2020	2.41	1.75	1.56	0.55	0.51	8.39	**15.17**	**15.17**
- As on March 31, 2019	-	-	-	-	-	-	**-**	**-**
Trade and other payable								
- As on March 31, 2020	225.32	-	-	-	-	-	**225.32**	**225.32**
- As on March 31, 2019	305.68	-	-	-	-	-	**305.68**	**305.68**

NOTE NO. 48 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 19 (i) and 19 (iv) offset by cash and bank balances) and total equity.

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

Gearing ratio

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

₹ in Crores

Particulars	31-Mar-20	31-Mar-19
Debt (i)	721.96	538.05
Less:		
Cash and bank balances	56.58	76.37
Net Debt (A)	**665.38**	**461.68**
Total Equity (B)	**1,090.79**	**962.45**
Net debt to equity ratio (A/B)	0.61	0.48

(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings, current maturities of finance lease obligations, current borrowings and lease liability.

NOTE NO. 49 DISCLOSURE AS PER PART A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186(4) OF THE COMPANIES ACT, 2013 IN RESPECT OF LOANS GIVEN

₹ in Crores

Name of borrower	Nature of relationship	Purpose for which the loan is utilised by the recipient	Rate of interest	As at April 01, 2019	Given during the year	Repaid during the year	As at March 31, 2020	Maximum outstanding during the year ended March 31, 2020
Chemsynth Laboratories Private Limited	Subsidiary	Operations	10.90%	2.35	0.06	0.92	1.49	2.40
Tenshi Life Sciences Private Limited	Others	Operations	10.00%	-	50.00	-	50.00	50.00

NOTE NO. 50 NEW ACCOUNTING STANDARDS ADOPTED BY THE COMPANY:

Ind AS 116 Leases:

Effective April 1, 2019, the Company adopted new standard Ind AS 116 “Leases” which replaced the earlier standard on Leases Ind AS 17, and applied the new standard to all lease contracts existing on April 1, 2019 using the modified retrospective method on the date of initial application and has taken the cumulative adjustment to retained earnings. Accordingly, as on the date of transition, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of transition. The right-of-use asset is recorded at the present value of the lease payments as if the standard had been applied since the commencement date of the lease, but depreciated till the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the financial statements for year ended March 31, 2019. Further, due to transition, the nature of expenses in respect of leases has changed from “lease rent” to “depreciation and amortisation expense” and “finance cost” for the right-of-use assets and for interest accrued on lease liability respectively, and therefore these expenses for the current year are not comparable to the previous year disclosed.

The following is the summary of practical expedients elected by the Company on the initial application:

1. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

2. In respect of those leases classified as finance leases applying Ind AS 17, at the date of initial application, the Company has elected to recognise the right-of-use asset and the lease liability at the carrying amount of the lease asset and lease liability immediately before that date, measured applying Ind AS 17.

3. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

4. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

5. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10.90 %.

On transition, the adoption of the new standard resulted in recognition of ‘Right-of-Use’ asset of ₹ 37.42 Crores (net of Accumulated depreciation amounting to ₹ 4.71 Crores), lease liability of ₹ 10.82 Crores and de-recognition of prepaid expenses of ₹ 13.21 Crores, leasehold land under finance lease of ₹ 18.35 Crores and finance lease obligation of ₹ 4.10 Crores. The cumulative effect of applying the standard, amounting to ₹ 0.56 Crores was debited to retained earnings, net of taxes as at April 1, 2019.

Ind AS 116 resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Reconciliation of operating lease commitments as at March 31, 2019 with the lease liabilities recognized in the Balance Sheet as at April 1, 2019.

Particulars	₹ in Crores
Operating lease commitment as at March 31, 2019	11.03
Less: commitments relating to lease of low value assets and short-term leases on account of practical expedients exercised	(2.97)
Operating lease commitment as at March 31, 2019 considered for lease liability	8.06
Discounted using the incremental borrowing rate as of April 1, 2019	**6.72**
Finance lease obligation in respect of finance leases	4.10
Lease liabilities recognised as at April 1, 2019	**10.82**

NOTE NO. 51 The Board of Directors, have in their meeting on May 7, 2020, proposed final dividend of ₹ 5.37 Crores (₹2/- per equity share) for the financial year ended March 31, 2020. This proposed dividend is subject to approval of the shareholders in the ensuing Annual General Meeting (AGM).

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

S Hariharan
Executive Director - Finance and
Chief Financial Officer
DIN: 05297969

S Murali Krishna
Company Secretary
Membership No.: 13372

Place : Bengaluru
Date : May 7, 2020

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 31st March 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flows Statement 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 the 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 2020, and their consolidated profit, their consolidated total comprehensive income, 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 specified under section 143 (10) of the Act (SAs). 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.

Key Audit Matter	Response to Key Audit Matter
Revenue recognition:	**Principal audit procedures performed:**
Refer note 2.1(vi) and note 27 of the Consolidated financial statements. The Group's sales revenue mainly arose from sale of pharmaceuticals products, which are in the nature of API (i.e. Active Pharmaceutical Ingredient). The Group recognizes 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 customers 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.	We evaluated the design of internal controls over recognition of revenue in the appropriate period in accordance with the Group's accounting policy. On a sample basis, we tested the operating effectiveness of the internal control relating to determination of point in time at which the transfer of control of the goods occurs. We tested the relevant information technology systems used in recording revenue including company's system generated reports, based on which selection of samples was undertaken. On sample basis, we performed test of details of sales recorded close to the year-end through following procedures: • Analysed the terms and conditions of the underlying contract with the customer, and • Verified evidence for transfer of control of the goods prior to the balance sheet date or otherwise from relevant supporting documents.

Key Audit Matter	Response to Key Audit Matter
Carrying value of Goodwill relating to Human API business:	**Principal audit procedures performed:**
Refer note 6 of the Consolidated financial statements. The Group carries goodwill of Rs 357.95 Crores as at March 31, 2020 arising from past acquisition of the Human API business. As indicated in note 2.1(xvii) to the consolidated financial statements, the management of the Company assesses the impairment of goodwill annually. The carrying values of goodwill will be recovered through future cash flows and there is a risk of impairment loss where the actual future cash flows are less than expected. The impairment assessment performed by the Management contained a number of significant judgements and estimates including short and long-term growth rates and discount rate. We focused on this area because of the significance of the balance and the significant judgements and assumptions involved in impairment assessment by the Management about the future results of the Human API business.	We assessed the Management's process for impairment assessment of goodwill. We performed testing of design and operating effectiveness of internal controls and substantive testing as follows: • Evaluated the design of the management's internal control around the impairment assessment process. • Understood the key assumptions considered in the management's estimates of future cash flows. • 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. • Compared the historical cash flows (including for current year) against past projections of the management for the same periods and gained understanding of the rationale for the changes. • Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes; such as –revenue growth during the forecast period, the terminal growth rate and the discount rate applied to the future cash flows. • We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in impairment, and considered the likelihood of such events occurring. • We further assessed the adequacy of the disclosures made in the consolidated financial statements for the year ended March 31, 2020.

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 including Annexures to Board's report, Corporate Governance and Shareholder's Information, 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 to the subsidiaries is traced from their financial statements audited by the other auditors.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT'S RESPONSIBILITY 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 and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either 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 system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent 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 Rs. 26.54 Crores as at 31st March, 2020, total revenues of Rs. 5.80 Crores and net cash inflows amounting to Rs.0.09 Crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above 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 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 and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and 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 31st March, 2020 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 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the 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 over financial reporting 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, the remuneration paid by the Parent 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

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

Sathya P. Koushik
(Partner)
(Membership No. 206920)
Bengaluru, May 07, 2020 (UDIN: 20206920AAAADG9344)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **SOLARA ACTIVE PHARMA SCIENCES LIMITED** (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, 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 system over financial reporting of the Parent, and its subsidiary companies, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting 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.

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

Sathya P. Koushik
(Partner)
(Membership No. 206920)
(UDIN: 20206920AAAADG9344)

Place : Bengaluru
Date : May 7, 2020

CONSOLIDATED BALANCE SHEET

as at March 31, 2020

₹ in Crores

	Particulars			Note No.	As at 31-Mar-20	As at 31-Mar-19
A	**ASSETS**					
I	**Non-current assets**					
	(a)	Property, Plant and Equipment		**3(i)**	848.79	720.58
	(b)	Capital work in progress		**3(ii)**	40.47	40.37
	(c)	Right of use assets		**4**	62.30	-
	(d)	Investment property		**5**	28.48	29.24
	(e)	Goodwill		**6**	365.09	365.09
	(f)	Other intangible assets		**7**	92.28	102.89
	(g)	Financial assets				
		(i)	Investments	**8**	0.32	0.41
		(ii)	Loans	**9(i)**	0.02	0.02
		(iii)	Other financial assets	**10(i)**	13.53	11.11
	(h)	Deferred tax assets (net)		**23(i)**	0.07	0.07
	(i)	Income tax assets (net)		**11**	6.31	4.30
	(j)	Other non-current assets		**12(i)**	23.85	37.87
	Total Non-current assets				**1,481.51**	**1,311.95**
II	**Current assets**					
	(a)	Inventories		**13**	279.73	213.94
	(b)	Financial assets				
		(i)	Trade receivables	**14**	226.53	288.80
		(ii)	Cash and cash equivalents	**15**	56.04	75.72
		(iii)	Bank balances other than (ii) above	**16**	0.74	0.75
		(iv)	Loans	**9(ii)**	52.34	2.34
		(v)	Other financial assets	**10(ii)**	15.21	16.52
	(c)	Other current assets		**12(ii)**	41.40	50.03
	Total Current assets				**671.99**	**648.10**
	Total Assets (I + II)				**2,153.50**	**1,960.05**
B	**EQUITY AND LIABILITIES**					
I	**Equity**					
	(a) Equity Share capital			**17**	26.85	25.77
	(b) Other equity			**18**	1,059.09	930.10
	Equity attributable to equity holders of the Company				**1,085.94**	**955.87**
	Non-controlling interest			**19**	4.29	4.38
	Total Equity				**1,090.23**	**960.25**
II	**Liabilities**					
1	**Non-current liabilities**					
	(a)	Financial Liabilities				
		(i)	Borrowings	**20(i)**	232.71	224.97
		(ii)	Lease liability	**20(ii)**	12.76	-
		(iii)	Other financial liabilities	**21(i)**	0.72	0.72
	(b)	Provisions		**22(i)**	10.53	8.89
	(c)	Deferred tax liabilities (net)		**23(ii)**	11.83	32.83
	(d)	Other non-current liabilities		**24(i)**	64.83	76.89
	Total Non-current liabilities				**333.38**	**344.30**
2	**Current liabilities**					
	(a)	Financial Liabilities				
		(i)	Borrowings	**20(iv)**	353.79	214.47
		(ii)	Trade payables			
			(A) total outstanding dues of micro enterprises and small enterprises	**25**	3.91	1.62
			(B) total outstanding dues of creditors other than micro enterprises and small enterprises	**25**	212.21	242.76
		(iii)	Lease liability	**20(iii)**	2.41	-
		(iv)	Other financial liabilities	**21(ii)**	131.13	163.06
	(b)	Other current liabilities		**24(ii)**	23.74	29.18
	(c)	Provisions		**22(ii)**	1.86	1.56
	(d)	Current tax liabilities (net)		**26**	0.84	2.85
	Total Current liabilities				**729.89**	**655.50**
	Total Equity and liabilities (I + II)				**2,153.50**	**1,960.05**

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 No. 117366W/W-100018

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

S Hariharan
Executive Director - Finance and
Chief Financial Officer
DIN: 05297969

Sathya P. Koushik
Partner
Membership No.: 206920

Place : Bengaluru
Date : May 7, 2020

S Murali Krishna
Company Secretary
Membership No.: 13372

Place : Bengaluru
Date : May 7, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

₹ in Crores

	Particulars	Note No.	For the year ended 31-Mar-20	For the year ended 31-Mar-19
A.	**CONTINUING OPERATIONS:**			
1	Revenue from operations	27	1,321.75	1,386.68
2	Other income	28	27.52	12.38
3	**Total Income (1+2)**		**1,349.27**	**1,399.06**
4	**EXPENSES**			
	(a) Cost of materials consumed	29	623.36	729.54
	(b) Purchase of stock-in-trade	30	29.67	9.08
	(c) Changes in inventories of finished goods and work-in-progress	31	(54.16)	(33.79)
	(d) Employee benefits expenses	32	204.13	185.81
	(e) Finance costs	33	77.89	82.42
	(f) Depreciation and amortisation expenses	34	94.16	83.10
	(g) Other expenses	35	259.31	275.23
	Total expenses (4)		**1,234.36**	**1,331.39**
5	**PROFIT / (LOSS) BEFORE TAX (3-4)**		**114.91**	**67.67**
6	**TAX EXPENSE**	36		
	(a) Current tax		21.22	15.96
	(b) Current tax of subsidiary - reversal of excess provision of prior year		(0.14)	(1.43)
	(c) Deferred tax		(20.69)	(13.95)
	Total tax expense (6)		**0.39**	**0.58**
7	**PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS (5-6)**		**114.52**	**67.09**
B.	**DISCONTINUED OPERATIONS:**			
8	Profit / (Loss) from discontinued operations	39	-	(9.92)
9	Tax expense of discontinued operations	39	-	(2.24)
10	**PROFIT / (LOSS) AFTER TAX FROM DISCONTINUED OPERATIONS (8-9)**		**-**	**(7.68)**
11	**PROFIT / (LOSS) FOR THE PERIOD (7+10)**		**114.52**	**59.41**
12	**OTHER COMPREHENSIVE INCOME**			
	Items that will not be reclassified to statement of profit and loss			
	Remeasurement of post employment benefit obligations - gain / (loss)		(3.29)	(2.01)
	Income tax relating to these items		-	0.71
	Items that will be reclassified to statement of profit and loss			
	Exchange gain / (loss) on translation of financial statements of foreign subsidiary		(0.42)	(1.53)
	Total Other comprehensive Income		**(3.71)**	**(2.83)**
13	**TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (11+12)**		**110.81**	**56.58**
	Profit for the year attributable to:			
	- Equity shareholders of the Company		114.61	59.51
	- Non-controlling interests		(0.09)	(0.10)
			114.52	**59.41**
	Other Comprehensive income for the year:			
	- Equity shareholders of the Company		(3.71)	(2.83)
	- Non-controlling interests		-	-
			(3.71)	**(2.83)**
	Total Comprehensive income for the year:			
	- Equity shareholders of the Company		110.90	56.68
	- Non-controlling interests		(0.09)	(0.10)
			110.81	**56.58**
14	**EARNINGS PER EQUITY SHARE (OF ₹ 10/- EACH) (FOR CONTINUING OPERATIONS)**	44		
	- Basic (₹)		**44.29**	**24.87**
	- Diluted (₹)		**42.82**	**24.83**
15	**EARNINGS PER EQUITY SHARE (OF ₹ 10/- EACH) (FOR DISCONTINUED OPERATION)**			
	- Basic (₹)		-	**(3.11)**
	- Diluted (₹)		-	**(3.11)**
16	**EARNINGS PER EQUITY SHARE (OF ₹ 10/- EACH) (FOR CONTINUING & DISCONTINUED OPERATIONS)**			
	- Basic (₹)		**44.29**	**21.76**
	- Diluted (₹)		**42.82**	**21.72**

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 No. 117366W/W-100018

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

S Hariharan
Executive Director - Finance and Chief Financial Officer
DIN: 05297969

Sathya P. Koushik
Partner
Membership No.: 206920
Place : Bengaluru
Date : May 7, 2020

S Murali Krishna
Company Secretary
Membership No.: 13372
Place : Bengaluru
Date : May 7, 2020

CONSOLIDATED CASHFLOW STATEMENT

for the year ended March 31, 2020

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (loss) before tax from		
Continuing operations	**114.91**	**67.67**
Discontinued operations	**-**	**(9.92)**
Adjustments for:		
Depreciation and amortisation	94.16	83.71
Interest expense on loans	79.96	76.48
Share based compensation expenses	5.60	2.39
Rental income from investment property	(5.84)	(3.94)
Interest income	(7.62)	(1.61)
Liabilities / provisions no longer required written back	(1.83)	(2.88)
Loss / (Profit) on sale of property, plant and equipments	0.32	(0.44)
Provision for doubtful receivables and advances	0.70	0.52
Unrealised exchange (gain)/loss (net)	4.65	(5.97)
Operating profit before working capital changes	**285.01**	**206.01**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(65.79)	(24.33)
Trade receivables	67.80	(55.34)
Other assets (financial & non-financial)	18.28	39.85
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(28.05)	(50.98)
Other liabilities (financial & non-financial)	(8.69)	65.51
Cash generated from operations	**268.56**	**180.72**
Net income tax (paid) / refunds	(24.34)	(14.39)
Net cash flow from / (used in) operating activities (A)	**244.22**	**166.33**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure for property, plant and equipments and intangible assets, including capital advances	(268.87)	(59.00)
Acquisition of R&D business from Strides Pharma Sciences Limited (Refer note 38 (b))	-	(34.76)
Rental income from investment property	5.84	3.94
Intercorporate deposit	(50.00)	-
Proceeds from disposal of business (Refer note 39)	-	46.40
Proceeds from sale of property, plant and equipment	1.30	0.76
Acquisition of Strides Chemicals Private Limited (Refer note 38 (a))	(55.10)	(75.90)
Proceeds from sale of investments in other entities	0.09	0.40
(Increase)/decrease in balance held as margin money	0.05	1.18
Interest received	7.88	1.29
Net cash flow from / (used in) investing activities (B)	**(358.81)**	**(115.69)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	29.76	44.00
Share issue expenses	-	(5.79)
Proceeds from issue of warrants	-	104.00
Proceeds from non-current borrowings	134.38	93.02
Repayment of non-current borrowings	(100.87)	(71.64)
Net increase / (decrease) in current borrowings	130.05	(109.45)
Lease payments	(1.75)	-
Interest paid	(81.04)	(77.53)

CONSOLIDATED CASHFLOW STATEMENT

for the year ended March 31, 2020

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Dividend paid	(12.89)	-
Dividend distribution taxes paid	(2.73)	-
Net cash flow from / (used in) financing activities (C)	**94.91**	**(23.39)**
Net increase in cash and cash equivalents (A+B+C)	**(19.68)**	**27.25**
Cash and cash equivalents at the beginning of the period	75.72	45.95
Add: Cash and cash equivalents acquired on account of business combination	-	2.67
Less: Cash and cash equivalents on account of disposal of business	-	(0.15)
Cash and cash equivalents at the end of the year	**56.04**	**75.72**
Reconciliation of cash and cash equivalents with the Balance Sheet:		

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Cash and cash equivalents as per Balance Sheet (Refer note 15)		
Cash and cash equivalents at the end of the year *	**56.04**	**75.72**
*** Comprises**		
Cash on hand	0.10	0.13
Balance with banks:		
- In current account	1.10	3.48
- In deposit account	54.84	72.11
Total	**56.04**	**75.72**

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 No. 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place : Bengaluru
Date : May 7, 2020

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

S Hariharan
Executive Director - Finance and Chief Financial Officer
DIN: 05297969

S Murali Krishna
Company Secretary
Membership No.: 13372

Place : Bengaluru
Date : May 7, 2020

STATEMENT OF CHANGES IN EQUITY

A. EQUITY SHARE CAPITAL

₹ in Crores

Particulars	Amount
Balance as at March 31, 2018	24.67
Changes in equity share capital during the year	
- Issued during the year (Refer note 17 v)	1.10
Balance as at March 31, 2019	**25.77**
Changes in equity share capital during the year	
- Issued during the year (Refer note 17 v and note 46)	1.08
Balance as at March 31, 2020	**26.85**

B. OTHER EQUITY

₹ in Crores

Particulars	Share application money pending allotment	Reserves and Surplus					Total equity attributable to equity holders of the company	Non-controlling interest	Total Equity
		Capital reserve	Securities premium account	Retained earnings	Share options outstanding account	Items of other comprehensive income - Foreign currency translation			
Balance as at March 31, 2018	-	0.01	743.48	(4.24)	-	0.05	739.30	4.48	743.78
Share application money received on issue of warrants	148.00	-	-	-	-	-	148.00	-	148.00
Issue of shares pursuant to exercise of warrants	(44.00)	-	42.90	-	-	-	(1.10)	-	(1.10)
Profit / (loss) for the period	-	-	-	59.51	-	-	59.51	(0.10)	59.41
Share issue expenses	-	-	(5.77)	-	-	-	(5.77)	-	(5.77)
Employee stock compensation expenses	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year	-	-	-	(1.31)	-	(1.53)	(2.84)	-	(2.84)
Adjustment on account of transition to Ind AS 115	-	-	-	(9.39)	-	-	(9.39)	-	(9.39)
Employee stock compensation expenses	-	-	-	-	2.39	-	2.39	-	2.39
Balance as at March 31, 2019	104.00	0.01	780.61	44.57	2.39	(1.48)	930.10	4.38	934.48
Share application money received on issue of warrants	24.00	-	-	-	-	-	24.00	-	24.00
Issue of shares pursuant to exercise of warrants	(32.00)	-	31.20	-	-	-	(0.80)	-	(0.80)
Issue of shares pursuant to exercise of options	-	-	8.74	-	-	-	8.74	-	8.74
Profit / (loss) for the period	-	-	-	114.61	-	-	114.61	(0.09)	114.52
Dividend (including tax on dividend)	-	-	-	(15.63)	-	-	(15.63)	-	(15.63)
Adjustment on account of transition to Ind AS 116 (Refer note 50)	-	-	-	(0.56)	-	-	(0.56)	-	(0.56)
Employee stock compensation expenses	-	-	-	-	5.60	-	5.60	-	5.60

STATEMENT OF CHANGES IN EQUITY

₹ in Crores

Particulars	Share application money pending allotment	Reserves and Surplus					Total equity attributable to equity holders of the company	Non-controlling interest	Total Equity
		Capital reserve	Securities premium account	Retained earnings	Share options outstanding account	Items of other comprehensive income - Foreign currency translation			
Transferred to securities premium account on exercise (net)	-	-	-	-	(3.26)	-	(3.26)	-	(3.26)
Other comprehensive income for the period	-	-	-	(3.29)	-	(0.42)	(3.71)	-	(3.71)
Balance as at March 31, 2020	96.00	0.01	820.55	139.70	4.73	(1.90)	1,059.09	4.29	1,063.38

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 No. 117366W/W-100018

Sathya P. Koushik
Partner
Membership No.: 206920

Place : Bengaluru
Date : May 7, 2020

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

S Hariharan
Executive Director - Finance and Chief Financial Officer
DIN: 05297969

S Murali Krishna
Company Secretary
Membership No.: 13372

Place : Bengaluru
Date : May 7, 2020

1 BACKGROUND

Solara Active Pharma Sciences Limited, formerly known as SSL Pharma Sciences Limited, (hereinafter referred as "the Company") is a public limited Company incorporated on February 23, 2017 under the provisions of Companies Act, 2013 with the object of, inter alia, undertaking the business of manufacturing, production, processing, formulating, sale, import, export, merchandising, distributing, trading of and dealing in active pharmaceutical ingredients. The Company has its registered address at 201, Devavrata, Sector 17, Vashi, Navi Mumbai 400 703. 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 7, 2020.

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 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 the Laboratories Private Limited	49%	India
2	Sequent Penems Private Limited	89.23%	India
3	Shasun USA	100%	USA

All the above companies are engaged in the business of Pharmaceutical products

(iv) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the 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 Consolidated statement of profit and loss as incurred.

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the 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.

(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.

(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 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).

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 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.

(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 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.

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 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 collaterised 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) Critical accounting judgement and key sources of estimation uncertainty

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

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

Critical accounting judgement

Chemsynth Laboratories Private Limited ("Chemsynth") is considered subsidiary of the Group even though the Group and non-controlling interests have about 50% of the ownership interest and the voting rights. The directors of the Group assessed whether or not the Group has control over Chemsynth based on whether the Group has the practical ability to direct the relevant activities unilaterally. Based on such assessment, the directors concluded that the Group has sufficient management rights to unilaterally direct the relevant activities of Chemsynth and therefore the Group has control.

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

Impairment of goodwill and other non-financial assets

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.

Litigations

The Group is a party to certain indirect tax disputes. Uncertain tax items for which a provision is made relate principally to the interpretation of tax legislation applicable to arrangements entered into by the 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.

(xxiv) Estimation uncertainty relating to the global health pandemic on COVID-19

COVID-19 is the infectious disease caused by the most recently discovered coronavirus, SARS CoV 2. In March 2020 the WHO declared COVID-19, a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of the employees and ensure business continuity with minimal disruption.

In assessing the recoverability of property plant and equipment, investment property, goodwill, receivables and intangible assets, the Group has considered internal and external information up to the date of approval of these financial statements including economic forecasts. The Group has performed sensitivity analysis on the assumptions used and based on current indicators of future economic conditions, the Group expects to recover the carrying amount of these assets. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial statements and the Group will continue to closely monitor any material changes to future economic conditions.

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

₹ in Crores

Particulars	Gross block							Accumulated depreciation					Net block	
	As at 1-Apr-2019	Additions pursuant to the Scheme (Refer note 38(a))	Additions pursuant to business acquisition (Refer note 38 (b))	Additions	Disposals	Derecognised on disposal of business (Refer note 39)	As at 31-Mar-2020	As at 1-Apr-2019	Depreciation expense for the year	Eliminated on disposal of assets	Eliminated on disposal of busines (Refer note 39)	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
Land:														
- Freehold	63.78	-	-	-	-	-	63.78	-	-	-	-	-	63.78	63.78
	(61.60)	-	-	(2.18)	-	-	(63.78)	-	-	-	-	-	(63.78)	(61.60)
Leasehold Land under finance lease*	-	-	-	-	-	-	-	-	-	-	-	-	-	18.35
	-	-	-	(18.52)	-	-	(18.52)	-	(0.17)	-	-	(0.17)	(18.35)	-
Leasehold Improvements	14.30	-	-	0.26	-	-	14.56	3.47	3.09	-	-	6.56	8.00	10.83
	(13.21)	-	-	(1.09)	-	-	(14.30)	(0.73)	(2.74)	-	-	(3.47)	(10.83)	(12.48)
Buildings	193.85	-	-	53.86	-	-	247.71	11.55	8.80	-	-	20.35	227.36	182.30
	(171.29)	(26.64)	-	(6.67)	(0.03)	(10.72)	(193.85)	(3.84)	(8.11)	(0.01)	(0.39)	(11.55)	(182.30)	(167.45)
Plant and Machinery	489.34	-	-	162.83	2.89	-	649.28	68.24	55.98	1.36	-	122.86	526.42	421.10
	(364.76)	(47.85)	(24.73)	(71.26)	(0.25)	(19.01)	(489.34)	(19.03)	(51.80)	(0.02)	(2.57)	(68.24)	(421.10)	(345.73)
Furniture and fixtures	5.28	-	-	1.49	-	-	6.77	0.88	0.71	-	-	1.59	5.18	4.40
	(3.88)	(0.30)	(1.21)	(0.26)	(0.09)	(0.28)	(5.28)	(0.24)	(0.71)	(0.01)	(0.06)	(0.88)	(4.40)	(3.64)
Vehicles	0.77	-	-	0.24	-	-	1.01	0.31	0.17	-	-	0.48	0.53	0.46
	(0.78)	-	-	-	-	(0.01)	(0.77)	(0.11)	(0.20)	-	-	(0.31)	(0.46)	(0.67)
Office equipments	27.72	-	-	5.81	0.14	-	33.39	8.36	7.59	0.08	-	15.87	17.52	19.36
	(14.89)	(1.80)	(1.68)	(9.38)	-	(0.03)	(27.72)	(2.20)	(6.17)	-	(0.01)	(8.36)	(19.36)	(12.69)
Total	**795.04**	**-**	**-**	**224.49**	**3.03**	**-**	**1,016.50**	**92.81**	**76.34**	**1.44**	**-**	**167.71**	**848.79**	**720.58**
Previous year	**(630.41)**	**(76.59)**	**(27.62)**	**(109.36)**	**(0.37)**	**(30.05)**	**(813.56)**	**(26.15)**	**(69.90)**	**(0.04)**	**(3.03)**	**(92.98)**	**(720.58)**	**(604.26)**

* Effective 01 April 2019, the Group applied Ind AS 116 – Leases to applicable lease contracts existing as on 01 April, 2019. The Group has used the modified retrospective method prescribed under Ind AS 116 and accordingly, the comparative numbers have not been retrospectively adjusted. Refer Note 50 for the transition policies adopted by the Group.

Notes:-

(i) Refer note 20 for properties pledged as security towards borrowings

(ii) Figures in brackets relates to previous year.

NOTE NO. 3 (ii) CAPITAL WORK IN PROGRESS

₹ in Crores

Particulars	As at 31-Mar-2020	As at 31-Mar-2019
Opening balance	40.37	71.48
Add: Pursuant to the Scheme (Refer note 38 (a))	-	4.95
Add: Pursuant to business acquisition (Refer note 38 (b))	-	7.47
Less: Capitalised during the period (net)	0.10	(43.53)
Closing balance	**40.47**	**40.37**

NOTE NO. 4 RIGHT OF USE ASSETS*

₹ in Crores

Particulars	Gross block			Accumulated depreciation			Net block
	As at 1-Apr-19 on adoption of Ind AS 116 (refer note 50)	Additions	As at 31-Mar-2020	As at 1-Apr-2019 on adoption of Ind AS 116 (refer note 50)	Depreciation expense for the year	As at 31-Mar-2020	As at 31-Mar-2020
Land	31.84	27.90	59.74	0.29	1.05	1.34	58.40
Building	10.29	-	10.29	4.42	1.97	6.39	3.90
Total	**42.13**	**27.90**	**70.03**	**4.71**	**3.02**	**7.73**	**62.30**

* Effective 01 April 2019, the Group applied Ind AS 116 – Leases to applicable lease contracts existing as on 01 April, 2019. The Group has used the modified retrospective method prescribed under Ind AS 116 and accordingly, the comparative numbers have not been retrospectively adjusted.

NOTE NO. 5 INVESTMENT PROPERTY

₹ in Crores

Particulars	Gross block				Accumulated depreciation			Net block	
	As at 1-Apr-2019	Additions pursuant to the Scheme (Refer note 38 (a))	Additions	As at 31-Mar-2020	As at 1-Apr-2019	Depreciation expense for the year	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
Land	8.24	-	-	8.24	-	-	-	8.24	8.24
	(8.24)	-	-	(8.24)	-	-	-	(8.24)	(8.24)
Building	21.92	-	0.03	21.95	0.92	0.79	1.71	20.24	21.00
	(14.32)	(7.60)	-	(21.92)	(0.25)	(0.67)	(0.92)	(21.00)	(14.07)
Total	**30.16**	**-**	**0.03**	**30.19**	**0.92**	**0.79**	**1.71**	**28.48**	**29.24**
Previous year	**(22.56)**	**(7.60)**	**-**	**(30.16)**	**(0.25)**	**(0.67)**	**(0.92)**	**(29.24)**	**(22.31)**

(i) Details of Assets given under operating lease:

₹ in Crores

Particulars	Gross Block 31-Mar-20	Gross Block 31-Mar-19	Net Block 31-Mar-20	Net Block 31-Mar-19
Land	8.24	8.24	8.24	8.24
Building	21.95	21.92	20.24	21.00

(ii) Fair value of Investment properties:

The fair value of the Company's investment properties as at March 31, 2020 has been arrived at ₹ 92.10 Crores on the basis of a valuation carried out by independent valuers not related to the Company. The said valuers have appropriate professional qualifications and relevant experience in the valuation of properties in the relevant locations. The inputs used are as follows:

a) Valuation is done using discounted cash flow approach, where the value of an asset is measured in terms of future cash flow streams, discounted to the present time at 12.50%.

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

(iii) Refer note 20 for properties pledged as security towards borrowings.

(iv) Figures in brackets relates to previous year.

NOTE NO. 6 GOODWILL

₹ in Crores

Particulars	As at 01-Apr-2019	Additions pursuant to the Scheme (Refer note 38 (a))	As at 31-Mar-2020
Goodwill	365.09	-	365.09
	(358.57)	(6.52)	(365.09)
Total	**365.09**	**-**	365.09
Previous year	**(358.57)**	**(6.52)**	**(365.09)**

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

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Human API business	358.14	358.14
R&D business	0.43	0.43
Strides Chemicals Private Limited	6.52	6.52
Total	**365.09**	**365.09**

Impairment assessment of goodwill allocated to the "Human API business" as at March 31, 2020:

The Management of the Group has 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, 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 12.5% (previous year: 12%). 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 5% (previous year: 4%) 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	5% decrease (3.25% decrease)
Post tax discount rate	3.3% increase (2% increase)
Expected net revenue growth rates	12% decrease for short term and 2% decrease for long term (11% decrease for short term)

The details given in brackets relate to previous year

NOTE NO. 7 OTHER INTANGIBLE ASSETS

₹ in Crores

Particulars	Gross block						Accumulated amortisation				Net block	
	As at 1-Apr-2019	Additions pursuant to the Scheme (Refer note 38 (a))	Additions pursuant to business acquisition (Refer note 38 (b))	Additions	Derecognised on disposal of business (Refer note 39)	As at 31-Mar-2020	As at 1-Apr-2019	Amortisation expense for the year	Eliminated on disposal of business (Refer note 39)	As at 31-Mar-2020	As at 31-Mar-2020	As at 31-Mar-2019
Registration and brands	4.33	-	-	-	-	4.33	0.27	0.46	-	0.73	3.60	4.06
	-	(2.13)	-	(2.20)	-	(4.33)	-	(0.27)	-	(0.27)	(4.06)	-
Product portfolio (Refer note (i) below)	105.50	-	-	-	-	105.50	15.92	10.64	-	26.56	78.94	89.58
	(105.50)	-	-	-	-	(105.50)	*(5.28)*	*(10.64)*	-	(15.92)	(89.58)	(100.22)
Software licenses	16.19	-	-	3.40	-	19.59	6.94	2.91	-	9.85	9.74	9.25
	(5.59)	(0.89)	(0.63)	(10.00)	(0.92)	(16.19)	(5.04)	(2.23)	(0.33)	(6.94)	(9.25)	(0.55)
Total	**126.02**	**-**	**-**	**3.40**	**-**	**129.42**	**23.13**	**14.01**	**-**	**37.14**	**92.28**	**102.89**
Previous year	**(111.09)**	**(3.02)**	**(0.63)**	**(12.20)**	**(0.92)**	**(126.02)**	**(10.32)**	**(13.14)**	**(0.33)**	**(23.13)**	**(102.89)**	**(100.77)**

Notes:-
(i) Figures in brackets relates to previous year.
(ii) The remaining amortisation period of product portfolio as at March 31, 2020 is 7.5 years

NOTE NO. 8 INVESTMENTS

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Investments carried at amortised cost:		
Equity shares, unquoted		
Tulsyan Nec Limited, India		
- 3,750 (As at March 31, 2019 - 3,750) shares of ₹ 10 each fully paid up	0.01	0.01
Watsun Infrabuild Private Limited, India		
-2,68,694 (As at March 31, 2019 - 3,60,361) equity shares of ₹ 10/- each, fully paid up	0.27	0.36
SIPCOT Industrial Common Utilities Limited, India		
- 4,242 (As at March 31, 2019 - 4,242) shares of ₹ 100/- each, fully paid up	0.04	0.04
Total	**0.32**	**0.41**
Aggregate amount of unquoted investments	0.32	0.41
Aggregate amount financial assets carried at cost	-	-
Aggregate amount financial assets carried at amortised cost	0.32	0.41

NOTE NO. 9 LOANS

(i) Non-current loans

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Loans receivable considered good - unsecured:		
Receivable from Employees	0.02	0.02
Total	**0.02**	**0.02**

(ii) Current loans

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Loans receivable considered good - unsecured:		
Receivable from Employees	2.34	2.34
Receivable from Related parties	50.00	-
Total	**52.34**	**2.34**

NOTE NO. 10 OTHER FINANCIAL ASSETS

(i) Non-current financial assets

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unsecured, considered good:		
- Security deposits	13.08	10.66
- Loan to other party	0.45	0.45
Total	**13.53**	**11.11**

(ii) Current financial assets

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unsecured, considered good:		
Interest accrued on deposit	0.23	0.49
Interest accrued on others	0.84	-
Incentives receivables	6.87	15.59
Insurance claim receivables	7.27	0.44
Total	**15.21**	**16.52**

NOTE NO. 11 INCOME TAX ASSETS (net)

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Advance income tax (net of provisions)	6.31	4.30
Total	**6.31**	**4.30**

NOTE NO. 12 OTHER ASSETS

(i) Other non-current assets

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unsecured, considered good:		
Capital advances	13.42	13.21
Advances to other parties	7.55	7.55
Prepaid expenses	0.80	14.65
Balances with government authorities		
- VAT/CST refund receivable	2.08	2.42
- Taxes paid under protest	-	0.04
Unsecured, considered doubtful:		
Capital advances	1.15	0.39
Less: Allowances for doubtful advances	(1.15)	(0.39)
	-	-
Total	**23.85**	**37.87**

(ii) Other current assets

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unsecured, considered good:		
Advances to suppliers of material	16.25	16.90
Advances to employees	0.48	0.35
Advances to Others	0.01	0.01
Prepaid expenses	7.32	6.13
Balances with government authorities:		
- GST credit & other receivable	17.34	26.48
Others	-	0.16
Unsecured, considered doubtful:		
Advances to suppliers of materials	0.29	0.04
Less: Allowances for doubtful advances	(0.29)	(0.04)
	-	-
Total	**41.40**	**50.03**

NOTE NO. 13 INVENTORIES

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Raw materials	92.56	78.91
- Goods-in-transit	4.97	7.79
Work-in-progress	146.29	99.80
Finished goods	30.63	22.96
Stores and spares	5.28	4.48
Total*	**279.73**	**213.94**

* Value by which inventories have been written down to net realisable value amounted to ₹ 28.32 Crores (previous year: 22.50 Crores))

NOTE NO. 14 TRADE RECEIVABLES

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Trade receivables considered good - unsecured	226.53	288.80
Trade receivables - credit impaired	2.18	1.71
	228.71	290.51
Less: Allowances for doubtful receivables	(2.18)	(1.71)
Total	**226.53**	**288.80**

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

Movement in Expected credit loss allowance:

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Opening balance	1.71	2.35
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected	0.47	(0.64)
Closing balance	**2.18**	**1.71**

NOTE NO. 15 CASH AND CASH EQUIVALENTS

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Cash on hand	0.10	0.13
Balance with banks:		
- In current account	1.10	3.48
- In deposit account	54.84	72.11
Total	**56.04**	**75.72**

NOTE NO. 16 OTHER BALANCES WITH BANKS

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Unpaid dividend accounts	0.04	-
Balance held as margin money		
- against working capital facilities with banks	0.70	0.75
Total	**0.74**	**0.75**

NOTES

forming part of the consolidated financial statements

NOTE NO. 17 EQUITY SHARE CAPITAL

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Authorised		
120,000,000 Equity shares of ₹ 10/- each with voting rights*	120.00	40.00
(March 31, 2019: 40,000,000 equity shares of ₹ 10/-)		
	120.00	**40.00**
Issued, subscribed and fully paid-up		
26,855,267 Equity shares of ₹ 10/- each with voting rights	26.85	25.77
(March 31, 2019: 25,774,267 equity shares of ₹ 10/-)		
Total	**26.85**	**25.77**

* The authorised share capital of the Company has increased during the current year pursuant to the amalgamation of Strides Chemicals Private Limited with the Company.

(i) Reconciliation of number of shares and amount outstanding

	As at 31-Mar-20		As at 31-Mar-19	
Particulars	**No. of shares**	**₹ In Crores**	**No. of shares**	**₹ In Crores**
Equity share capital				
Equity share of ₹ 10/- each				
Opening balance	**25,774,267**	**25.77**	**24,674,267**	**24.67**
Issue of shares during the period (Refer note 17 (v) & ESOP Note 46)	1,081,000	1.08	1,100,000	1.10
Closing balance	**26,855,267**	**26.85**	**25,774,267**	**25.77**

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

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

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

	As at 31-Mar-20		As at 31-Mar-19	
Particulars	**No. of Shares**	**%**	**No. of Shares**	**%**
Pronomz Ventures LLP	3,190,831	11.88%	3,190,831	12.38%
Arun Kumar	1,668,463	6.21%	1,168,463	4.53%
TPG Growth IV SF PTE LTD	1,466,816	5.46%	-	0.00%
Karuna Business Solutions LLP	1,412,121	5.26%	612,121	2.37%

(iv) Details of shares reserved for issue under options and contracts/commitments for the sale of shares:

	As at 31-Mar-20		As at 31-Mar-19	
Particulars	**No. of Shares**	**₹ in Crores**	**No. of Shares**	**₹ in Crores**
For convertible warrants: 9,400,000 equity shares of ₹ 10/- each	8,600,000	8.60	9,400,000	9.40
Under employee stock option scheme, 2018: 12,30,000 equity shares of ₹ 10/- each	947,778	0.95	1,230,000	1.23

(v) During the previous year ended March 31, 2019, pursuant to shareholders' approval at the extraordinary general meeting held on February 27, 2019, the Company issued 6,500,000 convertible warrants of ₹ 10/- each at a premium of ₹ 390/- per warrant to promoters group and 4,000,000 convertible warrants of ₹ 10/- each at a premium of ₹ 490/- per warrant to M/s. TPG Growth IV SF Pte. Ltd ("Investor") after obtaining the approval of BSE and National Stock Exchange of India. The terms of conversion required that each of the warrants to be converted into one equity share of ₹ 10/- within eighteen months from the date of allotment of warrants. The Company received preliminary consideration of ₹ 65 Crores and ₹ 50 Crores from the promoter group and the investor respectively towards allotment of 10,500,000 convertible warrants during the previous year.

Subsequently, the promoter group comprising of Mr. Arun Kumar Pillai and M/s Karuna Business Solutions LLP exercised their option to convert 1,100,000 warrants into equivalent equity shares which was approved by the board of directors at their meeting held on March 26, 2019. On receipt of balance consideration of ₹ 33 Crores, 1,100,000 equity shares were allotted on March 26, 2019.

During the current year, M/s Karuna Business Solutions LLP of the promoter group exercised its option to convert 800,000 warrants into equivalent equity shares which was approved by the board of directors at their meeting held on March 26, 2020. On receipt of balance consideration of ₹ 24 Crores, the equivalent equity shares were allotted on March 26, 2020.

NOTE NO. 18 OTHER EQUITY

₹ in Crores

Particulars	Notes	As at 31-Mar-20	As at 31-Mar-19
Capital reserve	18 (i)	0.01	0.01
Securities premium account	18 (ii)	820.55	780.61
Retained earnings	18 (iii)	139.70	44.57
Share options outstanding account	18 (iv)	4.73	2.39
Share application money pending allotment (Refer note 17 v)	18 (v)	96.00	104.00
Foreign currency translation reserve	18 (vi)	(1.90)	(1.48)
Total		**1,059.09**	**930.10**

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
(A) Reserves and surplus		
(i) Capital reserve		
Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.		
Opening balance	0.01	0.01
Closing balance	**0.01**	**0.01**
(ii) Securities premium account		
Amounts received on issue of shares in excess of the par value has been classified as securities premium.		
Opening balance	780.61	743.48
Add: Premium on shares issued during the year pursuant to exercise of warrants (Refer note 17 v)	31.20	42.90
Add: Premium on shares issued during the year pursuant to exercise of options (Refer note 46)	8.74	-
Less: Shares issue expenses	-	(5.77)
Closing balance	**820.55**	**780.61**

NOTES

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₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
(iii) Retained earnings		
Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.		
Opening balance	44.57	(4.24)
Add: Profit / (loss) for the period	114.61	59.51
Less: Dividend (including tax on dividend)	(15.63)	-
Add: Remeasurement of the defined benefit liabilities / (assets)	(3.29)	(1.31)
Less: Adjustment on account of transition to IND AS 116 (Refer note 50)	(0.56)	-
Less: Adjustment on account of transition to Ind AS 115	-	(9.39)
Closing balance	**139.70**	**44.57**
(iv) Share options outstanding account		
The share option outstanding account is used to record the value of equity-settled share based payment transactions with employees. The amounts recorded in this account will be transferred to securities premium reserve upon exercise of stock options by employees.		
Opening balance	2.39	-
Add: Amounts recorded on share based compensation to eligible employees during the year	5.60	2.39
Less: Transferred to securities premium account on exercise (net)	(3.26)	-
Closing balance	**4.73**	**2.39**
(v) Share application money pending allotment		
Share application money pending allotment account represents the share allotment monies received by the company but pending allotment as on the reporting date.		
Opening balance	104.00	-
Add: Share application money received on account of exercise of warrants (Refer note 17 v)	24.00	148.00
Less: Issue of shares pursuant to exercise of warrants	(32.00)	(44.00)
Closing balance	**96.00**	**104.00**
Total Reserves and surplus	**1,060.99**	**931.58**
(B) Items of other comprehensive income		
(vi) Foreign currency translation reserve		
Foreign currency translation reserve comprises of exchange (gain) / loss arising on translation of foreign subsidiary		
Opening balance	**(1.48)**	0.05
Add / (Less): Movement during the period	(0.42)	(1.53)
Closing balance	**(1.90)**	**(1.48)**
Total items of other comprehensive income (B)	**(1.90)**	**(1.48)**
Other equity [(A) + (B)]	**1,059.09**	**930.10**

NOTE NO. 19 NON-CONTROLLING INTERESTS

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Opening balance	4.38	4.48
Add / (Less): Profit / (loss) for the period	(0.09)	(0.10)
Closing balance	**4.29**	**4.38**

NOTE NO. 20 BORROWINGS

(i) Non-current borrowings

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Secured		
Term loans from banks (Refer note (i) to (iv) below)	232.71	191.85
Term loans from others (Refer note (v) below)	-	29.31
Finance lease obligation (Refer note (vi) below)	-	3.81
Total	**232.71**	**224.97**

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

₹ in Crores

Terms of repayment and security	As at 31-Mar-20	As at 31-Mar-19
(i) Term loan from banks: Loan 1		
Long-term borrowings	94.94	19.29
Current maturities of non-current borrowings	17.00	-
Security: First paripassu charge on the movable and immovable fixed assets of the company and second charge on current assets of the Company. Rate of interest: - 1 Year MCLR plus 1.30% p.a - 2.50% p.a Repayment terms: ₹ 2.83 Cr per month starting from Oct 20		
(ii) Term loan from banks: Loan 2		
Long-term borrowings	48.81	85.33
Current maturities of non-current borrowings	37.50	37.50
Security: First paripassu charge on all moveable & immoveable fixed assets and second paripassu charge on all current assets Rate of interest: - 9.70% p.a. Repayment terms: ₹ 3.13 Cr per month		
(iii) Term loan from banks: Loan 3		
Long-term borrowings	29.65	-
Current maturities of non-current borrowings	10.00	-
Security: First paripassu charge on all moveable & immoveable fixed assets and second paripassu charge on all current assets Rate of interest: - 3 Month MCLR p.a Repayment terms: ₹ 1.67 Cr per month starting from Oct 20		
(iv) Term loan from banks: Loan 4		
Long-term borrowings	59.31	87.23
Current maturities of non-current borrowings	28.33	28.33
Security: First paripassu charge by way of mortgage on immoveable fixed assets 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: IDFC Bank MCLR plus Spread Repayment terms: ₹ 2.36 Cr per month		
(v) Term loans from others : Loan 5		
Long-term borrowings	-	29.31
Current maturities of non-current borrowings	27.46	32.50
Security: First paripassu charge on all fixed assets of the Company present & future including intangible assets, second paripassu on all current assets of the Company both present & future. Rate of interest: 10.25% p.a Repayment terms: ₹ 3.06 Cr per month		
(vi) Finance lease obligation : Loan 6		
Long-term borrowings	-	3.81
Current maturities of finance lease obligations	-	0.29

₹ in Crores

Terms of repayment and security	As at 31-Mar-20	As at 31-Mar-19
Rate of interest: 10.90% p.a Repayment terms: Payable in 396 monthly instalments commencing from December 2018. (Effective 01 April 2019, the Company applied Ind AS 116 – Leases to applicable lease contracts existing as on 01 April, 2019. The Company has used the modified retrospective method prescribed under Ind AS 116 and accordingly, the comparative numbers have not been retrospectively adjusted. Refer Note 50 for the transition policies adopted by the Company)		

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Disclosed under non-current borrowings	232.71	224.97
Disclosed under other current financial liabilities		
- Current maturities of non-current borrowings	120.29	98.33
- Current maturities of finance lease obligations	-	0.29

(ii) Non-current lease liability

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Non- current lease liability	12.76	-
Total	**12.76**	**-**

(iii) Current lease liability

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Current lease liability	2.41	-
Total	**2.41**	**-**

(iv) Current borrowings

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Secured loans repayable on demand from banks:		
Working capital loans	353.79	214.47
Total	**353.79**	**214.47**

Details of security and terms of repayment for current borrowings:

a) 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.

b) Rate of interest for INR borrowings ranges from 9.45% to 10.70%

c) Rate of interest for USD borrowings ranges from 2.84% to 6.75%

NOTE NO. 21 OTHER FINANCIAL LIABILITIES

(i) Other Non-current financial liabilities

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Loan from related parties	0.05	0.05
Security deposits	0.67	0.67
Total	**0.72**	**0.72**

(ii) Other Current financial liabilities

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Current maturities of non-current borrowings (Refer note 20(i))	120.29	98.33
Current maturities of finance lease obligations (Refer note 20(i))	-	0.29
Interest accrued but not due on borrowings	0.75	0.49
Unclaimed dividends	0.04	-
Other payables:		
Payables on purchase of property, plant and equipment	10.05	8.85
Payable on acquisition of investments	-	55.10
Total	**131.13**	**163.06**

NOTE NO. 22 PROVISIONS

(i) Non-current provisions

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Provision for employee benefits:		
Compensated absences	10.53	8.89
Total	**10.53**	**8.89**

(ii) Current provisions

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Provision for employee benefits:		
Compensated absences	1.86	1.56
Total	**1.86**	**1.56**

NOTE NO. 23

(i) Deferred tax assets (net)

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Deferred tax asset on account of:		
Carry forward business loss and unabsorbed depreciation	0.07	0.07
Total	**0.07**	**0.07**

(ii) Deferred tax liabilities / (assets) (net)

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Deferred tax liabilities / (assets) in relation to:		
Property, plant and equipment	70.33	55.56
Intangible assets - Other than Goodwill	27.59	31.31
Provision for employee benefits	(14.29)	(12.45)
Carry forward business loss and unabsorbed depreciation	(21.95)	(22.35)
Provision for doubtful debts and others	(10.90)	(4.98)
Others	(4.00)	-
MAT Credit entitlement	(34.95)	(14.26)
Total	**11.83**	**32.83**

2019-20	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Adjustment in retained earnings on account of transition to Ind AS 116	Closing balance
Property, plant and equipment	55.56	14.77	-	-	70.33
Intangible assets - Other than Goodwill	31.31	(3.72)	-	-	27.59
Provision for employee benefits	(12.45)	(2.93)	1.09	-	(14.29)
Carry forward business loss and unabsorbed depreciation	(22.35)	0.40	-	-	(21.95)
Provision for doubtful debts and others	(4.98)	(5.92)	-	-	(10.90)
Others	-	(3.69)	-	(0.31)	(4.00)
MAT Credit entitlement	(14.26)	(19.60)	(1.09)	-	(34.95)
Total	**32.83**	**(20.69)**	**-**	**(0.31)**	**11.83**

2018-19	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Acquisitions / disposals	Closing balance
Property, plant and equipment	35.26	20.61	-	(0.31)	55.56
Intangible assets - Other than Goodwill	34.69	(3.38)	-	-	31.31
Provision for employee benefits	(10.45)	(0.76)	(0.71)	(0.53)	(12.45)
Carry forward business loss and unabsorbed depreciation	(9.83)	(12.52)	-	-	(22.35)
Provision for doubtful debts and others	(0.81)	(4.17)	-	-	(4.98)
MAT Credit entitlement	(0.42)	(13.84)	-	-	(14.26)
Total	**48.44**	**(14.06)**	**(0.71)**	**(0.84)**	**32.83**

NOTE NO. 24 OTHER LIABILITIES

(i) Other non-current liabilities

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Contract liability:		
Advance from customers	39.81	51.86
Income received in advance (unearned revenue)	2.93	5.13
Provision for employee benefits:		
Gratuity (Refer note 41)	22.09	19.90
Total	**64.83**	**76.89**

(ii) Other current liabilities

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Contract liability:		
Advance from customers	16.21	21.24
Income received in advance (unearned revenue)	2.20	2.76
Other payables:		
- Advance rentals	1.23	1.13
Statutory remittances	4.10	4.05
Total	**23.74**	**29.18**

During the year ended March 31, 2020, the company recognized revenue of ₹ 21.24 Crores (previous year: ₹ 16.04 Crores) arising from opening contract liability as of April 1, 2019.

NOTE NO. 25 TRADE PAYABLES

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Trade payables:		
Total outstanding dues of micro enterprises and small enterprises	3.91	1.62
Total outstanding dues of creditors other than micro and small enterprises	212.21	242.76
Total	**216.12**	**244.38**

Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act,2006

₹ in Crores

Particulars		As at 31-Mar-20	As at 31-Mar-19
(i)	Principal amount remaining unpaid to any suppliers as at the end of the accounting year	3.91	1.62
(ii)	Interest due thereon remaining unpaid to any suppliers as at the end of the accounting year	-	-
(iii)	The amount of interest paid along with the amounts of the payment made to the suppliers beyond the appointed day	-	-
(iv)	The amount of interest due and payable for the year	-	-
(v)	The amount of the interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi)	The amount of the future interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

NOTE NO. 26 CURRENT INCOME TAX LIABILITIES(net)

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Provision for tax (net of advance tax)	0.84	2.85
Total	**0.84**	**2.85**

NOTE NO. 27 REVENUE FROM OPERATIONS

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Sale of products	1,250.83	1,291.76
Sale of services	16.81	30.33
Other operating revenues	54.11	64.59
Total	**1,321.75**	**1,386.68**

Refer Note 45 for disaggregated revenues from contracts with customers by geography.

Performance obligations and remaining performance obligations:
The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Group expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Group has not disclosed the remaining performance obligation related disclosures for contracts that have original expected duration of one year or less.

NOTE NO. 28 OTHER INCOME

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Interest income (Refer note (i) below)	7.62	1.61
Other non-operating income		
- Liabilities / provisions no longer required written back	1.83	2.87
- Profit on sale of property, plant and equipment (net)	-	0.44
- Insurance claims	7.28	-
- Rental income from investment properties	5.84	3.94
- Others	4.95	3.52
Total	**27.52**	**12.38**

Note:
(i) Interest income comprises:

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Interest from banks on deposits	6.51	1.15
Interest from others	1.11	0.46
Total	**7.62**	**1.61**

NOTE NO. 29 COST OF MATERIALS CONSUMED

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Opening stock	86.70	85.35
Add: Purchases	634.19	729.57
Less: Opening stock of business disposed during the year (Refer note 39)	-	(5.83)
Add: Opening stock of business acquired during the year (Refer note 38 (a))	-	7.15
Less: Closing stock	(97.53)	(86.70)
Cost of materials consumed	**623.36**	**729.54**

NOTE NO. 30 PURCHASE OF TRADED GOODS

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Traded goods	29.67	9.08
Total	**29.67**	**9.08**

NOTE NO. 31 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Inventories at the end of the year		
- Finished goods	30.63	22.96
- Work-in-progress	146.29	99.80
	176.92	**122.76**

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Inventories at the beginning of the year		
- Finished goods	22.96	29.36
- Work-in-progress	99.80	69.57
	122.76	**98.93**
Add: Opening stock of business acquired during the year (Refer note 38 (a))		
- Finished goods	-	0.39
- Work-in-progress	-	1.66
	-	**2.05**
Less: Opening stock pertaining to business disposed during the year (Refer note 39)		
- Finished goods	-	(1.31)
- Work-in-progress	-	(10.70)
	-	**(12.01)**
Net (increase) / decrease	**(54.16)**	**(33.79)**

NOTE NO. 32 EMPLOYEE BENEFITS EXPENSES

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Salaries and wages	166.94	154.64
Contribution to provident and other funds (Refer note 41)	15.16	14.29
Expense on employee share based payments (Refer note 46)	5.60	2.39
Staff welfare expenses	16.43	14.49
Total	**204.13**	**185.81**

NOTE NO. 33 FINANCE COSTS

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Interest expense on:		
- Borrowings	72.87	73.19
- Delayed payment of income tax	0.24	0.07
- Others	4.19	0.64
Exchange differences regarded as an adjustment to borrowing costs	7.58	6.74
Other borrowing cost	2.66	2.59
Less : Capitalised during the year	(9.65)	(0.81)
Total	**77.89**	**82.42**

NOTE NO. 34 DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Depreciation on Property, plant and equipment (Refer note 3(i))	76.34	69.90
Depreciation on Investment property (Refer note 5)	0.79	0.67
Amortisation on Intangible assets (Refer note 7)	14.01	13.13
Depreciation on Right of use (Refer note 4)	3.02	-
Total	**94.16**	**83.70**
- from continuing operations	94.16	83.09
- from discontinued operations	-	0.61

NOTE NO. 35 OTHER EXPENSES

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Subcontracting	17.11	16.07
Power and fuel	76.22	77.56
Water	1.46	1.79
Rent including lease rentals (Refer note 42)	2.29	4.59
Repairs and maintenance:		
- Buildings	4.25	3.56
- Machinery	19.47	15.19
- Others	23.92	30.87
Insurance	7.70	4.39
Rates and taxes	4.22	2.01
Communication	2.15	2.34
Travelling and conveyance	6.92	6.47
Printing and stationery	2.76	2.44
Freight and forwarding	19.19	25.02
Sales commission	3.95	4.03
Business promotion	1.56	2.28
Donations and contributions	1.17	1.13
Expenditure on Corporate Social Responsibility	1.27	1.43
Analytical charges	5.24	10.27
Regulatory expenses	3.17	2.35
Legal and professional fees	17.76	10.04
Payments to Statutory auditors (Refer note (i) below)	0.73	0.87
Bad debts written off / Allowance for doubtful trade and other receivables	0.70	0.52
Loss on sale of fixed assets (net)	0.32	-
Consumables	24.75	25.89
Exchange fluctuation loss (net)	1.74	9.81
Provision for doubtful advances, net	0.27	0.36
Miscellaneous expenses	9.02	13.96
Total	**259.31**	**275.23**

i. Payments to the Statutory Auditors comprises (net of taxes) for:

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19*
- Audit of standalone and consolidated financial statements including limited review	0.58	0.55
- Other services	0.07	0.14
- Tax audit	-	0.07
- For audit of financial statements of the subsidiaries of the Group paid to other auditors	0.05	0.05
- Reimbursement of expenses	0.03	0.06
Total	**0.73**	**0.87**

* Includes payment made to auditor of Strides Chemicals Private Limited towards year end audit ₹ 0.05 Crores and tax audit ₹ 0.02 Crores.

NOTE NO. 36 TAX EXPENSES

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Continuing operations		
Current tax		
Current tax expense	21.22	15.96
Current tax of subsidiary - reversal of excess provision of prior year	(0.14)	(1.43)
Deferred tax benefit		
Deferred tax (credit) / expenses	-	2.01
MAT credit availment	(20.69)	(15.96)
Tax expenses for continuing operations	**0.39**	**0.58**
Discontinued operations		
Current tax		
Current tax expense	-	(2.14)
Deferred tax benefit		
Deferred tax (credit) / expenses	-	(2.24)
MAT credit availment	-	2.14
Tax expenses for discontinued operations	**-**	**(2.24)**
Total tax expense	**0.39**	**(1.66)**

The reconciliation of estimated income tax expenses at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Profit before income taxes:		
- from continuing operations	114.91	67.67
- from discontinued operations	-	(9.92)
- from total operations	**114.91**	**57.75**
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	**40.15**	**20.18**
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expenses:		
Effect of expenses that are not deductible in determining taxable profit	0.24	0.93
Effect on additional tax allowance	(7.22)	(20.87)
Effect on unused tax losses	(30.61)	-
Effect of reversal of excess provision of prior year of subsidiary	(0.14)	(1.43)
Others (net)	(2.03)	(0.47)
Total income tax expense	**0.39**	**(1.66)**

Refer Note 23 for significant components of deferred tax assets and liabilities.

NOTES

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NOTE NO. 37 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED (CHARGED TO STATEMENT OF PROFIT AND LOSS)

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Outsourced:		
Development charges	-	-
Inhouse:		
Salaries and wages	25.07	22.54
Depreciation and amortisation expense	11.61	10.09
Materials	0.93	1.56
Others	20.96	19.94
Total	**58.57**	**54.13**

In addition, the Group has also incurred capital expenditure in such facilities of ₹ 2.72 Crores (Previous year: ₹ 52.17 Crores) which has been capitalised under respective heads in the financial statements.

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

NOTE NO. 38 BUSINESS ACQUISITION:

a) Acquisition of Strides Chemicals Private Limited:

During the previous year, the Company acquired 100% of the equity shares in Strides Chemicals Private Limited (SCPL) for a consideration of ₹ 131 Crores on September 1, 2018 pursuant to a share purchase agreement with Strides Pharma Sciences Limited. Accordingly the results of this business acquisition for the previous year reflect only from September 01, 2018 onwards.

In the current year, the initial accounting in respect of inventory acquired from this business was finalised prior to the completion of one year from the acquisition date. Pursuant to this finalisation of initial accounting, the Group has restated the balance sheet as at March 31, 2019 in accordance with Ind AS 103 'Business Combinations', as a result of which, the goodwill as at March 31, 2019 was increased by ₹ 6.46 Crores with corresponding decrease in inventories.

Additional details of this acquisition:

Consideration transferred:

Particulars	₹ in Crores
Cash	131.00

Out of consideration of ₹ 131 Crores, ₹ 75.9 Crores was paid during the year ended March 31, 2019 and the balance of ₹ 55.1 Crores has been paid during the current year.

Details of the fair value of assets and liabilities of SCPL as at September 1, 2018 are as below (after considering the adjustments pursuant to finalisation of initial accounting as explained above):

Particulars	₹ in Crores
Non-current assets (other than goodwill on this acquisition)	110.20
Current assets	30.06
(A) Total assets	**140.26**
Non-current liabilities	0.57
Current liabilities	15.21
(B) Total liabilities	**15.78**
(C) Net assets (A) - (B)	**124.48**

Calculation of Goodwill / Capital reserve arising on acquisition:

Particulars	₹ in Crores
Consideration transferred	131.00
Less: Identifiable net assets acquired	(124.48)
Excess of the consideration transferred by the Company over the net assets acquired has been debited to Goodwill	6.52

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

₹ in Crores

Particulars	For the year ended 31-Mar-2019
Revenue from operations	19.41
Other income	5.24
Total revenue (A)	**24.65**
Cost of materials consumed	10.48
Purchase of Stock-in-trade	-
Changes in inventories of finished goods and work-in-progress	(4.51)
Employee benefits expenses	4.06
Finance costs	-
Depreciation and amortisation expenses	4.06
Other expenses	13.90
Total expenses (B)	**27.99**
Profit / (Loss) before tax (C)	**(3.34)**

b) During previous financial year:

Acquisition of R&D business from Strides Pharma Science Limited

The company entered into a Business purchase agreement to acquire a R&D business at Chennai from Strides Pharma Science Limited (Formerly known as Strides Shasun Limited) and the transaction was completed on April 1, 2018.

Assets and liabilities of the R&D business have been recorded to reflect at their fair values as on the transaction closure date (i.e. April 1, 2018).

Principal Activity of the R&D business acquired:

The R&D business at Chennai is a state-of-art facility engaged in the development of complex products and is also engaged in the business of providing product development solutions to its clients.

Consideration transferred:

Particulars	₹ in Crores
Cash	**34.75**

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

Particulars	₹ in Crores
Non-current assets (other than goodwill on this acquisition)	35.73
Current assets	2.09
(A) Total assets	**37.82**
Current liabilities	3.07
(B) Total liabilities	**3.07**
(C) Net assets (A) - (B)	**34.75**

Calculation of Goodwill / Capital reserve arising on acquisition:

Particulars	₹ in Crores
Consideration transferred	34.75
Less: Identifiable net assets acquired	(34.75)
Excess of the consideration transferred by the Company over the net assets acquired has been debited to Goodwill	-

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

₹ in Crores

Particulars	For the year ended 31-Mar-19
Revenue from operations	11.29
Other income	0.02
Total revenue (A)	**11.31**
Cost of materials consumed	2.29
Purchase of Stock-in-trade	0.03
Changes in inventories of finished goods and work-in-progress	(0.76)
Employee benefits expenses	15.97
Finance costs	0.01
Depreciation and amortisation expenses	4.74
Other expenses	15.07
Total expenses (B)	**37.35**
Profit / (Loss) before tax (C)	**(26.04)**

NOTE NO. 39 DISCONTINUED OPERATIONS:

During previous financial year:

The Board of Directors in their meeting held on May 19, 2018 had approved for disposal of business operations at Mahad facility. This business unit was part of the Human API business acquired from Sequent under the Composite Scheme of Arrangement during the previous year. The disposal was completed on July 31, 2018 on which date control passed to the acquirer.

The details of assets and liabilities disposed off, and the calculation of the profit or loss on disposal, are as below:

a) Carrying value of assets and liabilities as at July 31, 2018:

Particulars	₹ in Crores
Non-current assets	34.01
Current assets	41.94
(A) Total assets	**75.95**
Non-current liabilities	0.62
Current liabilities	28.93
(B) Total liabilities	**29.55**
(C) Net assets (A) – (B)	**46.40**

b) Gain / (loss) on disposal:

Particulars	₹ in Crores
Consideration received	46.40
Net assets disposed off	(46.40)
Gain / (loss) on disposal	**-**

c) Net cash inflow on disposal:

Particulars	₹ in Crores
Consideration received in cash and cash equivalents	46.40
Less: Cash and cash equivalents balances disposed off	(0.15)
Net cash inflow on disposal	**46.25**

d) Impact of the above disposal on the results of the Group:

₹ in Crores

Particulars	For the year ended 31-Mar-19
Revenue from operations	21.90
Other income	-
Total revenue (A)	**21.90**
Cost of materials consumed	16.24
Purchase of Stock-in-trade	-
Changes in inventories of finished goods and work-in-progress	2.96
Employee benefits expenses	2.01
Finance costs	0.06
Depreciation and amortisation expenses	0.62
Other expenses	9.93
Total expenses (B)	**31.82**
Profit / (Loss) before tax (C)	**(9.92)**
Current tax	(2.14)
Deferred tax	(0.10)
Tax expenses / (credit) (D)	(2.24)
Profit / (Loss) after tax (C) - (D)	**(7.68)**

e) Cash flows from discontinued operations:

₹ in Crores

Particulars	For the year ended 31-Mar-19
Net cash inflows / (outflows) from operating activities	(11.20)
Net cash inflows / (outflows) from investing activities	(1.15)
Net cash inflows / (outflows) from financing activities	12.50
Total	**0.15**

NOTE NO. 40 COMMITMENTS AND CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

₹ in Crores

Particulars		As at 31-Mar-20	As at 31-Mar-19
a)	***Contingent liabilities - Pending Litigations***		
	Indirect taxes	3.22	4.55
	Other claims against the Company not acknowledged as debts	1.64	1.64
b)	***Commitments***		
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
	- Property, plant and equipment	67.71	89.74
	- Intangible Assets	0.94	0.83

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 company is required to contribute a specified percentage of the payroll cost to fund the benefits. The group recognised ₹ 10.84 Crores (Previous year ₹ 10.04 Crores) for provident fund contributions, ₹ 0.24 Crores (Previous year ₹ 0.31 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 operates a gratuity plan, a defined employee benefit scheme covering qualifying employees. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting.

Composition of the plan assets

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

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

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

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

Particulars	Valuation as at 31-Mar-20	Valuation as at 31-Mar-19
Discount rate	6.51%	7.25%
Expected rate of salary increase	6.50%	6.50%
Attrition rate	11.00%	11.00%
Mortality Rate	As per IALM (2012-14) ultimate	As per IALM (2006-08) ultimate
Retirement age (years)	58 years	58 years

Amounts recognised in Statement of profit and loss and in other comprehensive income in respect of this defined benefit plan are as follows:

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Service cost:		
Current service cost	3.10	3.00
Past service cost and (gain)/loss from settlements	-	0.34
Net interest expense	1.22	0.80
Components of defined benefit costs recognised in statement of profit and loss	**4.32**	**4.14**
Remeasurement on the net defined benefit liability:		
Return on plan assets [excluding amounts included in net interest expense] (excess) / Short return	0.11	0.40
Actuarial (gains) / losses arising from changes in demographic assumptions	-	0.03
Actuarial (gains) / losses arising from changes in financial assumptions	1.65	(2.80)
Actuarial (gains) / losses arising from experience adjustments	1.53	4.38
Components of defined benefit costs recognised in other comprehensive income	**3.29**	**2.01**
Total	**7.61**	**6.15**

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

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Present value of funded defined benefit obligation	45.16	38.08
Fair value of plan assets	(23.07)	(18.18)
Funded status	**22.09**	**19.90**
Restrictions on asset recognised	-	-
Net liability arising from defined benefit obligation	**22.09**	**19.90**

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

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Opening defined benefit obligation	38.08	33.07
Add : Acquisition / (disposal)	-	0.01
Expenses Recognised in statement of profit and loss		
Current service cost	3.10	3.00
Past service cost and (gain)/loss from settlements	-	0.34
Interest cost	2.52	2.34
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	-	0.03
Actuarial gains and losses arising from changes in financial assumptions	1.65	(2.80)
Actuarial gains and losses arising from experience adjustments	1.53	4.38
Benefits paid	(1.72)	(2.29)
Closing defined benefit obligation	**45.16**	**38.08**

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

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
Opening fair value of plan assets	18.18	16.81
Add : Acquisition / (disposal)	-	1.36
Expected return on plan assets	1.30	1.54
Remeasurement gain / (loss):		
Contributions from the employer	5.30	1.16
Actuarial (gains) / losses on planned assets	(0.11)	(0.40)
Benefits paid	(1.60)	(2.29)
Closing fair value of plan assets	**23.07**	**18.18**

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 increase / (decrease) by 1%, the defined benefit obligation would be ₹ 42.96 Crores (₹ 47.60 Crores) as at March 31, 2020

If the expected salary growth increase / (decrease) by 1%, the defined benefit obligation would be ₹ 47.29 Crores (₹ 43.19 Crores) as at March 31, 2020

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

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

Expected future Cash outflows towards the plan are as follows:

Financial Year	₹ in Crores
2020-21	7.32
2021-22	5.73
2022-23	5.39
2023-24	5.24
2024-25	5.61
2025-26 to 2030- 31	20.47

NOTE NO. 42 LEASES

Disclosures in respect of leases

The Company has entered into lease arrangements for its factory land and office premises. Refer Note 2.1 (ix) and Note 50 for the accounting policies and transition policies adopted by the Company respectively.

(a) Movement in right-of-use assets and lease liabilities during the year:

(i) Right-of-use assets

₹ in Crores

Particulars	Factory Land	Office Premises	Total
Gross carrying value:			
As at the date of transition	**31.84**	**10.29**	**42.13**
Additions	27.90	-	27.90
Deletions	-	-	-
As at March 31, 2020	**59.74**	**10.29**	**70.03**
Accumulated depreciation	**0.29**	**4.42**	**4.71**
Depreciation for the year	1.05	1.97	3.02
Deletions	-	-	-
As at March 31, 2020	**1.34**	**6.39**	**7.73**
Net carrying value as at March 31, 2020	**58.40**	**3.90**	**62.30**

(ii) Lease liabilities

₹ in Crores

Particulars	As at March 31, 2020
As at the date of transition	**10.82**
Addition	6.10
Accretion of interest	1.35
Payments	(3.10)
Deletion	-
As at March 31, 2020	**15.17**
Current	2.41
Non-current	12.76

(iii) Maturity analysis: Contractual undiscounted cash flows

₹ in Crores

Particulars	As at March 31, 2020		
	Factory Land	Office Premises	Total
Less than one year	0.75	2.16	2.91
One to five years	3.41	3.28	6.69
More than five years	53.26	-	53.26
Total	**57.42**	**5.44**	**62.86**

(b) Amount recognised in Consolidated Statement of Profit and Loss

₹ in Crores

Particulars	For the year ended March 31, 2020
Depreciation on Right-of-use assets	3.02
Finance cost: Interest on lease liabilities	1.35
Short term lease payments (Refer Note below (i))	2.77

(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).

(c) Amount recognised in Consolidated Statement of Cash Flows

₹ in Crores

Particulars	For the year ended March 31, 2020
Cash outflows for leases	
interest portion of lease liabilities	1.35
principal portion of lease liabilities	1.75

NOTE NO. 43 RELATED PARTY INFORMATION

KMP / Person holding significant interest in the company :

Jitesh Devendra	Managing Director
S Hariharan	Executive Director - Finance and Chief Financial Officer
R. Ramakrishnan	Independent Director
Nirmal P Bhogilal	Independent Director
Jagdish V Dore	Independent Director (Resigned w.e.f. August 03, 2018)
Kausalya Santhanam	Independent Director
Deepak C Vaidya	Non-Executive Director
Ronald Tjeerd De Vries	Independent Director (Appointed w.e.f. October 30, 2018)
Ankur Nand Thadani	Non-Executive Director (Appointed w.e.f. May 16, 2019)
Arun Kumar	Person holding significant interest in the company
Bharat R Sesha	Chief Executive Officer (Appointed w.e.f. Feb 6, 2020)
B Sreenivasa Reddy	Chief Operating Officer
S Murali Krishna	Company Secretary

Enterprises controlled, owned or significantly influenced by KMP or person holding significant interest in the company:

Strides Pharma Science Limited, India
Devendra Estates LLP, India
Devicam LLP, India
Sequent Scientific Limited, India
Alivira Animal Health Limited, India
Sterling Pharma Solutions Limited, UK (up to February 27, 2019)
Tenshi Life Sciences Private Limited, India
Aurore Life Sciences Private Limited, India
Tenshi Kaizen Private Limited, India (formerly Higher Pharmatech Private Limited)
Olene Life Sciences Private Limited, India
GMS Tenshi Holdings Pte Limited, Singapore
Stelis Biopharma Private Limited, India
Steriscience Private Limited, India (formerly Sovizen Life Sciences Private Limited)
Tenshi Active Pharma Sciences Limited, India
Tenshi Life Care Private Limited, India
Triphase Pharmaceuticals Private Limited, India
Oncobiologics Inc., USA
Naari Pharma Private Limited, India
Hydra Active Pharma Sciences Private Limited, India
Sequent Research Limited, India
Chayadeep Properties 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
Tenshi Kaizen Pharma Pte Ltd, Singapore
Tenshi Kaizen Private Limited, UK

Transactions during the period

₹ in Crores

Description	Related party	March 31, 2020	March 31, 2019
Sale of goods	Strides Pharma Science Limited	267.59	311.74
	Aurore Life Sciences Private Limited	0.52	0.10
	Tenshi Kaizen Private Limited	0.01	0.05
	Sequent Scientific Limited	-	26.47
	Alivira Animal Health Limited	9.99	10.22
Sale of services	Sterling Pharma Solutions Limited	-	1.62
	Strides Pharma Science Limited	10.01	10.13
Interest income	Tenshi Life Sciences Private Limited	0.93	-
Other operating revenue	Strides Pharma Science Limited	1.72	2.18
Other Income	Tenshi Life Sciences Private Limited	1.42	0.78
Sale of Asset	Strides Pharma Science Limited	-	0.15
Purchase of goods	Alivira Animal Health Limited	19.36	5.49
	Sequent Scientific Limited	0.01	1.09
	Strides Pharma Science Limited	2.42	0.55
	Aurore Life Sciences Private Limited	2.67	3.31

₹ in Crores

Description	Related party	March 31, 2020	March 31, 2019
Purchase of services	Sequent Research Limited	5.82	8.19
	Sterling Pharma Solutions Limited	-	0.89
	Batliboi Impex Limited	0.93	0.28
Purchase of property, plant and equipment	Tenshi Life Sciences Private Limited	0.27	-
	Strides Pharma Science Limited	-	34.94
Purchase of Intangible asset	Sequent Scientific Limited	-	0.15
Investments in Strides Chemicals Private Limited	Strides Pharma Science Limited	-	131.00
Sales commission	Alivira Animal Health Limited	0.10	-
	Sequent Scientific Limited	-	0.13
Recovery of expenses from	Alivira Animal Health Limited	0.01	-
	Sequent Research Limited	0.50	0.70
	Strides Pharma Science Limited	14.80	15.67
Reimbursement of expenses to	Strides Pharma Science Limited	1.61	7.52
	Tenshi Life Sciences Private Limited	2.29	5.72
	Sequent Scientific Limited	0.14	0.57
	Sequent Research Limited	0.67	0.65
	Sterling Pharma Solutions Limited	-	0.56
Rental Income	Sequent Research Limited	1.08	0.84
Rent & Maintenance for leased property	Devendra estates LLP	0.31	0.29
	Strides Pharma Science Limited	1.52	1.45
Advance given	Tenshi Kaizen Private Limited	-	14.00
	Tenshi Life Sciences Private Limited	-	14.15
Loan given	Tenshi Life Sciences Private Limited	50.00	-
Security deposit received	Sequent Research Limited	-	0.42
Security deposit given	Strides Pharma Science Limited	-	0.72
Sitting fees paid to directors	Deepak C Vaidya	0.08	0.11
	Jagdish V Dore	-	0.04
	Kausalya Santhanam	0.08	0.11
	Nirmal P Bhogilal	0.08	0.11
	Ronald Tjeerd De Vries	0.08	0.04
	R. Ramakrishnan	0.08	0.11
Services received in the capacity other than as KMP (refer note (i) below)	Bharat R Sesha	0.60	-
Short term employee benefits paid to (refer note (i) below)	Jitesh Devendra	9.07	3.90
	S Hariharan	1.67	1.71
	Bharat R Sesha	0.76	-
	B Sreenivasa Reddy	1.73	1.52
	S Murali Krishna	0.42	0.41

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

Balances as at March 31, 2020

₹ in Crores

Description	Related party	As at March 31, 2020	As at March 31, 2019
Trade Payables	Alivira Animal Health Limited	-	5.06
	Sequent Scientific Limited	0.03	0.25
	Batliboi Impex Limited	0.09	-
	Sequent Research Limited	1.00	2.69
	Devendra Estates LLP	0.03	0.03

₹ in Crores

Description	Related party	As at March 31, 2020	As at March 31, 2019
	Strides Pharma Science Limited	2.94	3.30
	Tenshi Life Sciences Private Limited	1.40	1.86
	Aurore Life Sciences Private Limited	0.02	2.46
Security deposit received	Sequent Research Limited	0.42	0.42
Advance from customers	Strides Pharma Science Limited	-	5.31
Payables on acquisition of investments	Strides Pharma Science Limited	-	55.10
Trade receivables	Alivira Animal Health Limited	2.23	4.69
	Aurore Life Sciences Private Limited	0.19	3.03
	Tenshi Kaizen Private Limited	0.01	0.08
	Tenshi Life Sciences Private Limited	-	0.84
	Strides Pharma Science Limited	26.94	57.60
	Sequent Research Limited	0.27	-
	Sequent Scientific Limited	-	0.04
Other receivables	Tenshi Kaizen Private Limited	1.53	-
	Tenshi Life Sciences Private Limited	0.84	-
Loan / Advances receivable	Tenshi Kaizen Private Limited	10.50	14.00
	Tenshi Life Sciences Private Limited	50.00	-
Security deposit given	Strides Pharma Science Limited	0.72	0.72
	Devendra estates LLP	0.20	0.20

NOTE NO. 44 EARNINGS PER SHARE

Amount in ₹

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Basic earnings per share:		
From continuing operations	44.29	24.87
From discontinued operations	-	(3.11)
Total basic earnings per share	**44.29**	**21.76**
Diluted earnings per share:		
From continuing operations	42.82	24.83
From discontinued operations	-	(3.11)
Total diluted earnings per share	**42.82**	**21.72**

Earnings used in computing basic and diluted earnings per share

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Profit / (loss) attributable to the equity holders of the Company		
From continuing operations	114.61	67.19
Less: Share issue expenses debited to securities premium account	-	(5.77)
From continuing operations	**114.61**	**61.42**
From discontinued operations	-	(7.68)
Total operations	**114.61**	**53.74**

Weighted average number of shares used as the denominator

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Weighted average number of equity shares used as denominator in calculating basic earnings per share	**2,58,78,915**	**2,46,89,335**
Adjustments for calculation of diluted earnings per share:		
- share warrants	5,51,325	-
- employee stock options	3,35,953	38,073
Weighted average number of equity shares used as denominator in calculating diluted earnings per share	**2,67,66,193**	**2,47,27,408**

NOTE NO. 45 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 Company. However, the geographical information are disclosed below:

Geographical information

(i) Revenue from external customers

₹ in Crores

Particulars	For the year ended 31-Mar-20	For the year ended 31-Mar-19
Asia Pacific	655.29	773.96
Europe	352.00	334.13
North America	102.56	77.81
South America	117.92	110.53
Rest of the World	39.87	25.66
Total	**1,267.64**	**1,322.09**

(ii) Non-current assets*

₹ in Crores

Particulars	As at 31-Mar-20	As at 31-Mar-19
India	1,467.57	1,300.34
Total	**1,467.57**	**1,300.34**

*Non-current assets do not include financial assets under financial instruments and deferred tax asset.

(iii) Revenue from major customers

Revenue from one customer of the Group is ₹ 277.60 Crores (31 March 2019 - ₹ 321.87 Crores) which is individually more than 10 percent of the Group's total revenue.

NOTE NO. 46 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 for 1,228,778 options. Each option comprises one underlying equity share 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. 1,90,000 options (Previous year: 8,45,000 options) were granted under this plan during the current year.

During the current year, employee compensation costs of ₹ 5.60 Crores (Previous year: ₹ 2.39 Crores) relating to the above referred Employee Stock Option Plans have been charged to the Statement of Profit and Loss.

Fair value of share options granted in the year

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

Assumptions	Grant Date: May 15, 2019 (ESOP 2018)		
	Vest 1 May 15, 2020	Vest 2 May 15, 2021	Vest 3 May 15, 2022
	20%	**30%**	**50%**
No. of options	8,000	12,000	20,000
Fair market value of option at grant date (₹)	159.49	175.27	187.64
Fair market value of share at grant date (₹)	443.98	443.98	443.98
Exercise price (₹)	332.00	332.00	332.00
Expected volatility	39.53%	39.53%	39.53%
Option life (Years)	1	2	3
Expected Dividend Yield	0.00%	0.00%	0.00%
Risk-free interest rate	7.41%	7.41%	7.41%

Assumptions	Grant Date: February 5, 2020 (ESOP 2018)		
	Vest 1 Feb 5, 2021	Vest 2 Feb 5, 2022	Vest 3 Feb 5, 2023
	13%	**20%**	**67%**
No. of options	20,000	30,000	1,00,000
Fair market value of option at grant date (₹)	162.82	191.11	203.65
Fair market value of share at grant date (₹)	498.65	498.65	498.65
Exercise price (₹)	374.00	374.00	374.00
Expected volatility	39.40%	39.40%	34.32%
Option life (Years)	1	2	3
Expected Dividend Yield	1.00%	1.00%	1.00%
Risk-free interest rate	5.43%	5.63%	5.80%

Fair value of share options granted in the previous year

The fair value of the options has been determined under the Black-Scholes model. The assumptions used in this model for calculating fair value of the ESOP granted during the previous year are as below:

Assumptions	Grant Date: October 01, 2018 (ESOP 2018)		
	Vest 1 October 01, 2019	Vest 2 October 01, 2020	Vest 3 October 01, 2021
	20%	**30%**	**50%**
No. of options	49,000	73,500	1,22,500
Fair market value of option at grant date (₹)	92.33	103.18	111.25
Fair market value of share at grant date (₹)	265.97	265.97	265.97
Exercise price (₹)	205.00	205.00	205.00
Expected volatility	39.13%	39.13%	39.13%
Option life (Years)	1	2	3
Expected Dividend Yield	0.00%	0.00%	0.00%
Risk-free interest rate	8.00%	8.00%	8.00%

Assumptions	Grant Date: November 30, 2018 (ESOP 2018)	
	Vest 1 November 30, 2019	Vest 2 November 30, 2020
	40%	**60%**
No. of options	2,40,000	3,60,000
Fair market value of option at grant date (₹)	120.08	130.93
Fair market value of share at grant date (₹)	297.86	297.86
Exercise price (₹)	205.00	205.00
Expected volatility	39.13%	39.13%
Option life (Years)	1	2
Expected Dividend Yield	0.00%	0.00%
Risk-free interest rate	8.00%	8.00%

Employee stock options details as on the balance sheet date are as follows:

Particulars	During the year 2019-20		During the year 2018-19	
	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:				
- ESOP 2018	8,45,000	205.00	-	-
Granted during the year:				
- ESOP 2018	1,90,000	365.16	8,45,000	205.00
Exercised during the year:				
- ESOP 2018	2,81,000	205.00	-	-
Lapsed/ cancelled during the year:				
- ESOP 2018	40,000	205.00	-	-
Options outstanding at the end of the year:				
- ESOP 2018	7,14,000	247.62	8,45,000	205.00
Options available for grant:				
- ESOP 2018	1,93,778	-	3,83,778	-

NOTE NO. 47 FINANCIAL INSTRUMENTS

47.1 Categories of financial instruments

₹ in Crores

Particulars	31-Mar-20	31-Mar-19
Financial assets:		
Measured at amortised cost		
(a) Cash and bank balances	56.78	76.47
(b) Investments	0.32	0.41
(c) Trade receivables	226.53	288.80
(d) Loans	52.36	2.36
(e) Other financial assets at amortised cost	28.74	27.63
Financial liabilities:		
Measured at amortised cost		
(a) Borrowings	586.50	439.44
(b) Lease liability	15.17	-
(c) Current maturity of non-current borrowings	120.29	98.33
(d) Current maturity of finance lease obligations	-	0.29
(e) Trade payables	216.12	244.37
(f) Other Financial Liabilities	11.56	65.15

47.2 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 value of financial assets and financial liabilities (except borrowings) approximate the fair value in both of the years presented.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

₹ in Crores

Particulars	31-Mar-20		31-Mar-19	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	706.79	715.10	538.06	549.25

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:

47.3 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:

Amounts in Crores

Amount receivable / (payable)	As at 31-Mar-20		As at 31-Mar-19	
Exposure to the Currency	in foreign Currency	in INR	in foreign Currency	in INR
USD	(0.87)	(65.17)	(0.61)	(41.95)
EUR	0.01	0.89	0.03	1.95
GBP	0.00	0.25	0.01	0.96
JPY	0.03	0.02	(0.21)	(0.13)
SGD	-	-	0.00	0.03
CHF	0.00	(0.08)	-	-

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

₹ in Crores

Particulars	Increase / (Decrease) in Profit	Increase / (Decrease) in Profit
	31-Mar-20	31-Mar-19
Appreciation in the USD	(3.26)	(2.10)
Depreciation in the USD	3.26	2.10
Appreciation in the EUR	0.04	0.10
Depreciation in the EUR	(0.04)	(0.10)
Appreciation in the GBP	0.01	0.05
Depreciation in the GBP	(0.01)	(0.05)
Appreciation in the JPY	-	(0.01)
Depreciation in the JPY	-	0.01

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

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

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments is as follows:

₹ in Crores

Particulars	As at 31 March, 2020	As at 31 March, 2019
Fixed-rate instruments		
Financial assets		
Balance with banks held as margin money	0.70	0.75
Balance with banks held in deposit account	54.84	72.11
Financial liabilities		
Finance lease obligations	-	4.10
Lease liability	15.17	-
	70.71	**76.96**
Variable-rate instruments		
Financial liabilities		
Borrowings from bank	706.79	533.97
	706.79	**533.97**

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include Secured Long term loans from banks, Secured Long term loans from others and Secured Short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be ₹ 6.79 Crores (Previous year: ₹ 7.29 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.

47.5 Credit risk management

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

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

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

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

47.6 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.

47.6.1 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 principal cash flows. The contractual maturity is based on the earliest date on which the Group be required to pay.

₹ in Crores

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
Bank & other borrowings								
- As on March 31, 2020	475.77	113.58	91.08	34.67	-	-	**715.10**	**706.79**
- As on March 31, 2019	314.75	113.14	74.16	41.17	3.55	2.48	**549.25**	**538.06**
Interest payable on borrowings								
- As on March 31, 2020	0.75	-	-	-	-	-	**0.75**	**0.75**
- As on March 31, 2019	0.49	-	-	-	-	-	**0.49**	**0.49**
Lease liability								
- As on March 31, 2020	2.41	1.75	1.56	0.55	0.51	8.39	**15.17**	**15.17**
- As on March 31, 2019	-	-	-	-	-	-	**-**	**-**
Trade and other payable								
- As on March 31, 2020	226.93	-	-	-	-	-	**226.93**	**226.93**
- As on March 31, 2019	309.04	-	-	-	-	-	**309.04**	**309.04**

NOTE NO. 48 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 20 (i) and 20(iv) offset by cash and bank balances) and total equity.

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

Gearing ratio

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

₹ in Crores

Particulars	31-Mar-20	31-Mar-19
Debt (i)	721.96	538.06
Less:		
Cash and bank balances	56.78	76.47
Net Debt (A)	**665.18**	**461.59**
Total Equity (B)	**1,085.94**	**955.87**
Net debt to equity ratio (A/B)	0.61	0.48

(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings, current maturities of finance lease obligations, current borrowings and lease liability.

NOTE NO. 49. 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, 2020.

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	99.62%	1,090.79	98.13%	112.49	88.76%	(3.29)	98.45%	109.20
Indian Subsidiaries:								
Chemsynth Laboratories Private Limited	0.47%	5.14	-0.10%	(0.11)	0%	-	-0.10%	(0.11)
Sequent Penems Private Limited	0.30%	3.27	0.19%	0.21	0%	-	0.19%	0.21
Foreign Subsidiary:								
Shasun USA Inc	-0.38%	(4.20)	1.78%	2.04	11.24%	(0.42)	1.46%	1.62
Total		**1,095.00**		**114.63**		**(3.71)**		**110.92**
Adjustment arising out of consolidation		(9.06)		-		-		-
Minority interest in subsidiary								
Chemsynth Laboratories Private Limited		2.55		(0.12)		-		(0.12)
Sequent Penems Private Limited		1.74		0.03		-		0.03
Total		**1,090.23**		**114.54**		**(3.71)**		**110.83**

NOTE NO. 50 NEW ACCOUNTING STANDARDS ADOPTED BY THE GROUP:

Ind AS 116 Leases:

Effective April 1, 2019, the Group adopted new standard Ind AS 116 “Leases” which replaced the earlier standard on Leases Ind AS 17, and applied the new standard to all lease contracts existing on April 1, 2019 using the modified retrospective method on the date of initial application and has taken the cumulative adjustment to retained earnings. Accordingly, as on the date of transition, the Group recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate at the date of transition. The right-of-use asset is recorded at the present value of the lease payments as if the standard had been applied since the commencement date of the lease, but depreciated till the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of the financial statements for year ended March 31, 2019. Further, due to transition, the nature of expenses in respect of leases has changed from “lease rent” to “depreciation and amortisation expense” and “finance cost'” for the right-of-use assets and for interest accrued on lease liability respectively, and therefore these expenses for the current year are not comparable to the previous year disclosed.

The following is the summary of practical expedients elected by the Group on the initial application:

1. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

2. In respect of those leases classified as finance leases applying Ind AS 17, at the date of initial application, the Group has elected to recognise the right-of-use asset and the lease liability at the carrying amount of the lease asset and lease liability immediately before that date measured applying Ind AS 17.

3. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

4. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

5. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

   The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 10.90 %.

On transition, the adoption of the new standard resulted in recognition of 'Right-of-Use' asset of ₹ 37.42 Crores (net of Accumulated depreciation amounting to ₹ 4.71 Crores), lease liability of ₹ 10.82 Crores and de-recognition of prepaid expenses of ₹ 13.21 Crores, leasehold land under finance lease of ₹ 18.35 Crores and finance lease obligation of ₹ 4.10 Crores. The cumulative effect of applying the standard, amounting to ₹ 0.56 Crores was debited to retained earnings, net of taxes as at April 1, 2019.

Ind AS 116 resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

Reconciliation of operating lease commitments as at March 31, 2019 with the lease liabilities recognized in the Balance Sheet as at April 1, 2019

Particulars	**₹ in Crores**
Operating lease commitment as at March 31, 2019	11.03
Less: commitments relating to lease of low value assets and short-term leases on account of practical expedients exercised	(2.97)
Operating lease commitment as at March 31, 2019 considered for lease liability	8.06
Discounted using the incremental borrowing rate as of April 1, 2019	**6.72**
Finance lease obligation in respect of finance leases	4.10
Lease liabilities recognised as at April 1, 2019	**10.82**

NOTE NO. 51 The Board of Directors, have in their meeting on May 7, 2020, proposed final dividend of ₹ 5.37 Crores (₹ 2/- per equity share) for the financial year ended March 31, 2020. This proposed dividend is subject to approval of the shareholders in the ensuing Annual General Meeting (AGM).

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

S Hariharan
Executive Director - Finance and
Chief Financial Officer
DIN: 05297969

S Murali Krishna
Company Secretary
Membership No.: 13372

Place : Bengaluru
Date : May 7, 2020

RESEARCH AND DEVELOPMENT FINANCIALS

BALANCE SHEET
as on March 31, 2020

₹ in Crores

	Unit I		Unit II		Total As at Mar 31, 2020		Total As at Mar 31, 2019	
ASSETS								
Fixed Assets								
R&D Equipments								
Gross Block								
Opening as on 01.04.2019	21.55		30.47		52.02		-	
Additions pursuant to business acquisition	-		-		-		28.05	
Additions Net	0.50		2.22		2.72		24.12	
Deletions / Transfers	0.30		(0.74)		(0.44)		(0.15)	
Closing as on 31.03.2020	22.35		31.95		54.30		52.02	
Less : Accumulated Depreciation	(3.58)		(7.77)		(11.35)		(5.62)	
Net Block		**18.77**		**24.18**		**42.95**		**46.40**
Others								
Gross Block								
Opening as on 01.04.2019	22.42		4.38		26.80		22.30	
Additions pursuant to business acquisition	-		-		-		3.14	
Additions on account of transition to Ind AS 116	-		6.04		6.04		-	
Additions Net	0.03		0.57		0.60		1.37	
Deletions / Transfers	0.42		-		0.42		-	
Closing as on 31.03.2020	**22.87**		**10.99**		**33.86**		**26.81**	
Less : Accumulated Depreciation	(8.25)		(4.07)		(12.32)		(5.23)	
Net Block		**14.62**		**6.92**		**21.54**		**21.58**
Capital work in progress		0.20		0.49		0.69		0.95
Other Non Current Assets								
Goodwill	0.43		-		0.43		0.43	
Other financial assets	0.14		1.35		1.49		2.08	
Other Non-current assets	0.03		0.11		0.14		0.83	
Total Non Current Assets		**0.60**		**1.46**		**2.06**		**3.34**
Current Assets								
Inventories	0.00		1.46		1.46		2.01	
Trade receivables	3.60		5.11		8.71		1.65	
Cash and other balance with banks	-		-		-		0.06	
Loan	0.03		0.07		0.10		0.10	
Other current assets	3.81		1.11		4.92		4.58	
Total Current assets		**7.44**		**7.75**		**15.19**		**8.40**
Total		**41.63**		**40.80**		**82.43**		**80.67**
LIABILITIES								
Head office Control Account	70.74		350.20		420.94		80.41	
Add: Transfers	(17.14)		(290.62)		(307.76)		31.55	
Less: Excess of Expenditure over income	(14.35)	39.25	(33.39)	26.19	(47.74)	65.44	(41.22)	70.74
Liabilities								
Non-current liabilities								
Financial Liabilities	-		-		-		-	
Lease liabilities	-		2.95		2.95			
Provisions	0.28		0.90		1.18		1.00	
Other non-current liabilities	0.05		1.35		1.40		1.19	
Total Non-current liabilities		**0.33**		**5.20**		**5.53**		**2.19**
Current liabilities								
Financial Liabilities								
Trade payables	1.72		5.25		6.97		6.83	
Lease liabilities			1.21		1.21			
Other financial liabilities	0.10		0.06		0.16		0.17	
Other current liabilities	0.17		2.72		2.89		0.56	
Provisions	0.06		0.17		0.23		0.18	
Total current liabilities		**2.05**		**9.41**		**11.46**		**7.74**
Total		**41.63**		**40.80**		**82.43**		**80.67**

STATEMENT OF INCOME & EXPENDITURE

as on March 31, 2020

₹ in Crores

	Unit I	Unit II	Total As at Mar 31, 2020	Total As at Mar 31, 2019
EXPENDITURE				
Employee benefits expenses	7.41	17.66	25.07	22.54
Cost of materials consumed	0.00	0.93	0.93	1.56
Utilities	0.72	1.84	2.56	2.91
Other expenses - R&D	4.16	14.75	18.91	17.04
Total Revenue Expenditure Excluding Depreciation	**12.29**	**35.18**	**47.47**	**44.05**
Depreciation	5.58	6.02	11.60	10.09
Total Expenditure	**17.87**	**41.20**	**59.07**	**54.14**
INCOME				
I) FTE/Product Development Income	3.33	7.32	10.65	12.38
ii) Commercial Sale of Prototype & Others	0.00	0.47	0.47	0.52
iii) Other Income	0.19	0.02	0.21	0.02
Total Income	3.52	7.81	11.33	12.92
Excess of Expenditure over Income	**14.35**	**33.39**	**47.74**	**41.22**

EXPENDITURE ON RESEARCH AND DEVELOPMENT

₹ in Crores

	Total As at Mar 31, 2020	Total As at Mar 31, 2019
Capital		
- R&D Equipments	2.72	52.17
- Others	0.60	4.50
Total	**3.32**	**56.67**
Recurring - Inhouse	47.47	44.05

SOLARA ACTIVE PHARMA SCIENCES LIMITED

CIN: L24230MH2017PLC291636
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Tel: +91 22 27892924; **Fax:** +91 22 27892942
Corporate Office: 'Batra Centre', No. 28, Sardar Patel Road, Post Box No. 2630, Guindy, Chennai 600 032
Tel: + 91 44 43446700, 22207500; **Fax:** +91 44 22350278
Email: investors@solara.co.in; **Website:** www.solara.co.in

NOTICE is hereby given that the Third Annual General Meeting of the Members of the Company will be held on Tuesday, August 4, 2020, at 10.30 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business.

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Standalone Financial Statements of the Company for the year ended March 31, 2020 together with Reports of the Board of Directors and the Auditors thereon.

2. To receive, consider, approve and adopt the Audited Consolidated Financial Statements of the Company for the year ended March 31, 2020 and the Report of Auditors thereon.

3. To appoint a Director in place of Mr. S. Hariharan (holding DIN 05297969) who retires by rotation and being eligible offers himself for re-appointment.

4. To declare a Dividend of ₹ 2/- per equity share of face value ₹ 10/- each for the financial year ending March 31, 2020.

SPECIAL BUSINESS

5. **To ratify the remuneration payable to the Cost Auditor for the financial year 2019-20.**
   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 ₹ 3,00,000/- (Rupees Three Lakhs 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, 2020, 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.

6. **Payment of Commission to Non-Executive Directors of the Company**
   To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

   "**RESOLVED** that pursuant to applicable provisions of the Companies Act, 2013 (the 'Act') and Regulation 17 and other applicable provisions of the SEBI (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, consent of the Members of the Company be and is hereby accorded to pay to its Directors (other than the Managing Director and Whole-time Director of the Company) such commission as the Board of Directors, may from time to time determine (to be divided amongst them in such proportion as may be determined by the Board of Directors from time to time), not exceeding 1% of the net profits of the Company for that financial year computed in the manner provided in Section 198 of the Companies Act, 2013.

   RESOLVED FURTHER that the above payment shall be in addition to the sitting fee payable to the Non-Executive Director(s) for attending the meetings of the Board and/ or Audit Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the said meetings.

   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: 07.05.2019

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 view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OVAM, without the physical presence of the members at the common venue, in compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OVAM.

3. Since this AGM is being held pursuant to MCA Circulars through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, as permitted under the MCA circulars, 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. 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 through its registered email address.

5. The register of members and share transfer books of the Company will remain closed from July 30, 2020 to August 4, 2020 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2020

6. Subject to the provisions of Companies Act, 2013, Dividend recommended by the Board of Directors, if approved by the Members at the Annual General Meeting, will be paid within a period of 30 days from the date of AGM, to those members whose names appear on the Register of Members as on the book closure date.

7. Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from the dividend paid at the prescribed rates, if the dividend amount exceeds Rs.5,000/-. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

   A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H (which can be downloaded from the company's website – www.solara.co.in. To avail the benefit of non-deduction of tax at source the declaration form in Form 15G/15H shall be submitted online on https://investors.cameoindia.com by July 23, 2020. Shareholders are requested to note that in case their PAN is not registered, tax will be deducted at a higher rate of 20%.

   Non-resident shareholders can avail beneficial rates under the Tax Treaty between India and their country of residence, subject to providing necessary documents, i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the Tax Treaty benefits, by sending an email to investor@cameoindia.com. The aforesaid declarations and documents should be submitted by the shareholders by July 23, 2020.

8. The Company is presently using National – ECS (NECS) for dividend remittance. Members holding shares in physical form are requested to notify/ send the following at the earliest:

   - Any change in their address / mandate/ bank details;
   - Particulars of their bank account, in case the same have not been sent earlier, to the Company's Registrar and Transfer Agent at:

   Cameo Corporate Services Limited
   Subramanian Building
   #1, Club House Road
   Chennai 600 002 - India.
   Ph: 91-44 - 2846 0390
   Fax: 91-44 - 2846 0129
   Email: cameo@cameoindia.com;
   Investor@cameoindia.com
   Contact Persons: 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 2019-20 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 2019-20 will also be available on the Company's website www.solara.co.in, websites of the Stock Exchanges i.e. BSE Ltd. and National Stock Exchange of India Ltd. at www.bseindia.com and www.nseindia.co.in and on the website of CDSL. Members attending through VC /OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

    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, July 3, 2020.

    The "cut-off date" for determining the eligibility for voting either through electronic voting or ballot is fixed as Wednesday, July 29, 2020. The e-voting period will commence at 9.00 a.m. on Saturday, August 1, 2020 and will end at 5.00 p.m. on Monday, August 3, 2020.

    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. M/s. Nilesh Shah and Associates, Practicing Company Secretaries, represented by Mr. Nilesh Shah (having Membership No. FCS-4554) or failing him, Ms. Hetal Shah (having Membership No. FCS-8063) or failing her Mr. Mahesh Darji (having Membership No. FCS-7175) have been appointed as the Scrutinizer to scrutinize the e-voting process and voting done through physical ballot paper at the AGM in a fair and transparent manner.

15. At the AGM, at the end of the discussion, the Chairman shall, with the assistance of the Scrutinizer, who have cast their votes electronically using the remote e-voting facility.

16. The Scrutinizer shall, after the conclusion of voting at the general meeting, count the votes cast at the meeting in the presence of at least two witnesses not in the employment of the Company.

    The Scrutinizer shall submit a consolidated Scrutinizer's report of the total votes cast in Favor or Against, not later than forty-eight hours after the conclusion of AGM to the Chairman of the Company. The Chairman or any other person authorized by him, shall declare the results of voting forthwith.

17. 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.

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 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to atleast 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 www.solara.co.in. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e. www.evotingindia.com.

7. The AGM will be 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 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

The instructions for shareholders for remote e-voting are as under:

(i) The voting period begins 9.00 a.m. on Saturday, August 1, 2020 and will end at 5.00 p.m. on Monday, August 3, 2020. 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 Wednesday, July 29, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on "Shareholders" module.

(v) 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.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) ● Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. ● If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) 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.

(xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant Solara Active Pharma Sciences Limited on which you choose to vote.

(xiii) 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.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) 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.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) 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.

(xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTONS 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 Company at Investors@solara.co.in /RTA email id at "cameo@cameoindia.com" or "Investor@ 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 Company/RTA email id.

3. The company/RTA shall co-ordinate with CDSL and provide the login credentials to the above mentioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

2. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. 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.

5. 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 atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at Investors@solara.co.in /RTA email id at "cameo@cameoindia.com" or "Investor@cameoindia.com". The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 7 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.

6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

2. 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.

3. 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.

4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xx) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; Investors@solara.co.in (designated email address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

  If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

  All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, 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 on 022-23058542/43.

EXPLANATORY STATEMENT PRUSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement set out all the material facts relating to the business mentioned under Item Nos. 5 and 6 of the accompanying Notice.

Item No.5: To ratify the remuneration payable to the Cost Auditor for the financial year 2019-20.

The Board of Directors after considering the recommendation of the Audit Committee, have appointed Mr. K. Suryanarayanan, Cost Accountant, as the Cost Auditor of the Company for the financial year 2019-20 on a remuneration of ₹ 3,00,000/- (Rupees Three 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. The Ordinary Resolution under Item No.5 is sought to be passed for this purpose.

None of the Directors and Key Managerial Personnel of the Company and their relatives are in any way concerned or interested financially or otherwise, in the resolution.

The Board recommends passing of the proposed resolution stated in Item No.5 as an Ordinary Resolution and requests your approval for the same.

Item No. 6: Payment of Commission to Non-Executive Directors of the Company

Based on the recommendation of Nomination & Remuneration Committee, the Board of Directors of the Company in their meeting held on February 06, 2020 considered the proposal to pay commission upto 1% of the net profit of the Company to Non-Executive Directors of the Company, considering the experience and expertise brought to the Board by them and in appreciation of their contribution and services they have rendered/ will be rendering to the Company. The said proposal shall be effective FY 2020-21 onwards.

In terms of the provisions of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors shall recommend all fees or compensation, if any, paid to Non-Executive Directors including Independent Directors and shall require approval of Members in general meeting.

Subject to the applicable provisions of the Companies Act, 2013 and the Listing Regulations, consent of the Members of the Company is sought to pay to its Non-Executive Directors such commission as the Board of Directors may from time to time determine not exceeding 1% of the net profits of the Company for that financial year, computed in the manner provided in Section 198 of the Companies Act, 2013. The said commission of 1% of net profits shall be divided amongst the Non-Executive Directors in such proportion as may be determined by the Board of Directors from time to time.

Members to note that the proposed payment of commission shall be in addition to the sitting fee payable to the Director(s) for attending the meetings of the Board and/ or Audit Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the said meetings.

Non-Executive Directors of the Company are interested in the said resolution to the extent of commission, which may be paid to them. None of the Executive Directors, Key Managerial Personnel, Promoters or their relatives are in any way concerned or interested, financially or otherwise, in this resolution.

Board recommends passing of the proposed resolution stated in Item 6 as a Special Resolution and requests Members' approval for the same

By the Order of the Board
For Solara Active Pharma Sciences Limited

Place: Bengaluru
Date: 07.05.2019

S. Murali Krishna
Company Secretary

Notes

DISCLAIMER

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This Report and other statements—written and oral—that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements using words, such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe that we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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EMAIL: INVESTORS@SOLARA.CO.IN
WEBSITE: WWW.SOLARA.CO.IN
CIN: L24230MH2017PLC291636

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