

July 30, 2021

The BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001
Scrip Code: 541540

The National Stock Exchange of India

Limited Exchange Plaza, Bandra-Kurla
Complex Sandra (E), Mumbai - 400 051
Scrip Code: SOLARA

Dear Sir/ Madam,

Sub: Notice of the 4th Annual General Meeting and Annual Report FY 2020-21 as per Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Regulation 34 of SEBI (LODR) Regulations, 2015, we enclose the Notice convening the 4th Annual General Meeting (AGM) of shareholders and Annual Report for the financial year 2020-21 which will be circulated to the shareholders through electronic mode for the AGM to be held on Wednesday, August 25, 2021 at 10.30 AM (IST) through video conference (VC).

The Notice and the annual report will also be made available on the Company's website at, www.solara.co.in

The Schedule of events are as follows:

Date and Time of AGM	August 25, 2021; 10.30 AM (IST).
Eligibility for participation in the AGM and payment of final Dividend	Cutoff date August 20, 2021
Remote e-voting start date and time	August 22, 2021; 9.00 AM (IST)
Remote e-voting end date and time	August 24, 2021; 5.00 PM (IST)
Website of CDSL for remote e-voting and participation in the AGM	https://www.evotingindia.com/

This is for your information and records.

Thanking you,

Yours Truly,

For Solara Active Pharma Sciences Limited



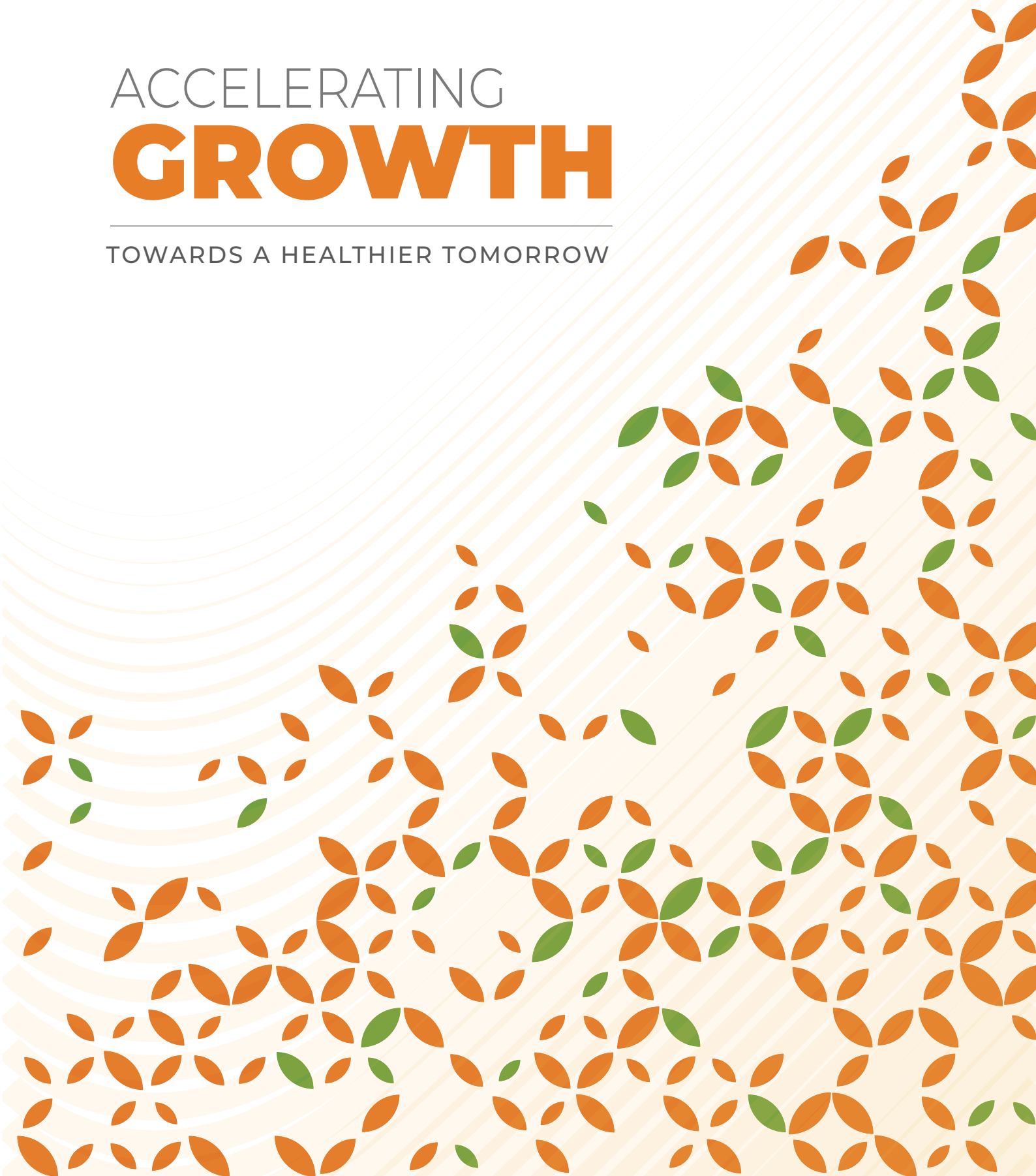
S. Murali Krishna
Company Secretary

ANNUAL REPORT
2020-21



ACCELERATING
GROWTH

TOWARDS A HEALTHIER TOMORROW



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PERFORMANCE IN FY 2020-21

Financial

↑ YoY Growth

REVENUE

(₹ in Crores)

1,645.65

↑ 22%

OPERATING EBITDA

(₹ in Crores)

400.42

↑ 43%

EBITDA MARGIN

24.3%

↑ 360 bps

PROFIT AFTER TAX

(₹ in Crores)

221.35

↑ 93%

Operational

2

New products commercialised

23

Market extensions filed for our existing products across 14 different geographies

11

DMFs filed

Environment and Social

GHG emissions equivalent to 4,158 cars

Reduced by usage of renewable energy sources, amounting to 19,128 tCO₂-e in FY 2020-21

Bronze medal Awarded by Ecovadis

Owing to the improvement in score from 31 to 47 in recognition of the sustainability achievement

ACCELERATING GROWTH

TOWARDS A HEALTHIER TOMORROW

We are recharging and reinvigorating ourselves for a 'healthier tomorrow'. This took on a new meaning amidst a world stricken by a deadly virus. As a purpose-driven Company, we take our responsibility to heart. To enable a better tomorrow, we know that we have to act with passion - with greater speed, with conviction and driven by our purpose.

We are accelerating our growth journey pivoting on our strategic levers that will propel us to new heights. We have a strong foundation - manufacturing sites with world-class compliance standards, a global footprint, a wide suite of products, innovation muscle, and a diverse customer base.

We are building on these strengths and accelerating - on the back of increased R&D productivity, focused go-to-market efforts and the enriching of our human capital. Solara stands at the cusp of an exciting journey. With a strong product portfolio, new capabilities (greenfield project in Vizag), and synergistic growth (through proposed merger with Aurore), we are set to fully utilise the unique opportunities in the industry to emerge as one of the strongest players in API and CRAMS space.

PIVOTING TO SUCCESS

Strong foundation

6 sites of world class compliance form a diverse manufacturing network

Customers in 75+ countries form a global footprint

Products of 60+ commercial products and 25+ in pipeline

Leveraging the flexible manufacturing network and global presence to be a partner of choice for our customers

Accelerating growth

Accelerating the growth of new products on the back of increased R&D productivity and focused 'Go-to-market' efforts

Strategic move towards a balance product portfolio

Network re-design - mirror sites for key products, expansions and de-bottlenecking initiatives across sites

Scale the CRAMS play for global markets and leverage inorganic avenues to leapfrog growth and be a significant player in this domain

COVID-19 RESPONSE

Combating with fortitude

It was a challenging year globally, with the pandemic affecting many societies in a significant manner. Our no. 1 priority has been to ensure the safety of our employees and balancing it with our commitment to our customers and society. At Solara, we have implemented safe practices and strict hygiene controls that limit the probability of virus transmission and to ensure the well-being of our people.

We have put in place safeguards to prioritise the safety of our offices and manufacturing facilities. A dedicated task force has been entrusted with the responsibility to closely monitor and implement best practices, hygiene controls, and travel restrictions as per the directions of the Ministry of Health and Family welfare, Government of India and other relevant authorities.

We have taken specific steps to support society and our employees tide through these unprecedented times.



AWARENESS

Regular expert advice is provided on all health and wellness-related topics to our employees via frequent communication sessions.

COPING WITH COVID

Doctors and wellness professionals conduct webinars available to all Solara employees. We have signed all employees into a service by which they can speak to an expert counsellor on any topic that is affecting their health and or well-being. There is round-the-clock assistance and teleconsultation services available with our in-house doctors. Multiple toolbox meetings are conducted at the site level to address employee concerns and issues, and there are dedicated task force teams to help employees.

FINANCIAL ASSISTANCE

The loss of a loved one can never be compensated, and we recognise that. However, we want to support the families of all our employees as best as we can. So Solara provides a sum equivalent to two years of gross salary for bereaved families of employees who have lost their lives due to COVID.

VACCINATION DRIVE AND TIE-UPS WITH HOSPITALS

Besides creating awareness about vaccination, we have tied up with a leading hospital chain for the vaccination of all the employees and their families. For people who have been vaccinated already, we are reimbursing the cost of the same.

OTHER SUPPORT

Paid leave privilege is provided for employees if they or their family members are impacted by COVID. In addition to this, we also provide medical loans to employees who need financial support for medical expenses related to COVID. The employees get dedicated help from the Company to support them with hospital admission and obtaining other medicinal needs.

OUR SOCIETAL NEIGHBOURS

We have tailor-made our approach to supporting areas surrounding our plants according to local needs. We have supported front-line workers with supplies, put up a COVID care centre in partnership with local authorities, distributed dry ration, and taken a host of other measures as the situation warranted.



CORPORATE IDENTITY

Progressing with Purpose

We are a global pure play Active Pharma Ingredients (API) and Contract Research and Manufacturing Services (CRAMS) company committed to addressing the changing needs of our customers and creating value for our stakeholders. Efficiency, innovation and compliance are integral to our growth strategy. Our ability to assess and identify opportunities to accelerate growth and facilitate expansion allows us to tailor our portfolio to the targeted markets based on customer centricity.

At Solara Active Pharma Sciences Limited (Solara), we are investing in capability, technology and capacity to improve efficiency, maximise synergy benefits and strengthen our position to capitalise on the significant growth potential of API manufacturing and CRAMS globally.

Right from its inception, Solara has aspired to be a top 10 pure play API player in the world, doing what is 'RITE' (R: Respect, I: Integrity, T: Transparency and E: Efficiency) for customers.

Our vision, mission and the RITE value philosophy are engrained in everything we do. These ideas have propelled us forward, getting enriched and, in turn, enriching the organisation along the way. As we evolve into the next phase of growth and success, in our journey, we will adhere to the following philosophy:



Our Values

P O W E R

Pledge to do what's right

Conducting oneself and one's business in the right way. Working in a manner which is high on transparency, integrity, compliance and always audit ready

Own it with speed

Working to achieve results with complete accountability and speed with focus on achieving the organisation's goals

Walk the talk

Being credible and authentic and embodying one's thoughts and words with one's actions and thereby, leading by example

Empower people

Strengthening the pillar of talent at Solara by empowering them, rewarding them, growing them and retaining them

Rise together

Working collaboratively in the spirit of togetherness and amidst all highs and lows



Our Purpose

Together for a healthier tomorrow



Our Vision

To be the partner of choice in enabling a sustainable and healthy world



Our Mission

We are a passionate team who are committed to enabling a healthy world. We create value for our stakeholders by delivering innovation, quality and customer delight

BUSINESS SEGMENTS

Strengthening our capabilities

API AND INTERMEDIATES



We develop and produce commercial APIs across therapeutic categories, with proven capabilities in complex products such as APIs based on polymers and injectables. 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 existing portfolio includes 60+ commercial APIs and 25+ APIs under development across high-value product segments. During FY 2020-21, we launched 2 new products across geographies, filed 8 US DMFs (doubling last year's total) and 3 EU DMFs. We have a customer base spanning 75+ countries.

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 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. We continuously have improved customer stickiness and repeat business opportunities with our customers.

Our core strength has been to cater from mg to MT scale from early discovery to late commercial supplies. Our track record in process development for targets in early phase drug development molecules with impeccable quality systems and global accreditations for GMP manufacturing provides a one-stop solution to our partners. Today, we are associated with Big Pharma, Mid-size and Emerging pharma Biotech companies from North America, Europe, ROW and Japan. We are venturing into a few niche technologies which will make us a clear partner of choice to our global customers.



MANUFACTURING FACILITIES

Building world-class scale

Our facilities offer wide ranging capabilities suited for a diverse product portfolio.

- 1 AMBERNATH**
Multi-purpose API and intermediate facility
- 2 BENGALURU**
Research and innovation centre
- 3 MANGALORE**
Niche as well as large-volume APIs and advanced drug intermediates
- 4 MYSORE**
Key intermediate manufacturing site
- 5 VISAKHAPATNAM**
Commissioned state-of-the-art greenfield, multi-product facility
- 6 CHENNAI**
Research and innovation centre
- 7 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
- 8 CUDDALORE**
Multi-purpose API and intermediate facility

- Mirrored facilities for developing products through highly automated and stringent quality systems
- Focus on technology and production processes that represent a clear advantage
- Capabilities in high vacuum distillation, hydrogenation, halogenation, Grignard reaction, polymer chemistry amongst others
- Globally compliant API facilities with all regulatory approvals and adherence to the highest quality standards
- Capacity created based on minimising concentration risk
- Flexible manufacturing can cater to both large volume APIs as well as small volume APIs
- Industry leading talent pool capable of handling broad array of manufacturing requirements

Key global approvals



A winning proposition

“Our focus on ensuring world-class quality and reliable supply chain performance has created further opportunities for us to enter new markets, scale up business with new customers and increase the share of wallet with existing customers.”

Bharath R Sesha
Managing Director and CEO



Dear Shareholders,

I am delighted to have the opportunity to present the Annual Report of the Company which encapsulates our progress in what has been a landmark year for us on multiple fronts. Despite the challenges encountered during the year, we have been able to execute our strategy with remarkable agility, and this is reflected in the success in many of our efforts.

If you look at the macro trends in the industry, they continue to provide tailwinds for our sustained growth as a company. Some salient trends are:

- Reliability of supply and consistent quality being the key criteria for customers' decision-making
- Opportunities are opening up to replace suppliers from regions such as China
- Focus on the technical prowess of a company as a key differentiator, especially in the CRAMS business

On each of the above counts, Solara is well-positioned to benefit from the opportunities and accelerate its growth.

Our focus on ensuring world-class quality and reliable supply chain performance has created further opportunities for us to enter new markets, scale up business with new customers and increase the share of wallet with existing customers. Our engagement with large pharmaceutical companies for growing our CRAMS business is starting to gain traction, which augurs well for our future.

A MILESTONE MERGER

Before I delve into some of our key achievements in FY 2020-21, I would like to write about a crucial milestone for Solara – the recently announced merger with Aurore Life Science, Emphyrean Lifesciences and Hydra Active Pharma Sciences which makes us the second largest API/CRAMS player in India.

Aurore is engaged in developing a wide range of generic pharmaceutical products. The proposed merger will facilitate focused growth and operational efficiency. This Merger enhances business potential and increases the capability of Solara to offer a wider portfolio of products with a diversified resource base and help develop deeper client relationships. Besides, it will add to our R&D capabilities and lead to greater economies of scale. The move is EPS accretive immediately and fits in with the other strategic priorities of Solara. Post the necessary shareholder and regulatory approvals, we will begin executing and realising the synergies from the merger.

THE YEAR THAT WAS

We started FY 2020-21 under extremely tough circumstances, with the first wave of the COVID-19 pandemic threatening our employees' wellness, our supply chain,

and creating uncertainty in the distribution network and thereby our ability to deliver to our clients.

The Solara team rose to this challenge, and I am immensely proud of the fact that every employee of the Company went beyond his/her call of duty to ensure that we were able to function smoothly and fulfil our commitments to our customers and to the larger society. We ensured that our employees' were safe through various initiatives targeted at their physical and mental well-being.

Through this difficult period, we executed our business continuity plans and safety plans to minimise disruptions in our services to our customers. We also supported the communities in our locations through the supply of ventilators, sanitisers, dry rations, and other such needs to help pandemic-impacted neighbourhoods. We continue to take employee safety and wellness as our topmost priority and we are taking all measures to provide a safe working environment across all our locations. Our employees have seamlessly transitioned to working in the 'new normal' and their dedication has made it possible for Solara to further endear itself to its partners because of the reliability and quality of its goods and services.

In spite of the impact of the pandemic, we were able to complete the construction and operationalise our greenfield facility at Vizag. We commissioned Phase 1 of the Vizag facility in Q2 FY 2021, and commercialised and scaled up the facility in the second half of the year. With the commissioning of the Vizag facility, we have significantly strengthened our Ibuprofen business with our ability to deepen our market presence and customer reach.

The year also saw us enhance our regulatory filing velocity. We have more than doubled our regulatory filings in the US and EU markets compared to FY 2019-20.

OTHER SIGNIFICANT GAINS

The year also saw us enhance our regulatory filing velocity. We have more than doubled our regulatory filings in the US and EU markets compared to FY 2019-20. We hope to maintain this momentum in the coming years on the strength of the changes we have implemented in our R&D function.

Our signature strength in generating cost efficiencies continued unabated during FY 2020-21. In both sourcing and operations, our teams did an exceptional job in reducing costs and optimising resource use. This has enabled us to record consistent growth in margins over the year.

In FY 2020-21, we have also infused strength and vigour in the leadership as part of the planned transition process. I am delighted to work with a high-calibre leadership team as we embark on an exciting future together. All in all, despite the unique challenges of FY 2020-21, we have been able to sustain our growth momentum.

RIGHT TO WIN

I would like to briefly elucidate how we are executing our long-term strategy with a clear vision to be one of the top global API/CRAMS players.

I had alluded to some macro developments in the opening paragraph. To disproportionately benefit from the macro tailwinds, we have decided on some key strategic pivots to drive our growth.

The first pivot is to ensure that we differentiate our upcoming product portfolio so that we have the 'Right to win' on a sustainable basis. To this end, we have refreshed our product selection process, where we have taken special care to balance market/business metrics with technical/science-based differentiation. This balanced approach will allow us to invest our R&D resources in products that further differentiate Solara, create long-term customer stickiness, and enables sustainable, profitable growth.

The second and an equally important pivot is to undertake programmes and initiatives that will deepen the talent pool and employee engagement. To accomplish this, we have initiated a host of measures, including those that enhance the Company's image as a purpose-driven organisation, rejuvenate our HR processes, and structure our approach to talent acquisition and development.

I fundamentally believe that the right talent working in the right culture and executing the right strategy will enable us to create greater value for our stakeholders.

I take this opportunity to thank the Board, shareholders and all our stakeholders for investing their trust and confidence in us.

Thank You.

Bharath R Sesha
Managing Director and CEO

KEY PERFORMANCE INDICATORS

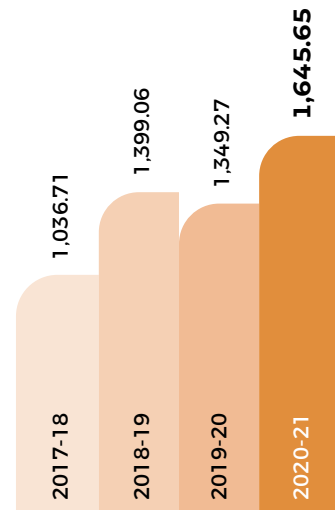
Performing with focus

Profit and loss

YoY Growth

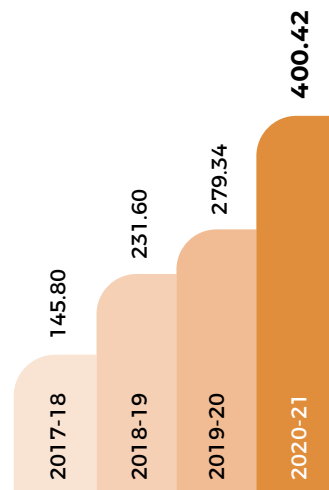
REVENUE
(₹ in Crores)

↑ 22%



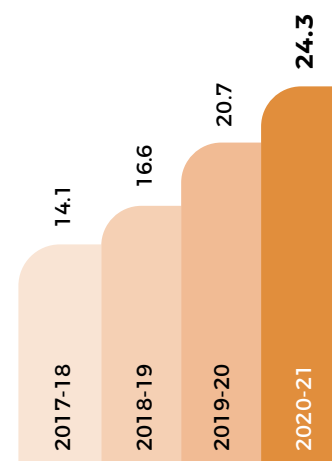
EBITDA
(₹ in Crores)

↑ 43%



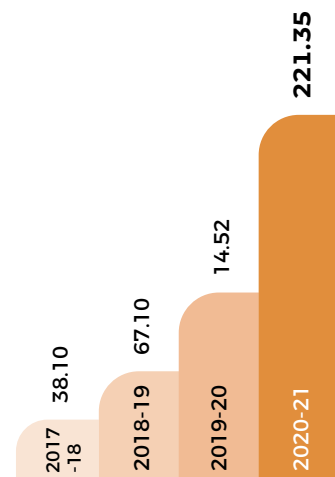
EBITDA MARGIN
(%)

↑ 360 bps



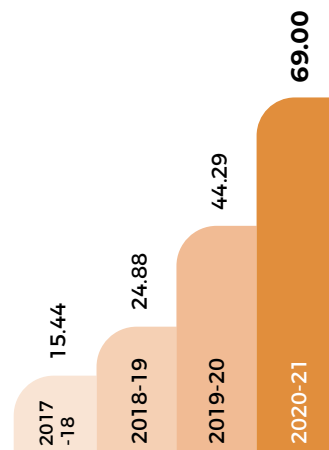
PROFIT AFTER TAX
(₹ in Crores)

↑ 93%



BASIC EPS
(₹)

↑ 56%



* Net debt = Non-current borrowings add Current borrowings less Cash and cash equivalents less Current loans receivable from related party.

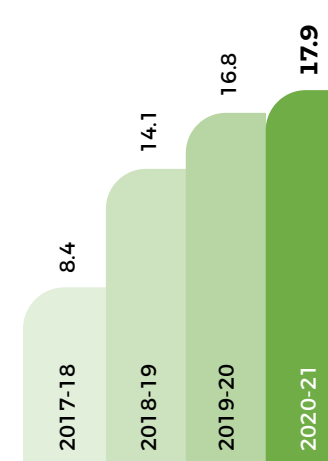
** Fixed Asset Turnover for FY 2019-20 is without considering the fixed assets of Vizag unit.

Balance sheet

YoY Growth

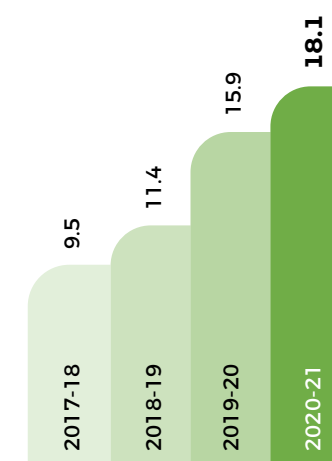
ROCE
(%)

↑ 110 bps

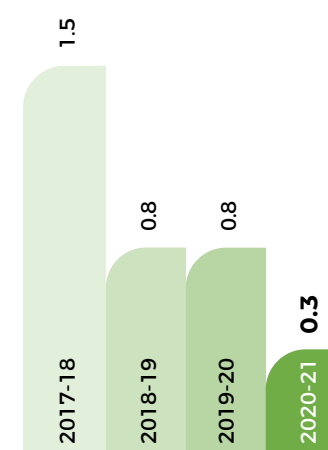


ROE
(%)

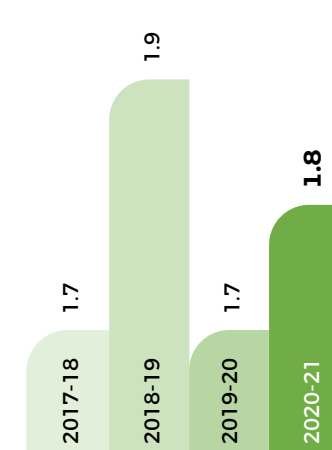
↑ 220 bps



NET DEBT/EQUITY
(x)



FIXED ASSET
TURNOVER
(x)



Key updates in FY 2020-21

REGULATED MARKETS*
REVENUES
(₹ in Crores)

1,173

↑ 10%

OTHER MARKETS*
REVENUES STOOD
(₹ in Crores)

472.65

↑ 68%

REGULATED MARKETS
REVENUES CONTRIBUTE

71%

OF TOTAL REVENUES

NEW PRODUCTS
CONTRIBUTED

9%

OF THE REVENUES

*Classification based on end market use.

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, FY 2019-20 and FY 2020-21 financial numbers are based on audited consolidated financial statements.
3. The above financial numbers are for continuing business only.

PROPOSED MERGER

Right step toward accelerating growth

With our merger with Aurore Life Science, Empyrean life sciences and Hydra Active Pharma Sciences, we will emerge as the second-largest pure play API / CRAMS company in India. On several other planes, the merger will provide a significant boost to our strategic priorities.

Solara and Aurore are two entities that complement each other in product portfolio, geographical presence and customers. This merger will amplify the mutual strengths - world-class quality systems, strong R&D capabilities and robust manufacturing infrastructure. The combination will provide a compelling value proposition for both our generic APIs and CRAMS customers and exciting opportunities for the talented teams to grow with the Company.

The announcement of the merger was made in April 2021, which with the requisite approvals, will result in Aurore merging with Solara in an all-stock transaction; the shareholders of Aurore will have 27% ownership in the merged entity. The transaction is immediately EPS accretive to our shareholders.



Coming together

We are well positioned to benefit immensely by leveraging the individual strengths.



MERGED ENTITY

6

Manufacturing sites

2

Manufacturing sites

8

Manufacturing sites with a combined reactor capacity of 3,000+ KL and regulatory approvals from global agencies

2

R&D centres

1

R&D centre

3

R&D centres in India with capabilities to develop over 25 products every year

60+

Commercial products

40+

Commercial products

100+

Commercial products and 50+ in the pipeline, resulting in higher share of the wallet

90+

DMFs

20+

DMFs

110+

DMFs

2,500+

Employees

700+

Employees

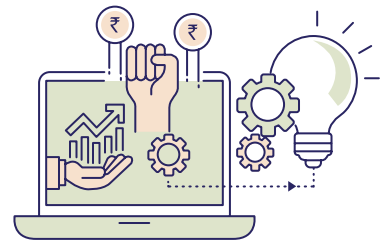
3,200+

Employees

BENEFITS OF THE MERGER

Synergies driving our strategic priorities

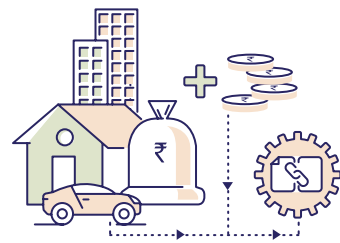
The synergies arising out of the consolidation following the merger will lead to enhancement of net worth of the combined business, increase earnings and cash flow, and thus enhance the value created for the stakeholders.



STRENGTHEN FINANCIAL OUTCOMES

Robust balance sheet provides opportunities for sizeable investments

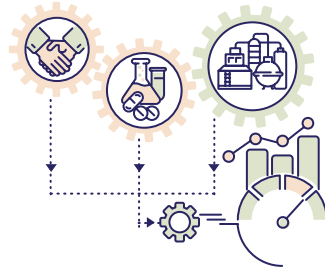
- Drive margin and earnings per share (EPS)
- Increase assets turnover from 1.8x to 2.0x
- Enhance Return on Capital Employed (ROCE) by 200 basis points to cross 20%
- Better operating leverage will drive incremental free cash, helping us attain transformative growth
- Strong balance sheet with Net Debt/EBITDA ratio ~1.0x providing significant headroom for growth



ASSET AND COST SYNERGIES

Aurore's capacity demand meets Solara's recent capex investments

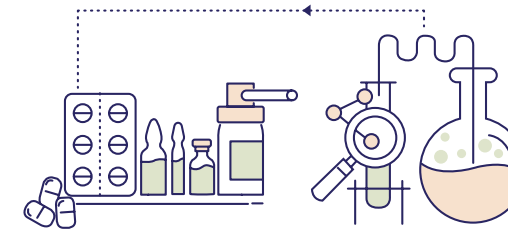
- Aurore has created 800 KL capacity and will need more capacity as it expands its market footprint and product basket
- Solara's significant capex outlay to build capacity in Vizag will meet Aurore's need for capacity and enable faster ramp up
- Aurore's intermediates presence will help in supply chain de-risking by backward integration for key KSMs
- Scale provides opportunities for supply chain efficiencies



ACCELERATE CRAMS GROWTH

CRAMS business revenue fortifies with the addition of Aurore's CRAMS portfolio

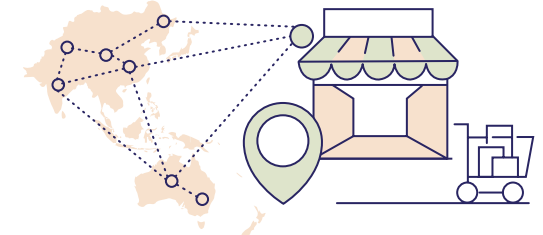
- Our nascent CRAMS business benefits from significant addition of Aurore's CRAMS revenue of ~₹ 150 Crores to reach a meaningful size
- Customer profile of CRAMS business is now significantly diversified, providing runway for future growth
- Existing Aurore partnerships with innovators for high value molecules can be leveraged



PRODUCT DIVERSIFICATION AND ACCELERATED R&D

Addition of 40+ new products from Aurore and significant R&D velocity

- Well-balanced product pipeline/portfolio with a good mix of high volume (Amlodipine, Valacyclovir) and niche products (Nafamostat Camostat, Levothyroxine) complementing our similar strategy at a different scale
- Aurore's strong track record of filings (15+ products a year) will accelerate our offerings up to 25+ new products a year
- Aurore has completed sizeable investments in developing portfolio of Antiretroviral (ARV) products, which allows us to enter a new space



GREATER MARKET PRESENCE IN ASIA-PACIFIC (APAC)

Our focussed APAC market benefits from Aurore's strong presence in the region

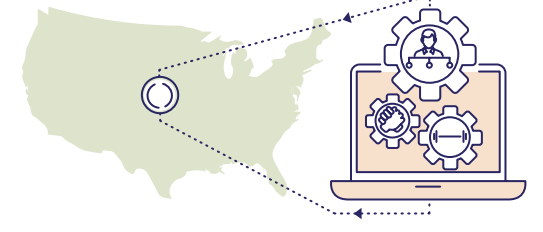
- We are in a position to significantly increase our APAC region sales with particular emphasis on Japan and South Korea
- Around 29% of Aurore's sales are from this focus region. Transaction will make the combination one of the largest API suppliers in the region (excluding India) with revenues in excess of ₹ 300 Crores
- Aurore complements our China focus by the addition of 7 DMF submissions, taking the total submissions to 14



LARGER CUSTOMER BASE AND HIGHER SHARE OF THE WALLET

Improved product portfolio will enable us to grow further with our marquee customers

- Our customers will benefit from the combination which offers sizeable cross-selling opportunities
- Increased product portfolio will provide more opportunities for partnering with customers
- Our strategic customer-focused approach will leverage Aurore's product portfolio and strengthen long-term relationships with customers



US PRESENCE BOLSTERED

Our leadership position in the US gets further augmented by strong filings of Aurore

- Aurore has filed 20 DMFs for the US market and these products are complementary to our existing filings
- 4 DMFs have been triggered for source variation/Abbreviated New Drug Application (ANDA) filings, resulting in near-term upsides for us in the US

OPERATING LANDSCAPE

Poised to maximise on opportunities

With rapid advancements in the pharmaceutical industry, the demand for API is poised to grow in a sustainable manner. Solara is well positioned as a partner of choice in this evolving environment with robust capabilities and capacities.



API MARKET SIZE

Global API market valued at US\$ 180.4 Bn in 2020 and is expected to reach US\$ 284.3 Bn by 2027, with an estimated CAGR of 6.7%.

GROWTH PROPELLERS

- Globally, regulated markets continue to outgrow the less regulated markets, and this trend is likely to continue in the near future. North American and Asian markets will have the highest incremental growth until 2027 and will be the key geographies of focus for the long term
- Increasing prevalence of chronic diseases and geographic expansion of API manufacturers in Asia will be the key growth driver
- Increasing investment in R&D by manufacturers is helping them gain technological capabilities, which will act as differentiators
- Rising demand for Contract Development and Manufacturing Organisations (CDMOs) offering API manufacturing services would also support the API market
- Small molecules continue to be the largest contributor of sales (87% share) and will outgrow the large molecule APIs in the next 5-year horizon
- Increasing production of generic drugs is driving the market growth of global APIs, with India at the forefront



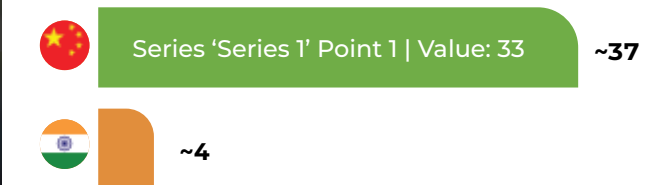
INDIA PROMINENCE

India supplies ~50% of the vaccines and ~40% of drugs to the US. It supplies ~25% of the UK's drugs as well

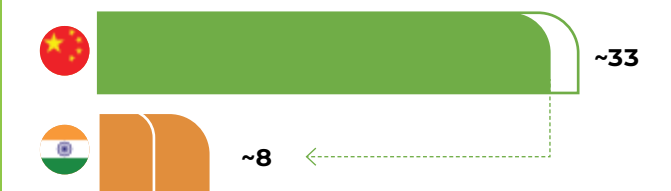
INDIAN API INDUSTRY POISED TO BENEFIT FROM CHINA+1 TRENDS

Indian API exports are 1/9th of China's - a 10% market share shift from China to India can potentially double India's API market to ~US\$ 8 Billion.

2019-20 API EXPORTS (US\$ bn)



10% SWITCH TO INDIA CAN DOUBLE INDIAN API EXPORTS (US\$ bn)



Emerging trends

Increasing regulatory oversight

Focus on supply chain reliability

Concerns around competing interests

Growing environmental concerns

Advantage India

Largest number of FDA approved plants outside the US

Highest number of DMF filings with US FDA

Growing share of ANDA approvals

Strong focus on ESG

Source: Clarivate API report and IQVIA

VALUE PROPELLERS

Sustaining the growth momentum

We are building on our growth momentum by focusing on our strengths and select strategic pivots which will take the Company to new heights.

With a reliable foundation in place, our objective is to sharpen our focus in specific areas. We are ensuring that we have the scale and supply chain reliability to compete profitably across product categories, and that we are leveraging our capacity to innovate while addressing unmet market needs.



STRONG PIVOTS FOR VALUE CREATION

Value drivers	Pivots	Focus areas
Base molecules	<ul style="list-style-type: none"> Anchor regulated market position Ensure backward integration for better margin management 	<ul style="list-style-type: none"> Anchor customer partnerships, especially in the regulated markets Continued cost leadership via operational efficiencies and backward integration Leverage market leadership in niche product variants
New products	<ul style="list-style-type: none"> Increase R&D velocity Refresh product selection process Focus on speed and science 	<ul style="list-style-type: none"> Right product selection (product complexity and market attractiveness) Differentiated product offering coupled with fast time-to-market Focus on strategic customer partnerships to achieve sustained growth
CRAMS	<ul style="list-style-type: none"> Transition from 'incubation' to fast growth business 	<ul style="list-style-type: none"> Science-based differentiation via additional technological capabilities (acquisitions/organic growth) Positioning based on capability to solve 'tough' chemistry challenges via technology platforms Leverage existing innovator customer base for rapid scaling
Inorganic growth	<ul style="list-style-type: none"> Acquisition in the CRAMS space 	<ul style="list-style-type: none"> Footprint in the West as an enabler to accelerate business development Acquire to add to 'science' capabilities Significant acceleration of organic CRAMS business
Synergies	<ul style="list-style-type: none"> The announced merger with Aureore could create synergies on a host of critical business levers 	<ul style="list-style-type: none"> Aureore's capacity demands meet Solara's recent capex investments CRAMS business triples in revenue with the addition of Aureore's CRAMS portfolio 3X R&D velocity - speed of new product introduction transformed 40+ additional products - breadth of portfolio enhanced Strengthened global customer footprint via complementary market presence

Our key enablers will ensure sustainable growth momentum.

Capacity and capability

[Read more Page 20](#)

Scientific excellence

[Read more Page 22](#)

Product

[Read more Page 24](#)

Process

[Read more Page 26](#)

People

[Read more Page 28](#)

KEY ENABLERS: Capacity and Capability

Growing our capacity and capability

Our world-class facilities are equipped with complex capabilities, including the capability to handle catalytic hydrogenation, hydride reductions, organometallic reactions and hazardous reactions, among others. Our expanding greenfield facility is expected to add diversity and scale to our asset base.

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



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.

FLEXIBLE AND DIVERSE

We have four globally compliant API facilities with necessary regulatory approval. We have 2,078 KL Phase 1 (2,866 KL phase 2) reactor capacity and various reactor sizes, showcasing our diversity and flexibility. Our manufacturing network ranges from high volume dedicated plants to low volume niche APIs and all sizes in between. We also offer state-of-the-art infrastructure and instrumentation for our existing customers.

ROBUST COMPLIANCE

Our manufacturing facilities enjoy regulatory approvals from the US FDA; European Directorate for the Quality of Medicines (EDQM); Korea Food & Drug Administration (KFDA) - South Korea; Euro Zone - Good Manufacturing Practice (EUGMP) - Danish, World Health Organisation (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.

NEW STATE-OF-THE-ART FACILITY AT VIZAG

We are developing a multi-purpose greenfield facility at Vizag, India to cater to future growth opportunities. Despite pandemic-led challenges, we commissioned phase 1 of the facility, which is serving as an alternative site for our key APIs to anchor our supply chain reliability. This facility has multipurpose blocks for large volume and mid-small volume APIs.

Services across 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

KEY ENABLERS: Scientific Excellence

Relentless pursuit of R&D excellence

Our in-house R&D capabilities add to our speed and expertise.

We have two world-class R&D centres – one located in Bengaluru and the other in Chennai. Both centres are equipped with state-of-the-art infrastructure and resources to carry out generic API development and CRAMS projects. While the Bengaluru facility focuses on complex generic and therapeutic polymer projects, the Chennai centre focuses on generic API development and custom delivery projects.

In addition, we have a Kilo-Lab at the Chennai site where the scalability of products from the lab scale to the commercial scale can be tested. The Kilo-Lab has facilities to carry out reactions over a wide range of temperatures in SS, GLR and Hastelloy reactors. It also has facilities for hydrogenation, which is effectively used for diverse intermediates using both homogeneous and heterogeneous conditions.

TECHNOLOGY MOMENTUM

Our robust technology platforms enable us to deliver high-quality world-class products. We are working on several new technologies to make strides in the coming years.



OUR R&D STRENGTHS

Technical expertise

Strong technical leadership to develop high-quality pharma products that create strategic value for our partners and customers

Product selection

Focus on differentiated products characterised by complex formulations across diverse therapeutic categories

Development

R&D capability to develop over an entire cycle with new and better technologies at competitive cost

Regulatory filings

Strong IP assessment capabilities and strong global regulatory expertise

FILING MOMENTUM

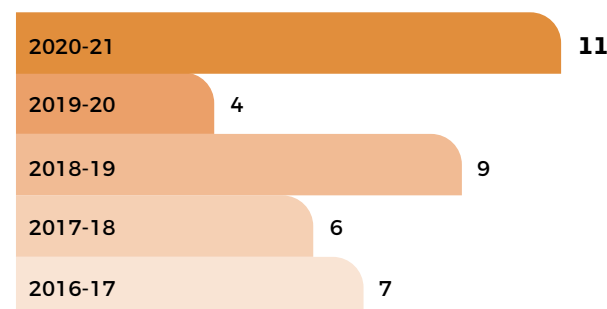
Our R&D has had the most successful year in the history of the Company, filing the largest number of Drug Master Files (DMFs), and executing the largest number of validations and development reports. A significant number of regulatory queries were closed. Also, significant progress was made in the evaluation of nitrosamines in our products.

We have strengthened our approach to nitrosamine detection and estimation in commercial and development products. We have created a cross functional team that focuses on ensuring adequate prevention and control of nitrosamines in both new and existing products. We have deployed state-of-the-art equipment to monitor nitrosamine levels in the intermediates and the final product.

Further, by controlling the raw material and process, we are ensuring that these impurities are controlled in the final product.

DMF FILING RUN RATE

(No.)



POLYMERS

Insoluble therapeutic polymers form a small subsection of polymers. These therapeutic polymers generally exert their action in the gastrointestinal (GI) tract by sequestering very specifically certain harmful inorganic ions, bile acids etc. Therefore, they differ in their mode of action from most small molecule drugs and their metabolites that are eliminated largely by the kidneys through urine. Polymer drugs work in the body through adsorption mechanism and since they do not get absorbed in the GI tract and in the blood stream, they finally get eliminated through faeces. Insoluble polymer drugs thus reduce load on the kidneys.

While listing examples of first and second-generation polymer drugs, we have also highlighted the exciting chemistry/engineering challenges involved in polymer drug characterisation and manufacturing.

We have a strong development/commercial portfolio in polymer products and we are also a supplier of polymer drugs. We have already filed DMFs for molecules such as Sevelamer Carbonate, Sevelamer HCl, Patiromer, Colesevelam and Colestipol with several more molecules under development.. Our facilities are designed to cater to efficient small/large volume polymer requirements over multiple sites and we maintain a strong regulatory oversight for regulated markets.

We are working with innovator companies to develop novel polymers in the CRAMS segment.

KEY ENABLERS: Product

Fortifying our product suite

We have established a strong presence in key regulated markets and in other important markets across the world. We have invested in dedicated teams and retained a focused approach to win in these markets, with both existing and new products.

In the CRAMS business, we are leveraging our existing customer base, our strong foundations of quality and investing in new technologies.

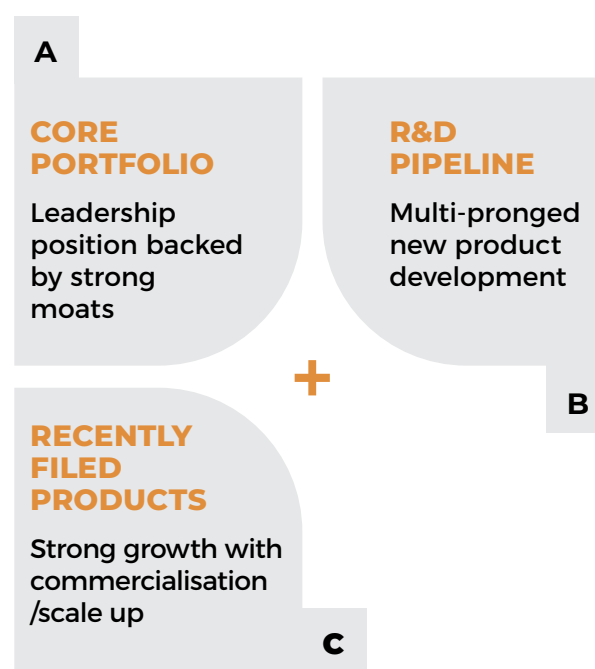


GOOD PORTFOLIO MIX

We have a unique combination of core products that provide a strong base to drive consistent growth. New API launches are providing growth impetus along with an R&D pipeline tailored to emerging customer needs. We have an attractive portfolio of APIs with capabilities in complex APIs; 60+ commercialised products and 180+ DMF filings. We enjoy cost leadership in many of our large-volume products.

Our base products provide a strong foundation and act as customer 'door openers'. Our new product pipeline includes some star products such as Saproprotein, Sodium Zirconium etc. Our product selection strategy that focuses on New Chemical Entity (NCE) molecules, quick to launch approach and market extensions is driving encouraging results. We are also focusing on the selection of higher margin molecules across the short to long-term spectrum, with emphasis on leveraging strong chemistry, technical and infrastructure capabilities.

Product strategy



GEOGRAPHY-WISE FILING



CRAMS BUSINESS APPROACH

<p>Confidentiality Customer confidentiality guaranteed</p>	<p>Responsiveness Highly responsive, customer-focused teams from inquiry to delivery</p>	<p>Performance Delivery performance a KPI, even at the proposal stage</p>
<p>Team Dedicated project management, driving project execution and responding to customer needs</p>	<p>Transparency High level of communication, visibility and customer involvement</p>	<p>Feedback Post-project customer survey to continuously monitor our performance and drive improvement</p>

KEY ENABLERS: Process

Strengthening our processes

Our processes are robust and scalable and uphold global best practices with regard to health and safety as well as sustainability. Our cost improvement programmes, including supply cost reductions and operational improvements, are driving better business outcomes. We maintain one product quality for all markets with regular vendor audits to support cost reduction and ensure robust quality systems.

Solara's processes enable it to be a partner of choice

Assured supply to customers

Diversified manufacturing base

Diversified manufacturing base

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

WORLD-CLASS QUALITY CONTROL LABORATORIES

Our quality control laboratories are state-of-the-art and fully compliant with US FDA 21CFR Part 11 requirements and Computer System validation guidance requirements. These analytical testing labs are equipped with high-end and sophisticated analytical instruments to test and release the raw material, in-process samples, intermediates and drug substances (API) as well as microbial samples.

The GxP Software and application platforms, which are integrated with analytical instruments, are accredited globally by various regulatory authorities. Among the applications are Chromeleon (for Chromatographic instruments HPLC, GC, ICP, LC_HRMS etc.), Lab Solutions (UV Spectrophotometer), Ally Soft (Stability Chambers), Tiemo software (Titrator & pH meter), Spectrum ES (Infrared Spectrophotometer) and Master Sizer 3000 (Particle Size Distribution Analyser).

Our analytical instruments are integrated with various GxP software and application platforms, which ensure that the data generated are reliable, compliant with the 21 CFR Part-11 requirements and integrity of the raw data as per ALCOA principles.

Confederation of Indian Industry (CII) Southern Region EHS Excellence Awards 2019

The Confederation of Indian Industry (CII) Southern Region has spearheaded the 'Excellence Award in Environment, Health and Safety (EHS)' for companies which excel in EHS practices and implement it effectively in the work area. Our Cuddalore site secured a 5-star rating for excellence in EHS practices, our Puducherry site secured a 4-star rating for commitment to EHS practices, and the Mangalore site and SRC secured a 3-star rating in appreciation of EHS practices. This prestigious award is an acknowledgement of our commitment to high standards of EHS management. We are committed to strengthening EHS across all sites and locations.

19,128 tCO₂-e

Of GHG emissions reduced by usage of renewable energy sources, equivalent to the emissions generated by 4,158 passenger cars in a year



E-QMS SYSTEM ACCREDITED BY GLOBAL REGULATORY AUTHORITIES

Our Quality Management System (QMS) is designed in compliance with the cGMP guidelines issued by various national and international regulatory authorities, and is also in line with directives of the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH). Globally renowned GxP applications are deployed at Solara to handle QMS requirements electronically as e-Docs/e-Records.

Several electronic GxP applications, which are accredited globally are implemented across all our sites. These include track-wise system to handle the quality elements of the QMS (such as change control, deviations, customer complaints, OOS, CAPAs, etc.), SAP Hana version to handle Material Management Systems, LIMS - Laboratory Information Management System (Labware Solutions) at Quality Control laboratories for cGLP compliances, Statistical tool (MiniTab) to evaluate the GxP data trends, Document Management System application (New Gen) to establish the procedures, and Learning Management System (Compliance-Wire) to handle the training activities and documentation.

ENVIRONMENTAL, HEALTH AND SAFETY (EHS)

We proactively work on achieving high standards of Environmental, Health and Safety (EHS) systems and practices. Our EHS framework provides for the creation of a safe, healthy workplace for our employees, contractors and the community. We are committed to manufacturing products safely and in an environmentally-responsible manner.

ACHIEVEMENTS IN FY 2020-21

- Our Ambernath facility received Certificate of Merit from the National Safety Council, Maharashtra for 'Lowest Average Accident Frequency Rate'
- We improved our EcoVadis Score from 31 to 47 and was awarded a bronze medal in recognition of the Sustainability achievement
- Our Mangalore site was certified for ISO 14001 and ISO 45001
- We conducted a Red Tag Event to identify unsafe conditions and unsafe acts to make the workplace injury and incident free. All employees and contractors actively participated in the event

KEY ENABLERS: People

Empowering our people

Our highly engaged teams manage the end-to-end global supply chain to achieve and augment efficiencies with an unmatched focus on quality and compliance. We are investing significantly in safety and compliance, and recruiting high-calibre talent to ensure that we are able to sustain revenue growth, margin expansion and cost synergies.

PURPOSE-DRIVEN ENGAGEMENT

The people policy at Solara is aimed at creating a unique talent differentiation that is enabled by the organisation's purpose. Solara is committed to enabling a healthier tomorrow for everyone and our employees are driven by this aim. Research has amply proven that the most reliable way to boost and sustain engagement is to have a purpose-driven culture and leadership ethos. We have taken key steps to ensure this through listening and brainstorming sessions with all key leaders.

COMPETENT TEAM OF DOMAIN EXPERTS

The API industry is a knowledge-based industry and Solara is cognizant of this. We believe in hiring the best and suitable talent. Having the right talent for the right role will enable the Company to retain its competitive edge and help it pioneer solutions the world needs. Our talent acquisition process has been successful for not only the CXO suite but for a host of business critical roles.

ROBUST CORE SKILL SETS

We focus strongly on agility to speed up the development of products that cater to customer needs. We have 150+ R&D chemists working on novel techniques and technologies to cater to the everchanging market requirements. We have dedicated engineers who help scale up pilot R&D projects to commercial scale. Our in-depth product and industry knowledge, quality-oriented teams help cater to ever evolving customer needs.



LEADERSHIP TEAM EXPERIENCE

Led by industry veterans with 120+ years of cumulative industry experience

CORPORATE SOCIAL RESPONSIBILITY

Doing good for our communities



We are helping drive socially inclusive and need-based interventions in the realms of health, hygiene, sanitation and education. In FY 2020-21, we channelled our efforts toward community care activities and our actions made a positive impact on the lives of local people.



HEALTH & HYGIENE

- We run two dispensaries catering to 1,100+ patients monthly
- We maintain eight RO water plants
- We supply safe drinking water to Kudikadu colony



EDUCATION

- Constructed classrooms at government school in Cuddalore
- Improved overall infrastructure at zilla parishad government school at Ambernath



STANDING BY OUR COMMUNITIES DURING THE PANDEMIC

We have engaged with our stakeholders at various plant locations who are vulnerable to COVID-19 and its impact. Some of the CSR efforts are as follows:



Helping hospitals

- Donated two ventilators to General Hospital, Cuddalore
- Distributed thermal scanners/oximeters to the district health department/ frontline COVID warriors
- Donated PPE kits to Rajawadi Hospital, Ambernath.



Supporting frontline teams

- Distributed 40,000+ masks, 1,000+ pairs of gloves across Puducherry, Cuddalore and Mysuru
- Food packets distributed to the police/frontline warriors



Supporting the affected

- Survival kits distributed to the affected people at containment zone in Mysuru
- Rice and groceries distributed amongst the people of Kudikadu village panchayat and also across regions in Puducherry and Mangaluru
- Rice and grocery donated to Global Trust Orphanage & Oasis - home for the differently abled in Cuddalore

We have created a three-year roadmap for sustainable impact in areas of health, education, employability and environment. The roadmap includes plans such as building a model village, adopting and redeveloping a school.

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 Thadani
Non-Executive Director



Mr. Subhash Anand
Executive Director & CFO



Mr. Bharath R Sessa
Managing Director & CEO

MR. DEEPAK VAIDYA

Chairman & Non-Executive Director
(DIN 00337276)

Mr. Deepak Vaidya is a fellow member of the Institute of Chartered Accountants in England and Wales. He had previously worked as the Country Head of Schroder Capital Partners (Asia) Pte. Ltd. for over 12 years. He is experienced in the corporate financial services industry in India and abroad. He also serves on the board of other reputed companies.

MR. NIRMAL BHOGILAL

Independent Director
(DIN 00173168)

Mr. Nirmal Bhogilal is 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 was past President and currently a Committee Member of the Indian Machine Tool Manufacturers Association (IMTMA). He has been chaired various committees in the Confederation of Indian Industry (CII) at the

national and western region levels, and is currently a member of the CII National Council. He is a Committee Member and past 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
(DIN 00161542)

Mr. Ramakrishnan is a Fellow Member of The Institute of Chartered Accounts of India and a Law Graduate from Bangalore University. He is a Practicing Chartered Accountant at Bangalore with more than 4 decades of experience on Direct Tax matters, Audit and Assurances. He has been serving as Independent Director in listed Companies for more than 3 decades and also serves on the Board of reputed companies. He is Managing Trustee for RRK Foundation, which financially supports many students of higher secondary schools belonging to economically weaker sections and also carries lot of Social Projects through his Foundation. He is an Independent Director and Audit Committee Chairman of the Company.

DR. KAUSALYA SANTHANAM

Independent Director
(DIN 06999168)

Dr. Kausalya Santhanam, Founder of SciVista IP & Communication (www.scivistaip.com), is a patent attorney registered with the Indian Patent Office as well as the US Patent and Trademark Office. She has a Ph.D. 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 Center 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 Albert Einstein College of Medicine, New York, she worked towards understanding the mechanisms of an apoptotic molecule.

All her research work has been published in reputed journals. Later, she worked for five years in the Intellectual Property Department of CuraGen Corporation, a biopharmaceutical company at Connecticut, USA.

MR. RONALD TJEERD DE VRIES

Independent Director
(DIN 08265610)

Mr. Ronald Tjeerd de Vries (Ron) is an MSc in Chemical Engineering and IMD Executive Leadership Alumni. He has 25 years' experience of working with multinational corporates in the pharma and food industries. Presently he is owner and MD of RDV Consulting based at Auckland (NZ).

MR. ANKUR THADANI

Non-Executive Director
(DIN 03566737)

Mr. Ankur Thadani is a Principal at TPG Growth, based in Mumbai. He joined TPG in 2013 and has worked on multiple investments in healthcare, energy and consumer sectors across India and the broader South-Asia region. He 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 the consumer and healthcare sectors. He received his MBA from IIFT, where he was awarded a Gold Medal for all-round achievement.

MR. SUBHASH ANAND

Executive Director & CFO
(DIN 07348933)

With over three decades in multinational and Indian companies, Mr. Anand has extensive experience in operational and strategic finance. In his earlier roles, he was involved in M&A projects, equity raise, margin expansion, prioritising investment and generating free cashflow. He has partnered across the business that led various projects like SAP implementations, GST transitions,

digital finance, shared services for global finance operations.

He brings a wealth of experience across margin expansion, the full array of the finance function including treasury, investor relations, strategy development and deployment, financial planning and analysis, shared services, controllership, secretarial and taxation.

He is a qualified AICWA (India) and a Certified Management Accountant (CMA) from the Institute of Management Accountants (USA) with 30+ years of managerial and professional experience. His last held position was as President & CFO at PI Industries Ltd (PIIL). Prior to PIIL, he worked in Whirlpool, Sterlite Industries, Hindustan Copper Ltd. and Calcom in senior finance roles.

MR. BHARATH R SESSA

Managing Director & CEO
(DIN 01983066)

Mr. Sessa has over two decades of experience across diverse industries. His expertise spans the pharmaceutical, healthcare and material sciences industries. He has operated across the US, Hong Kong, China, the Middle East, Africa and Europe. He has held CXO level positions in companies such as DSM Sinochem Pharmaceuticals and Royal DSM NV. During the course of his career, he has led organisations through transformative growth. He has had particular success in putting together well thought out strategies and setting up winning teams that have delivered excellent results. At Solara, he is focusing on leveraging its unique strengths and abundant human talent in building a successful and growing company. He 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 the Thunderbird School of Global Management, US.

LEADERSHIP TEAM



Mr. Bharath R Sesa
Managing Director & CEO



Mr. Subhash Anand
Executive Director & CFO



Mr. Rajesh Salwan
Chief Operating Officer



Dr. Sudhir Nambiar
Chief Scientific Officer (Head R&D)



Mr. Sundara Moorthy V
Chief Quality Officer

CORPORATE INFORMATION

REGISTERED OFFICE

201, Devavrata,
Sector 17, Vashi,
Navi Mumbai - 400 703.
Tel.: +91 22 2789 2924
Fax: +91 22 2789 2942
Email: investors@solara.co.in
Website: www.solara.co.in
CIN: L24230MH2017PLC291636

CORPORATE OFFICE

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No. 28, Sardar Patel Road, Guindy,
Chennai - 600 032.
Tel.: +91 44 4344 6700/2220 7500
Fax: +91 44 2235 0278

BENGALURU OFFICE

Municipal No. 2/1, A, BBMP Ward No.78,
No.2, 2nd Floor, Embassy Vogue, Palace
Road, Vasanth Nagar, Bengaluru - 560 052.
Tel.: +91 80 4663 2100
Fax: +91 80 4663 2125

R&D CENTRE

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

Jigani R&D

No 11, 1st and 2nd Floor, KIADB Industrial
Area Phase-I, Jigani, Bangalore - 560 105.

OVERSEAS OFFICE

North America
197, Rt 18 South, Suite 102, East
Brunswick, NJ 08816, USA.

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP
Prestige Trade Tower, Level 19, 46, Palace
Road High Grounds, Bengaluru - 560 001.

INTERNAL AUDITORS

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

REGISTRAR AND SHARE TRANSFER AGENT

Cameo Corporate Services Ltd
Subramanian Building
1, Club House Road
Chennai - 600 002.
Ph: 044 - 2846 0390 (5 lines)
Fax: 044 - 2846 0129

BANKERS AND FINANCIAL INSTITUTIONS

RBL Bank Ltd
IDFC First Bank Ltd
IndusInd Bank Ltd
ICICI Bank Ltd
HDFC Bank

PLANTS

Puducherry
Mathur Road, Periakalpet,
Puducherry - 605 014.

Cuddalore

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

Mangalore

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

Mysore

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

Ambarnath

Plot No. N-39/ N-39-1, Anand Nagar MIDC,
Additional Ambarnath, Ambarnath (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.

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the **Fourth Annual Report** of Solara Active Pharma Sciences Limited (the Company) together with the audited financial statements for the year ended March 31, 2021.

1. FINANCIAL SUMMARY

(₹ In Crores)

Financial Results	Standalone		Consolidated	
	2020-21	2019-20	2020-21	2019-20
Gross Revenue	1,645.29	1,349.26	1,645.65	1,349.27
Profit before interest, depreciation and tax	399.35	276.20	400.42	279.34
Profit before tax	220.96	112.49	221.50	114.91
Profit after tax	220.96	112.49	221.35	114.52
EPS (basic) on the basis of ₹ 10/- per share	68.86	43.47	69.00	44.29
EPS (diluted) on the basis of ₹ 10/- per share	64.40	42.03	64.53	42.82

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 2500+ 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.

FY 2020-21 was a stellar year of performance for the Company, as it achieved significant milestones with its contrarian strategies and perspectives on the business.

3. COVID-19

The fiscal year 2020-2021 was a challenge in many ways, there was an exponential surge in the Covid-19 cases in many countries, forcing the Government to impose lockdown. The safety of employees was paramount in all the decisions taken by your company to continue or restart operations. The company is also using innovative methods to

support its customers during this crisis. The spread of this virus has compelled your company to revisit its ways of working, including working from home.

Based on the available information and the business projections by management, which appear reasonably conservative, the Board is satisfied that no material adjustments are required to the Financial statements for 2020-21.

4. DIVIDEND

During the year, the directors have approved payment of interim dividend of ₹ 4/- (40%) per equity share of face value ₹ 10/- each for distribution of the profits of the company, which had resulted in a payout of ₹ 14.36 Crores.

The Board of Directors of the company are pleased to recommend a final dividend of ₹ 3/- per equity share of face value of ₹10/- each for the financial year ended March 31, 2021 subject to the approval of the shareholders of the company at the ensuing annual general meeting scheduled to be held on August 25, 2021.

The Register of Members and Share Transfer Books will remain closed from August 21, 2021 to August 25, 2021 (both days inclusive) for the purpose of payment of final dividend for the financial year ended March 31, 2021. 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.

5. SHARE CAPITAL

The Authorised Share Capital of the Company as on March 31, 2021, stood at ₹ 120,00,00,000/- divided into 12,00,00,000 equity shares of ₹ 10/- each.

The Issued, Subscribed and Paid-up Equity share capital of the Company as on March 31, 2021, stood at ₹ 35,92,97,670/- divided into 3,59,29,767 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 allotment of 86,00,000 equity shares by conversion of warrants and 4,74,500 equity shares consequent to exercise of stock options by the employees.

6. EMPLOYEES STOCK OPTION PLAN

As at March 31, 2021, the company has "Solara Employees Stock Option Plan 2018".

During the year under review, Nomination and Remuneration Committee of the Board (NRC Committee) has granted 2,40,000 options convertible into equal number of equity shares of face value of ₹ 10/- each to the senior management personnel of the Company. Statement giving detailed information on stock options granted to Employees as required under the Companies Act and SEBI Regulations is enclosed as Annexure 8 to this Report.

7. MATERIAL CHANGES AFFECTING FINANCIAL POSITION OF THE COMPANY

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

8. SCHEME OF AMALGAMATION

The Board of Directors of the Company at its meeting held on April 9, 2021 have approved the Scheme of Amalgamation for merger of Aurore Life Science Private Limited, Emphyrean Lifesciences Private Limited and Hydra Active Pharma Sciences Private Limited (Transferor companies) into the Company (Transferee Company) in terms of Section 230 to 232 of the Companies Act, 2013. The Scheme is subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal, the shareholders and creditors of each of the companies.

The appointed date for the said scheme of amalgamation is April 1, 2021 or such other date

as may be agreed between the Transferor Company and the Transferee Company and approved by the National Company Law Tribunal.

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 7.

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 10.

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 2020-21, the Directors met seven times i.e., on May 7, 2020; August 3, 2020; October 12, 2020, October 30, 2020, November 11, 2020, February 3, 2021 and March 31, 2021.

13. DIRECTORS & KEY MANAGERIAL PERSONNEL

As on date of this report, the Board comprised of 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. Deepak Calian Vaidya, Non-Executive Director – Chairman, retires by rotation at the

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

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

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

During the year,

1. Mr. Bharath R Sessa appointed as Managing Director & Chief Executive Officer of the Company and he has been designated as Key Managerial Personnel.
2. Mr. Subhash Anand appointed as Executive Director & Chief financial Officer of the company and has been designated as Key Managerial Personnel.
3. Mr. Rajesh Salwan appointed as Chief Operating Officer of the company and has been designated as Key Managerial Personnel.
4. Mr. Jitesh Devendra, resigned from the post of Managing Director of the Company.
5. Mr. Hariharan, retired from the post of Executive Director Finance and Chief financial officer of the Company.
6. Mr. B. Sreenivasa Reddy, resigned from the post of Chief Operating Officer of the Company.

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

- Mr. Bharath R Sessa, Managing Director & Chief Executive Officer.
- Mr. Subhash Anand, Executive Director & Chief Financial Officer.
- Mr. Rajesh Salwan, Chief Operating Officer, and
- Mr. S. Murali Krishna, Company Secretary & Compliance officer.

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 6 to the Boards' report

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

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 2020-21 is enclosed as Annexure 2 to this Report.

18. RISK MANAGEMENT

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

In line with the requirement under the SEBI Listing Regulations, the Company has constituted a Risk Management Committee (RMC) effective April 1, 2020, 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 and financial

risks that the organisation faces, along with the adequacy of mitigation plans to address such risks.

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

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. 46 to the Standalone Financial Statements in the Annual Report.

20. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the transactions with related parties are in the ordinary course of business and at arm's length basis. The transactions with related parties are disclosed in Note No. 40 to the Standalone Financial Statements in the Annual Report. The disclosure of contracts or arrangements with related parties for material transactions is furnished in Form AOC-2 as Annexure 9 as part of this report.

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

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

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

22. AUDITORS AND AUDIT REPORTS

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 2020-21, 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. Financials for the year ended March 31, 2020, signed by the Managing Director, Executive Director & CFO and Company Secretary on behalf of the company.

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

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 financials for the year ended March 31, 2021 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 2020-21. 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.

Annual Return

In accordance with the Companies Act, 2013, the annual return in the prescribed format is available at <https://solara.co.in/investor-relations/annual-return/>

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 2020-21.

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

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

Disclosure under the Sexual harassment of woman at workplace (Prevention, Prohibition and Redressal) Act, 2013

The company has put in place an anti-sexual harassment mechanism in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee have been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. The Company has not received any complaint of sexual harassment during the year 2020-21.

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 in 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

	Bharath R Sessa	Subhash Anand
Place: Bengaluru	Managing Director	Executive Director
Date: May 6, 2021	& CEO	and CFO

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	(2.03)	2.10	6.93	-	0.00	(0.19)	-	(0.19)	-	49.00%
2	Sequent Penems Private Limited	Apr-Mar	INR	4.53	(0.76)	12.98	16.75	-	0.98	0.60	0.13	0.47	-	89.23%*
3	Shasun USA Inc	Apr-Mar	USD	0.05	(3.99)	4.36	0.42	-	1.98	0.15	0.02	0.13	-	100.00%

*Also refer note 9 (i) of Standalone financial statement

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 Reason for not Influence 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	

For and on behalf of Board of Directors

Place: Bengaluru
Date: May 6, 2021

Bharath R Sesha
Managing Director and CEO

Subhash Anand
Executive Director and CFO

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. Bharath R Sessa, Managing Director

2. Average net profit of the Company for the last three financial years computed in line with Section 198 – For FY21 – ₹ 57.52 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 - ₹ 1.30 Crores
 - c) Amount unspent, if any: Nil

5. Manner in which amount spent during the financial year 2020-21 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	Health	Pondicherry and Cuddalore	0.25	0.25	Direct by the Company
2	Awareness program on Personal Hygiene, Waste Management & Health Camps	Health & Hygiene	Pondicherry Cuddalore Mangalore Mysore and Ambernath	0.19	0.19	Direct by the Company
3	Providing sanitation and drinking water facilities	Health & Hygiene	Pondicherry and Cuddalore	0.33	0.33	Direct by the Company
4	Infrastructure and sponsorship support for Education	Education	Pondicherry Cuddalore Mangalore Mysore and Ambernath	0.23	0.23	Direct by the Company
5	COVID-19 distribution	Livelihood	Pondicherry Cuddalore, Mysore, Ambernath and Chennai	0.29	0.29	Direct by the Company
6	Ration shop renovation	Livelihood	Cuddalore	0.01	0.01	Direct by the Company
Total				1.30	1.30	

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.

Place: Bengaluru
Date: May 6, 2021

Bharath R Sessa
Managing Director & CEO

Dr. Kausalya Santhanam
Chairperson - CSR Committee

ANNEXURE 3 TO THE BOARD'S REPORT

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

A. POWER & FUEL CONSUMPTION

		Year ended 31.03.2021	Year ended 31.03.2020
Electricity			
a. Purchased Units	in 000's	56,749	46,762
Total amount paid	₹ in Cr	43.37	40.01
Rate per Unit	Rupees	7.64	8.56
b. Own generation by			
I. Diesel Generators (Units)	in 000's	957	1,106
Unit per Ltr. of Diesel Oil		1.90	1.63
Rate per unit	Rupees	28.02	26.17
II. Windmills (Units)	in 000's	14,436	9,397
Amount adjusted	₹ in Cr	7.32	4.74
Rate per Unit	Rupees	5.07	5.04
III. Third Party (IEX)	in 000's	12,469	17,609
Amount Adjusted	₹ in Cr	6.82	8.54
Rate per Unit	Rupees	5.47	4.85
IV. Solar (Units)	in 000's	9,171	6,126
Amount Adjusted	₹ in Cr	4.36	3.15
Rate per Unit	Rupees	4.75	5.14
Others			
Fuel Briquettes/Furnace Oil	Kgs in 000's	43,512	36,784
Total amount paid	₹ in Cr	19.26	18.22

(B) TECHNOLOGY ABSORPTION:

Efforts are being made to absorb the technology.

(C) BEST EHS PRACTICES:

- (i) Received 4-star rating for committing to EHS practices in the CII-SR EHS Excellence awards for the year 2018 for Cuddalore and Puducherry units.
- (ii) Received IGBC green interior – platinum award at SRB – Bengaluru from Indian green building council.
- (iii) ISO 45001 Occupational health and Safety Management system certification audit for Puducherry and Cuddalore site successfully completed.

(D) EXPENDITURE ON RESEARCH AND DEVELOPMENT:

	Total as at March 31, 2021 ₹ in Cr	Total As at March 31, 2020 ₹ in Cr
Capital	2.40	3.32
Recurring*	52.91	46.96

*Excludes depreciation and interest

(E) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Total as at March 31, 2021 ₹ in Cr
Foreign exchange earned in terms of actual inflows	914.82
Foreign exchange outgo in terms of actual outflows	668.81

For and on behalf of Board of Directors

Place: Bangalore
Date: May 6, 2021

Bharath R Sessa
Managing Director & CEO

Subhash Anand
Executive Director & CFO

ANNEXURE 4 TO THE BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[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** for the financial year ended March 31, 2021. 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 the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised 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, 2021, 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, 2021 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI ACT'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - 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; - **Not Applicable as the Company has not issued any debt securities during the financial year under review;**
 - 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; - **Not Applicable as the Company is not registered as Registrar to an issue and Share Transfer Agent during the financial year under review;**
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - **Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review;**

- i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - **Not Applicable as the Company has not bought back any of its securities during the financial year under review;** and
 - 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 above subject to the following observation:

1. The financial statements of the Company for the FY 2019-20 has been signed only by Managing Director, Executive Director & CFO and Company Secretary; CEO has not signed the financials. In view of the Company, MD has signed the same in the capacity of KMP.

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 including Women 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. Mr. Jitesh Devendra, Key Managerial Personnel (KMP) of the Company has resigned from the post of Managing Director (MD) with effect from August 3, 2020 and Mr. Bharath Ramraman Sessa, Chief Executive Officer (CEO) of the company was appointed as Managing Director (MD) of the Company with effect from August 3, 2020.
2. Mr. B. Sreenivasa Reddy, Key Managerial Personnel (KMP) of the Company has resigned from the post of Chief Operating Officer (COO) with effect from October 30, 2020 and Mr. Rajesh Salwan was appointed as COO with effect from October 30, 2020.
3. Mr. Hariharan Subramanian, Executive Director-cum-Chief Financial officer (CFO) of the Company has resigned from the post of CFO with effect from October 30, 2020 and retired from the post of directorship with effect from March 31, 2021. Instead Mr. Subhash Chand Anand was appointed as CFO of the Company with effect from October 30, 2020 and as a Whole-Time Director (WTD) of the Company with effect from April 1, 2021.
4. The Company has obtained the approval of Shareholders by way of Ordinary Resolution through Annual General Meeting held on August 4, 2020 for declaration of dividend of ₹ 2/- per equity share of face value of ₹ 10/- each for the financial year ended 31-03-2020.
5. The Company has obtained the approval of Board of Directors vide their Board Meeting dated November 11, 2020 for payment of Interim Dividend at the rate of ₹ 4/- per share for the financial year 2020-2021.
6. The Authorised Share Capital of the company has increased from ₹ 40 Crores to ₹ 120 Crores pursuant to merger of M/s. Strides Chemicals Private Limited with the Company as per the Scheme of Amalgamation approved by National Company Law Tribunal (NCLT) on 20-12-2019. The Company has filed necessary forms with the Registrar of Companies, Mumbai for updating the increase in

authorised share capital and it is approved during the financial year 2020-2021.

7. The Board of Directors of the Company vide their Board Meeting dated 03-02-2021 has approved the acquisition of 4,87,000 additional shares of M/s. Sequent Penems Private Limited. And hence, the company became a Wholly Owned Subsidiary of M/s. Solara Active Pharma Sciences Limited.
8. The request from M/s. Sequent Scientific Limited to reclassify their category of Shareholding from "Promoter Group" to "Public Category" was approved by the Board of Directors vide Board Meeting dated 30-10-2020 and subsequently approved by the shareholders via postal ballot dated 16-03-2021.
9. The Company has made the following allotment of equity shares pursuant to conversion of warrants on preferential issue vide Circular Resolution dated 01-09-2020 during the financial year under review:
 - a) 15,00,000 Equity Shares with face value of ₹ 10/- each at a price of ₹ 400/- per share including premium of ₹ 390/- per share to Mr. Arunkumar Pillai, Promoter bearing distinctive numbers 2,68,63,268 to 2,83,63,267.
 - b) 14,00,000 Equity Shares with face value of ₹ 10/- each at a price of ₹ 400/- per share including premium of ₹ 390/- per share to M/s. Karuna Business Solutions LLP, a promoter group entity bearing distinctive numbers 2,83,63,268 to 2,97,63,267.
 - c) 17,00,000 Equity Shares with face value of ₹ 10/- each at a price of ₹ 400/- per share including premium of ₹ 390/- per share to M/s. SRJR Enterprise LLP, a promoter group entity bearing distinctive numbers 2,97,63,268 to 3,14,63,267.
 - d) 40,00,000 Equity Shares with face value of ₹ 10/- each at a price of ₹ 500/- per share including premium of ₹ 490/- per share to M/s. TPG Growth IV SF Pte. Ltd bearing distinctive numbers 3,14,63,268 to 3,54,63,267.
10. The Company has granted ESOP options to the following employees during the financial year under review as per Solara ESOP Scheme, 2018:
 - (i) Vide Nomination and Remuneration Committee Meeting dated 30-10-2020:
 - a) 1,50,000 options (Convertible into equity shares) were granted to Mr. Bharath Ramraman Sessa, Managing Director and CEO of the Company at an exercise price of ₹ 837/- per option.
 - b) 40,000 options (Convertible into equity shares) were granted to Mr. Subhash Chand Anand, Chief Financial officer of the Company at an exercise price of ₹ 837/- per option.
 - c) 30,000 options (Convertible into equity shares) were granted to Mr. Rajesh Salwan, Chief Operating officer of the Company at an exercise price of ₹ 837/- per option.
 - (ii) Vide Nomination and Remuneration Committee Meeting dated 31-03-2021:
 - a) 20,000 options (Convertible into equity shares) were granted to Dr. Sudhir Nambiar, Chief Scientific Officer of the Company at an exercise price of ₹ 1015/- per option.
11. The Company has made the following allotment of equity shares under the ESOP Scheme, 2018 during the financial year under review:
 - a) 8,000 Equity Shares of ₹ 10/- each at a premium of ₹ 322/- per share to Mr. Venkateshan Rangachari, Employee of the Company bearing distinctive numbers 2,68,55,268 to 2,68,63,267 vide Circular Resolution dated 18-08-2020.
 - b) 3,60,000 Equity Shares of ₹ 10/- each at a premium of ₹ 195/- per share to Mr. Jitesh Devendra bearing distinctive numbers 3,54,63,268 to 3,58,23,267 vide Circular Resolution dated 14-09-2020.
 - c) 40,000 Equity Shares of ₹ 10/- each at a premium of ₹ 195/- per share to Mr. S Hariharan, Director of the Company bearing distinctive numbers 3,58,23,268 to 3,58,63,267 vide Board Meeting dated 30-10-2020.
 - d) 22,500 Equity Shares of ₹ 10/- at a premium of ₹ 195/- per share to Mr. B. Sreenivasa Reddy, Employee of the Company bearing distinctive numbers 3,58,63,268 to 3,58,85,767 vide Board Meeting dated 30-10-2020.
 - e) 12,000 Equity Shares of ₹ 10/- at a premium of ₹ 195/- per share to Mr. S. Swaminathan,

Employee of the Company bearing distinctive numbers 3,58,85,768 to 3,58,97,767 vide Board Meeting dated 30-10-2020.

- f) 12,000 Equity Shares of ₹ 10/- at a premium of ₹ 195/- per share to Mr. V. Sundara Moorthy, Employee of the Company bearing distinctive numbers 3,58,97,768 to 3,59,09,767 vide Board Meeting dated 30-10-2020.
- g) 20,000 Equity Shares of ₹ 10/- at a premium of ₹ 364/- per share to Mr. Bharath Ramraman Sessa, Managing Director & Chief Executive Officer of the Company bearing distinctive

numbers 3,59,09,768 to 3,59,29,767 vide Board Meeting dated 31-03-2021.

For **Mohan Kumar & Associates**

A. Mohan Kumar

Practicing Company Secretary

Membership Number: FCS 4347

Certificate of Practice Number: 19145

UDIN: F004347C000290710

Place: Chennai.

Date: May 6, 2021

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: F004347C000290710

Place: Chennai.

Date: May 6, 2021

ANNEXURE 5 TO THE BOARD'S REPORT

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

PROFILE OF THE APPOINTEE DIRECTORS

S No	Name of the Director and other particulars	Brief Profile and experience	Name of the other Listed entities holding Directorship / Designations	Committee Membership held
1	<p>Name : Mr. Deepak Calian Vaidya (DIN 00337276)</p> <p>Age: 76 years</p> <p>DoB: 09.01.1945</p> <p>Qualification: Institute of Chartered Accountants in England and Wales.</p> <p>Terms and Conditions of appointment: As per the resolution at Item No. 3 of the Notice convening this meeting.</p> <p>Date of first appointment on the Board: 11.04.2018</p> <p>Shareholding in the Company as on March 31, 2021: 30,000</p>	<p>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 13 years. Mr. Vaidya specialises in corporate financial services in India and abroad. He also serves on the Board of several reputed companies</p>	Information provided in Corporate Governance report.	
2	<p>Name : Mr. Ankur Nand Thadani (DIN 03566737)</p> <p>Age: 37 years</p> <p>DoB: 01.04.1984</p> <p>Qualification : MBA from IIFT.</p> <p>Terms and Conditions of appointment: As per the resolution at Item No. 4 of the Notice convening this meeting.</p> <p>Date of first appointment on the Board: 16.05.2019</p> <p>Shareholding in the Company as on March 31, 2021: Nil</p>	<p>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.</p>		

Notes:

- None of the Directors mentioned above are related with other Directors on the Board or Key Managerial Personnel of the company.
- For other details such as number of meetings of the Board attended during the year, Remuneration drawn in respect of the aforesaid Directors, refer to the Corporate Governance Report which forms part of this Annual Report.

For and on behalf of Board of Directors

Place: Bengaluru
Date: May 6, 2021

Bharath R Sessa
Managing Director & CEO

Subhash Anand
Executive Director & CFO

ANNEXURE 6 TO THE BOARD'S REPORT

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

S No	Particulars	Disclosure																
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year ending March 31, 2021	<p>As at March 31, 2021 the Board comprised of 8 Directors - comprising of two Executive Directors, four Independent Directors and two Non-Executive Directors.</p> <p>The Non-Executive & Independent Directors receive sitting fees of ₹ 100,000/- for attending each meeting of the Board and Audit Committee. Commission of ₹ 10 Lakhs is paid to each Non Executive Directors and Independent Directors for the financial year 2020-2021.</p> <p>The ratio of remuneration of the Executive Directors of the Company to the median remuneration of the employees of the Company for the financial year ended March 31, 2021 are as below:</p> <p>Mr Bharath R Sessa, Managing Director & CEO – 1: 80.8</p> <p>Mr S Hariharan, Executive Director (Finance) and Chief Financial Officer – 1: 31.0</p> <p>The median remuneration for the period under review is ₹ 5,86,580/- per annum (without considering the Sitting Fees paid to Non-Executive & Independent Directors of the Company).</p>																
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, 2021:	<table border="1"> <thead> <tr> <th>Name</th> <th>% of Increase</th> </tr> </thead> <tbody> <tr> <td>Bharath R Sessa</td> <td>0.00%</td> </tr> <tr> <td>Jitesh Devendra</td> <td>0.00%</td> </tr> <tr> <td>Subhash Anand</td> <td>NA</td> </tr> <tr> <td>S Hariharan</td> <td>4.83%</td> </tr> <tr> <td>Rajesh Salwan</td> <td>NA</td> </tr> <tr> <td>B Sreenivasa Reddy</td> <td>4.69%</td> </tr> <tr> <td>S Murali Krishna</td> <td>5.43%</td> </tr> </tbody> </table>	Name	% of Increase	Bharath R Sessa	0.00%	Jitesh Devendra	0.00%	Subhash Anand	NA	S Hariharan	4.83%	Rajesh Salwan	NA	B Sreenivasa Reddy	4.69%	S Murali Krishna	5.43%
Name	% of Increase																	
Bharath R Sessa	0.00%																	
Jitesh Devendra	0.00%																	
Subhash Anand	NA																	
S Hariharan	4.83%																	
Rajesh Salwan	NA																	
B Sreenivasa Reddy	4.69%																	
S Murali Krishna	5.43%																	
3	The percentage increase in the median remuneration of employees in the financial year ending March 31, 2021	5.78%																
4	The number of permanent employees on the rolls of Company as at March 31, 2021	2,575 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 8.86 %.																

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

For and on behalf of Board of Directors

Place: Bengaluru
Date: May 6, 2021

Bharath R Sessa
Managing Director & CEO

Subhash Anand
Executive Director & CFO

ANNEXURE 7 TO THE BOARD'S REPORT

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To
The Members,
Solara Active Pharma Sciences Limited,
201, Devavrata, Sector 17,
Vashi, Navi Mumbai,
Mumbai – 400 703.

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, 2021 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. Ronald Tjeerd De Vries	08265610	14-08-2019	30-10-2018
6.	Mr. Ankur Nand Thadani	03566737	14-08-2019	16-05-2019
7.	Mr. Bharath Ramraman Sesha	01983066	03-08-2020	03-08-2020
8.	Mr. Hariharan Subramanian	05297969	11-04-2018	23-02-2017

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

For **Mohan Kumar & Associates**

A. Mohan Kumar

Practicing Company Secretary
Membership Number: FCS 4347
Certificate of Practice Number: 19145
UDIN: F004347C000290919

Place: Chennai.
Date: May 6, 2021

ANNEXURE 8 TO THE BOARD'S REPORT

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

ESOP DISCLOSURES

S No	Description	Disclosure
1	Name of the Scheme	Solara Employee Stock Option Plan 2018 (Solara ESOP 2018)
2	Date of approval of the ESOP Scheme by Shareholders	September 28, 2018
3	Options available under the Scheme	12,28,778
4	Pricing formula	Decided by the Nomination and Remuneration Committee from time to time
5	Outstanding options	83,278
6	Options granted during the year under review	2,40,000
7	Options vested during the year under review	NIL
8	Options exercised during the year under review	4,74,500
9	Total number of shares arising as a result of exercise of options	4,74,500
10	Options lapsed / surrendered during the year under review	89,500
11	Variation of terms of options	Vesting schedule has been varied in certain cases.
12	Money realised by exercise of options	₹ 10.17 Crores
13	Total number of options in force at the end of the period ending March 31, 2021	3,90,000
14	Available for further grant	83,278
15	Employee-wise details of options granted during the year under review	
	(i) Key Management Personnel	2,20,000
	(ii) Any other employee who received grant in any one year of option amounts to 5% or more of options during the year	Nil
	(iii) Identified employees who were granted options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant	
16	Diluted Earnings Per Share (DEPS) pursuant to issue of shares on exercise of option calculated in accordance with Indian Accounting Standard (IND AS) - 33 – Earnings Per Share	
	(i) Continuing Operations	₹ 64.40
	(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	₹ 659.39/-
19	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information:	The fair value of options granted were estimated on the grant date using the Black Scholes method.

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

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

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

For and on behalf of Board of Directors

Place: Bengaluru
Date: May 06, 2021

Bharath R Sesha
Managing Director & CEO

Subhash Anand
Executive Director & CFO

ANNEXURE 9 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

Place: Bengaluru
Date: May 06, 2021

Bharath R Sessa
Managing Director & CEO

Subhash Anand
Executive Director & CFO

ANNEXURE 10 TO THE BOARD'S REPORT

SECRETARIAL COMPLIANCE REPORT OF SOLARA ACTIVE PHARMA SCIENCES LIMITED FOR THE YEAR ENDED 31-03-2021

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 31-03-2021 ("Review Period") in respect of compliance with the provisions of:

- (i) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- (ii) 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, 2018

(Not Applicable to the Company during the Review Period);
- (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; (Not Applicable to the Company during the Review Period);
- (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013; (Not Applicable to the Company during the Review Period);
- (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/ guidelines 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 31.03.2020	Actions taken by the listed entity, if any.	Comments of the Practicing Company Secretary on the actions taken by the listed entity
				NOT APPLICABLE

For **Mohan Kumar & Associates**

A. Mohan Kumar

Practicing Company Secretary

Membership Number: FCS 4347

Certificate of Practice Number: 19145

UDIN:F004347C000290864

Place: Chennai.

Date: 06-05-2021

CORPORATE GOVERNANCE REPORT

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

2. BOARD OF DIRECTORS:

Composition of Board as on date of this report

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. Bharath R Sessa[§], Managing Director & CEO
8. Mr. Hariharan*, Executive Director Finance
9. Mr. Subhash Anand**, Executive Director and CFO
10. Mr. Jitesh Devendra^{§§}, Managing Director & CEO

*Retired with effect from March 31, 2021.

**Appointed with effect from April 1, 2021.

§ Appointed with effect from August 3, 2020.

§§ Resigned with effect from August 3, 2020.

The company believes that its Board needs to have an appropriate mix of executive, non-executive and independent directors to maintain its independence, and separate its functions of governance and management.

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. This is in conformity with the requirement of Regulation 17 of the Listing Regulations. The Board periodically evaluates the need for change in its size and composition.

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 financial year 2020-21, the Directors met seven times i.e., on May 7, 2020; August 3, 2020; October 12, 2020, October 30, 2020, November 11, 2020, February 3, 2021 and March 31, 2021.

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 2020-21		No. of shares held	Whether attended last AGM held on August 4, 2020
				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 Apollo Multispeciality Hospitals Ltd - Interdependent Director Criss Financials Ltd - Interdependent Director Spandana Spoorthy Financial Limited – Independent Director	6	3	7	7	30,000	Yes
Mr. Nirmal P Bhogilal	Independent Director	2	Eimco Elecon (India) Limited – Independent Director Batliboi Limited – Whole-time Director	2	-	7	7	130758	Yes
Mr. R. Ramakrishnan	Independent Director	-	-	-	-	7	7	20,000	Yes
Mr Ronald Tjeerd de Vries	Independent Director	-	-	-	-	7	7	-	Yes
Dr. Kausalya Santhanam	Independent Director	1	Sequent Scientific Limited – Independent Director Strides Pharma Science Limited – Independent Director	2	1	7	7	-	Yes
Mr. Ankur Nand Thadani	Non-Executive Director	1	Quality Care India Limited - Independent Director	-	-	7	7	-	Yes
Mr. Bharath R Sessa [§]	Managing Director & CEO	-	-	-	-	7	7	20,000	Yes
Mr. Jitesh Devendra ^{§§}	Managing Director & CEO	-	-	-	-	1	1	604735	NA
Mr. S. Hariharan*	Executive Director-Finance	-	-	-	-	7	7	51641	Yes
Mr. Subhash Anand **	Executive Director and CFO	-	-	-	-	-	-	-	NA

*Retired with effect from March 31, 2021.

**Appointed with effect from April 1, 2021.

§ Appointed with effect from August 3, 2020.

§§ Resigned with effect from August 3, 2020.

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 summarises 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 organisations, 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 organisation, 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	#	#	#	#	#	#	#	
Mr. Bharath R Sesha		#	#	#	#	#	#	#
Mr. Subhash Anand	#	#	#	#	#	#	#	

Meetings of Independent Directors

Independent Directors of the Company met on February 3, 2021 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, 2021.

Board Evaluation

As a part of the annual Board evaluation, detailed questionnaires were circulated to all the directors. The chairperson of the Board and the chairman of the Nomination and Remuneration Committee (NRC) evaluated the Board's performance and that of its committees. The Board conducted evaluation of independent directors which included performance of directors and fulfilment of criteria as specified in SEBI (LODR) (Amendment) Regulations, 2018, and

their independence from the management, where the independent directors did not participate.

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.

The Board has approved payment of ₹ 10 Lakhs as commission to the Non executive Directors for the financial year 2020-2021.

Details of remuneration paid / payable to Executive Directors during FY 2020-21 is as under:

S. No	Particulars of Remuneration	Name of MD / WTD / Manager			Total (₹ in Cr)
		Jitesh Devendra ^{\$\$} April 1, 2020 to Aug 03, 2020 (₹ in Cr)	Bharath R Sessa ^{\$} Aug 03, 2020 to Mar 31, 2021 (₹ in Cr)	S Hariharan [#] April 1, 2020 to Mar 31, 2021 (₹ in Cr)	
1	Gross Salary				
	Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961*	0.79	2.17	1.39	4.35
	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	1.57	2.98	0.18	4.73
3	Sweat Equity	-	-	-	-
4	Commission as percentage of profit	-	-	-	-
5	Others (Bonus)**	0.94	0.52	0.25	1.71
	Total	3.30	5.67	1.82	10.79

Maximum managerial remuneration available to Managing Director and Whole-time Director @10% of profits calculated under Section 198 of the Companies Act, 2013 is ₹ 22.85 Crores.

* includes Company's contribution towards Provident Fund.

**includes previous year bonus paid during the year.

#Retired with effect from March 31, 2021.

\$ Appointed with effect from August 3, 2020.

\$\$ Resigned with effect from August 3, 2020.

Details of Stock Options held by Directors

	No of options granted	Price per option	Options exercised till date	Options lapsed	Outstanding options
Bharath R Sessa	1,50,000	₹ 374	20,000	Nil	1,30,000
	1,50,000	₹ 837	Nil	Nil	1,50,000
Subhash Anand	40,000	₹ 837	Nil	Nil	40,000

Details of remuneration paid / payable to Non-Executive Directors during FY 2020-21 is as under:

S. No	Name of Directors	Particulars of Remuneration			Total
		Fee for attending board / committee meetings	Commission	Others	
		₹ Cr	₹ Cr	₹ Cr	
1	Deepak C Vaidya	0.11	0.10	-	0.21
2	R. Ramakrishnan	0.11	0.10	-	0.21
3	Nirmal P Bhogilal	0.11	0.10	-	0.21
4	Kausalya Santhanam	0.11	0.10	-	0.21
5	Ron de Vries	0.11	0.10	-	0.21
Total		0.55	0.50	-	1.05

Maximum managerial remuneration available to Non-Executive Directors @1% of profits calculated under Section 198 of the Companies Act, 2013 is ₹ 2.85 Crores

Familiarisation programme for Independent Directors/ Non-Executive Directors

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise 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 familiarisation 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:

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

3. A. AUDIT COMMITTEE

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

Name	Designation	Category of Directorship	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	4

The Committee met four times during the period under review i.e., on May 7, 2020; August 3, 2020, October 30, 2020 and February 3, 2021. 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 utilisation 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 victimisation of employees / directors. It further acts as a mode of direct access to the Chairman of the Committee.
- The Committee may recommend suitable action to the management against persons making repeated frivolous complaints under this mechanism.

Others:

- Conduct meetings with the management to analyse the financial condition and results of operations.
- Approval of appointment of Chief Financial Officer
- Scrutiny of inter-corporate loans and investments
- Valuation of undertakings or assets of the Company, wherever it is necessary
- The Chairman of the Committee shall be present at Annual General Meeting to answer shareholder queries.
- The Committee must review the quarterly statement submitted to the Stock Exchanges, in compliance with Listing Agreement / Listing Regulations.
- The Committee must review the annual statement of funds utilised for any purpose other than those stated in the offer document / notice and the monitoring report of the monitoring agency appointed by the Company, if any.
- Reviewing material litigation and their impact on financial reporting.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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	Designation	Category of Directorship	Meetings held	Meetings attended
Mr. Nirmal P Bhogilal	Chairman	Independent Director	4	4
Mr. Deepak C Vaidya	Member	Non-Executive Director	4	4
Mr. R. Ramakrishnan	Member	Independent Director	4	4
Mr. Ankur Thadani	Member	Non-Executive Director	4	4

The Committee met four times during the period under review i.e., on August 3, 2020, October 30, 2020, February 3, 2021 and March 31, 2021. 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's website @ 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	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
Mr. Subhash Anand**	Member	Executive Director	-	-

*Retired with effect from March 31, 2021.

**Appointed with effect from April 1, 2021.

The Committee met once during the period under review i.e., on February 3, 2021. 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 2020-2021

S No	Description	Opening balance at April 1, 2020	No. of cases Received during the year	Resolved & Disposed during the year	Pending as on March 31, 2021
1	Non-receipt of annual reports	-	-	-	-
2	Non-Receipt of Fractional shares entitlement	-	-	-	-
3	Non-receipt of securities	-	-	-	-
4	Non-receipt of securities after transfer	-	-	-	-
5	Non-receipt of duplicate/ transmission/ deletion of share certificates	-	-	-	-
6	SEBI Complaints (SCORES) – Pending Demat Confirmations	-	3	3	-
7	Non receipt of dividend amount	-	-	-	-
	Total	-	3	3	-

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	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	2
Mr. Jitesh Devendra [§]	Member	Executive Director	1	1
Mr. Bharath R Sesha ^{§§}	Member	Executive Director	1	1

§ Appointed with effect from August 3, 2020.

§§ Resigned with effect from August 3, 2020.

The Committee met two times during the period under review i.e., on May 7, 2020 and February 3, 2021. 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 purpose of the risk management committee is to assist the Board in fulfilling its responsibilities with regard to the identification, evaluation and mitigation of operational, strategic and environmental risks. The risk management committee has the overall responsibility of monitoring and approving the risk policies and associated practices of the Company.

The Composition of the Committee is as follows: -

Name	Designation	Category of Directorship	Meetings held	Meetings attended
Mr. Ankur Thadani	Chairman	Non-Executive Director	1	1
Mr. Ronald Tjeerd de Vries	Member	Independent Director	1	1
Mr. Bharath R Sesha	Member	Executive Director	1	1

The Committee met once during the period under review i.e., on February 3, 2021. Attendance of members at the Committee Meeting is provided at above table. Mr. S. Murali Krishna, Company Secretary is the Secretary of the Committee.

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

- 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 summarised as under:

S No	AGM / EGM	Date / Time	Venue	Special Resolutions passed
1.	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	<ol style="list-style-type: none"> 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 Plan 2018 to the employees of subsidiary companies
2.	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
3.	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 – 700 703	Approval for continuation of Mr. Deepak C Vaidya as Non-Executive Director of the Company
4.	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
5.	AGM for FY ending March 31, 2020	August 4, 2020 at 10.30 am	Video Conference	Payment of Commission to Non-Executive Directors of the Company

5. POSTAL BALLOT AND E-VOTING

During FY 2020-21, the Company conducted one Postal Ballot to seek approval of the shareholders through a Ordinary Resolution for reclassification of shareholding of Sequent Scientific Limited from “Promoter group” category to “Public” category

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

Notice of Postal Ballot was dated February 3, 2021 and the consolidated results of the same was announced on March 16, 2021

No. of votes polled	Votes Cast in Favor (% to total votes polled)	Votes Cast against (% to total votes polled)	Invalid Votes (% to total votes polled)
18902498	18901941	557	-

6. 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.

7. SECRETARIAL COMPLIANCE CERTIFICATE

As per provisions of the Listing Regulations, the Company has obtained the Secretarial Compliance Certificate on half yearly basis from a Practising 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.

8. 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: <https://solara.co.in/wp-content/uploads/2020/10/Policy-for-determining-of-Material-Subsidiaries.pdf>
- f) The company is not exposed to any commodity price risk. The details of the foreign exchange risk and company's hedging activities forms part of the Management Discussion and Analysis Report and the Notes to the Financial Statement.

- g) The Company has not received any complaint of Sexual harassment during the year 2020-2021.
- h) As required under the Listing Regulations, the Company has formulated the policy for transacting with the Related Parties, which is uploaded in the website of the Company. The Policy is available at the following link: <https://solara.co.in/wp-content/uploads/2020/10/Policy-on-Related-Party-Transactions.pdf>

9. 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 complaint 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 a quarterly earnings call post declaration of financial results.

General Shareholder's information

1. Annual General Meeting 2021

The Fourth Annual General Meeting of the Shareholders of the company will be held on August 25, 2021 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 August 21, 2021 to August 25, 2021 (both days inclusive)

3. Financial Calendar for the year 2021-22

Financial reporting for	Month / year
Quarter ending June 30, 2021	August 2021
Quarter ending September 30, 2021	November 2021
Quarter ending December 31, 2021	February 2022
Quarter ending, March 31, 2022	May 2022

4. Dividend

Interim Dividend

Interim Dividend for FY 2020-21, The Board of Directors of the Company in its meeting held on November 11, 2020 declared an interim dividend of ₹ 4/- per equity share of face value of ₹ 10/- each, to the Shareholders of the Company.

Final Dividend

The Board of Directors of the company had recommended a dividend of ₹ 3/- per equity share of face value of ₹ 10/- each for the financial year

ended March 31, 2021 subject to the approval of the shareholders of the company at the ensuing annual general meeting scheduled to be held on August 25, 2021.

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, 2021	Interim	40%	November 11, 2020	26.12. 2027
March 31, 2020	Final	20%	August 4, 2020	11.09.2027
March 31, 2019	Final	50%	14.08.2019	21.09.2026
Fractional Shares amount*				
August 14, 2018	NA	NA	NA	21.09.2025

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

6. Registered Office:

No. 201, Devavarata, 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:

Cameo Corporate Services Limited
No. 1 Club House Road
Chennai – 600 002
Tel/Fax : 91-44-28460390

13. Shareholding Pattern

Category	No. of Shares	% to total shareholding
Indian Promoters	1,58,47,370	44.10
Mutual Funds	12,98,082	3.61
Banks, Financial Institutions, Insurance Companies	39,162	0.10
Foreign Portfolio Investors / FIIs	49,05,269	13.65
Non-resident Indians/Foreign Nationals/OCBs	57,31,997	15.95
Bodies Corporates / NBFC	21,62,732	6.01
Directors	2,52,399	0.70
Others (including Indian Public, Clearing Members, Trusts, Funds - IEPF, AIF, Central & State Govt., etc.)	56,92,756	15.84
Total	3,59,29,767	100.00

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 3,58,83,348 shares is in dematerialised form and balance 0.10% representing 26,419 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.

14. Distribution of shareholding

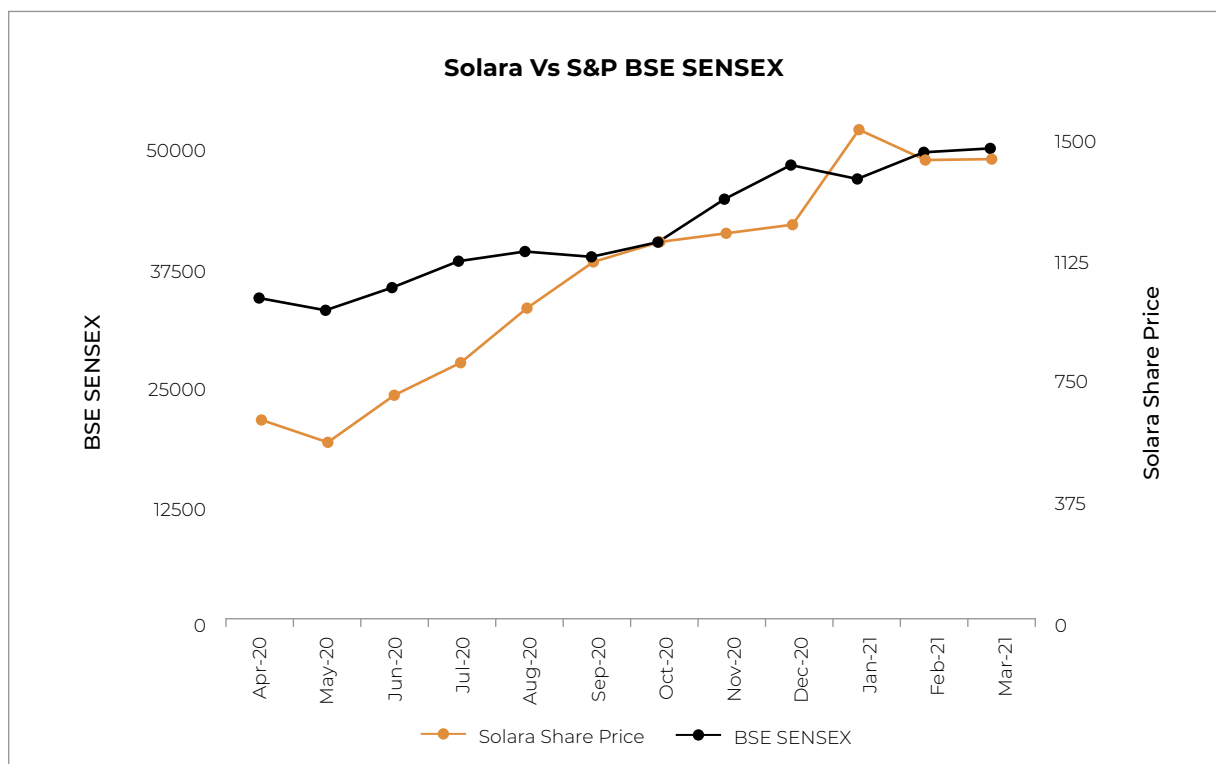
S No	CATEGORY	No. of Holders	% of Total Holders	Shares	Amount	% on Amount
1	Between 10 - 5000	57,799	98.11	16,98,602	1,69,86,020	4.73
2	Between 5001 - 10000	495	0.84	3,65,315	36,53,150	1.01
3	Between 10001 - 20000	231	0.39	3,54,112	35,41,120	0.93
4	Between 20001 - 30000	90	0.15	2,29,024	22,90,240	0.63
5	Between 30001 - 40000	46	0.07	1,62,889	16,28,890	0.45
6	Between 40001 - 50000	32	0.05	1,51,517	15,15,170	0.42
7	Between 50001 -100000	80	0.13	5,72,909	57,29,090	1.59
8	> 100000	136	0.23	3,23,95,399	32,39,53,990	90.21
Overall Total:		58,909	100.00	3,59,29,767	35,92,97,670	100.00

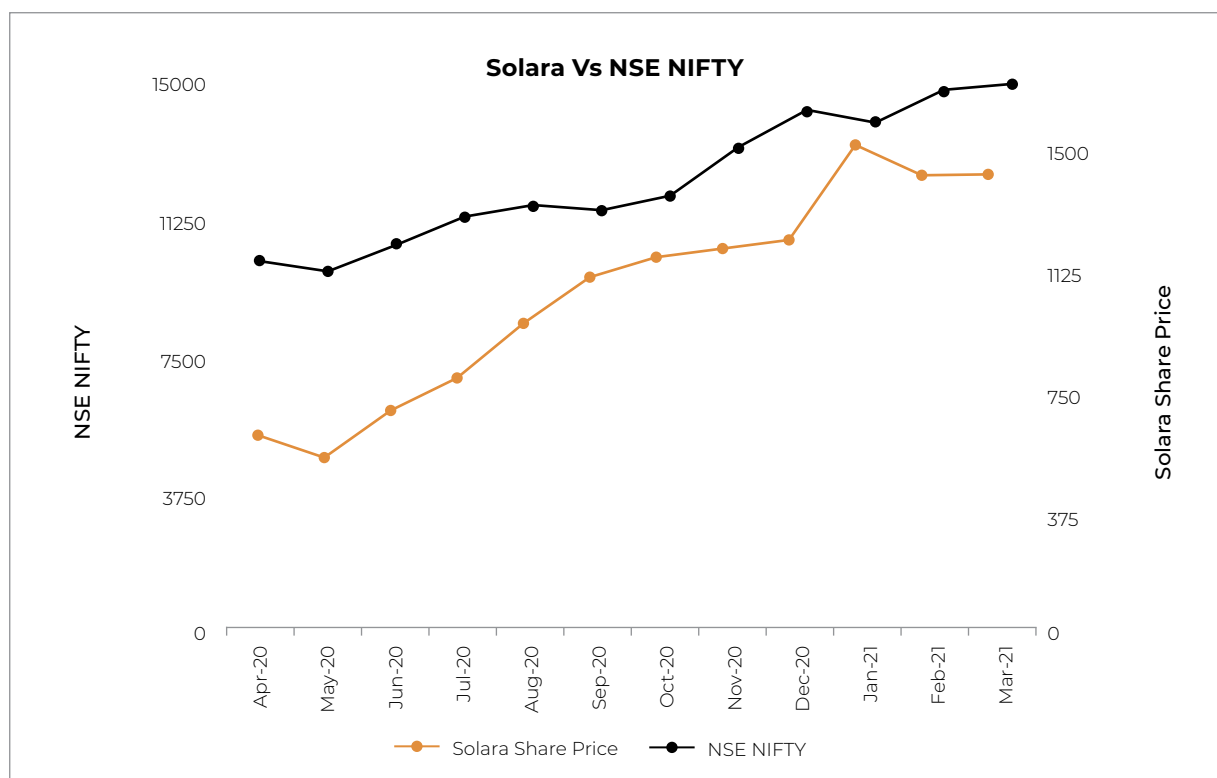
15. Market Price Data

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 2020	637.95	406.00	10,09,081	637.45	415.00	94,034
May 2020	595.00	450.00	14,55,411	597.00	439.00	1,17,793
June 2020	686.00	513.15	21,03,999	685.00	512.70	1,92,508
July 2020	769.80	621.35	28,41,616	770.00	622.20	1,90,501
August 2020	1,030.00	778.30	67,87,782	1,030.00	779.50	6,59,262
September 2020	1,114.40	885.30	39,35,170	1,114.00	887.00	3,80,101
October 2020	1,255.00	1,035.00	43,72,308	1,310.00	995.00	3,74,992
November 2020	1,180.55	963.00	14,11,792	1,182.00	969.05	1,36,095
December 2020	1,341.00	1,120.00	17,11,063	1,325.00	1,120.00	1,36,833
January 2021	1,544.00	1,182.85	22,35,754	1,542.05	1,183.00	1,85,784
February 2021	1,624.90	1,229.45	23,39,721	1,625.00	1,230.00	2,37,949
March 2021	1,418.85	1,180.00	21,97,157	1,425.00	1,181.00	1,57,223

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, Periakalpet, Puducherry – 605 014.

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

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

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

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

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

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. Details of utilisation of funds raised through preferential allotment

The Company raised funds through preferential allotment for an amount of ₹ 460 Crs and the amount raised through preferential allotment partly utilised for expansion of the facilities.

19. 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 2020-21	Fees paid for the year 2019-20
Statutory audit fees	0.66	0.58
Others	0.20	0.10
	0.86	0.68

20. 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.

21. 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, 2021 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.

For and on behalf of Board of Directors

Place: Bengaluru
Date: May 6, 2021

Bharath R Sesha
Managing Director and CEO

Subhash Anand
Executive Director and CFO

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

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, 2021 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: F004347C000290897

Place: Chennai.
Date: 06-05-2021

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, 2020 to March 31, 2021
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. Ambarnath, 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): 35.92
2. Total Turnover (₹ in Crores): 1,645.29
3. Total Profit after Taxes (₹ in Crores): 220.96
4. Total CSR spending as a percentage of Profit after Tax (₹ in Crores): 1.30
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: BUSINESS RESPONSIBILITY (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: 07348933
- Name: Mr. Subhash Anand
- Designation: Executive Director & CFO

(b) Details of BR Head

- DIN: NA
- Name: Mr. Rajesh Salwan
- Designation: Chief Operating Officer
- Telephone: +91 80 46632100
- E-Mail id: rajesh.salwan@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?	Yes.								

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

#	Questions	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

#	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
2.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this Report? How frequently is it published?

Annually
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 2021, 3 concerns were received from stakeholders across the ethics channels. All these were satisfactorily resolved as on March 31, 2021.

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/availling 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 FY21, 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: 2621
- Employees hired on temporary/contractual and casual basis: 1209
- Permanent women employees: 135
- Permanent employees with disabilities: 5

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?** 29%
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.

Risk Training:

During the year The average training man hour per employee was : 5.6 man hour per employee

Total Training man hours : 14,475.2

Total Number of employees to whom training was given: 2577

Skill Training :

During the year The average training man hour per employee was : 17.65 man hour per employee

Total Training man hours : 10,824

Total Number of employees to whom training was given: 613

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
Date: May 6, 2021

Bharath R Sessa
Managing Director & CEO

Subhash Anand
Executive Director & CFO

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 2021, 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 2021, 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: The Company's revenues are, as disclosed in Note 26 of the standalone financial statements, arising from sale of pharmaceuticals products, which are in the nature of API (i.e. Active Pharmaceutical Ingredients). The Company recognises sales revenue based on the terms and conditions of transactions, which vary with different customers. For sales transactions in a certain period around balance sheet date, it is essential to ensure whether the transfer of control of the goods by the Company to the customer occurs before the balance sheet date or otherwise. Considering that there are significant volume of sales transactions close to the year end, involving material amounts and such revenue recognition is subject to whether transfer of control to the 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: (i) We evaluated the design and implementation 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. (ii) We tested the relevant underlying information technology systems used in recording revenue including company's system generated reports, based on which selection of samples was undertaken. (iii) On sample basis, we performed test of details of sales recorded close to the year-end through following procedures: <ul style="list-style-type: none">● 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.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 relevant books of account.
 - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e. On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 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. Refer Note 38 to the standalone financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
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)
(UDIN: 21206920AAAAEI6927)

Place: Bengaluru
Date: May 06, 2021

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 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company’s management is responsible for establishing and maintaining internal financial controls 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 31 March 2021, 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: 21206920AAAAEI6927)

Place: Bengaluru

Date: May 06, 2021

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 program 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. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) 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 31 March 2021)	Net Block (₹ in Crore as at 31 March 2021)	Remarks
Land and building thereon			
Freehold	176.24	158.39	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.
Investment property	3.02	2.68	
Right of use assets	1.19	-	
Land and building thereon			
Freehold	26.64	23.91	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.
Investment property	7.60	6.84	
Right of use assets	12.13	9.39	

- 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 31 March 2021 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 31 March 2021.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, Customs Duty, 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, Goods and Services Tax, Customs Duty, cess and other material statutory dues in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on 31 March 2021 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount relates	Amount involved ₹ in Crores	Amount unpaid ₹ in Crores
Central Excise Act, 1944	Central Excise	Commissioner of GST & Central Excise	F.Y. 2011-12 to F.Y. 2017-18	2.74	2.74
Central Excise Act, 1944	Central Excise	High Court of Madras	F.Y. 2003-04	0.34	0.31
Finance Act, 1994	Service Tax	Commissioner of GST & Central Excise	F.Y. 2017-18	0.17	0.17

- (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 financial institutions and banks. The Company has not taken any loans or borrowings from government. The Company 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 31 March 2021 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 31 March 2021.
- (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 made preferential allotment of warrants during the year under review.
- In respect of the above issue, we further report that:
- the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
 - the amounts raised have been applied by the Company during the year 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 31 March 2021 the Company has not entered into any non-cash transactions with its directors or directors of its subsidiaries companies or persons connected with them 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)

Place: Bengaluru

(Membership No. 206920)

Date: May 06, 2021

(UDIN: 21206920AAAAEI6927)

STANDALONE BALANCE SHEET

as at March 31, 2021

₹ in Crores

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
A ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	845.31	842.14
(b) Right-of-use assets	4(i)	59.30	62.30
(c) Capital work in progress	5	87.72	40.21
(d) Investment property	6	9.52	12.47
(e) Goodwill	7	364.90	364.90
(f) Other intangible assets	8	79.98	92.28
(g) Financial assets			
(i) Investments	9	18.13	18.03
(ii) Loans	10(i)	1.65	1.50
(iii) Other financial assets	11(i)	11.65	12.81
(h) Deferred tax assets (net)	12	25.55	-
(i) Income tax assets (net)	13	0.08	6.15
(j) Other non-current assets	14(i)	48.39	23.47
Total non-current assets		1,552.18	1,476.26
II Current assets			
(a) Inventories	15	294.97	279.73
(b) Financial assets			
(i) Trade receivables	16	483.81	229.67
(ii) Cash and cash equivalents	17	197.53	55.84
(iii) Bank balances other than (ii) above	18	0.85	0.74
(iv) Loans	10(ii)	1.65	52.34
(v) Other financial assets	11(ii)	28.36	15.64
(c) Other current assets	14(ii)	50.82	41.39
Total current assets		1,057.99	675.35
Total assets (I + II)		2,610.17	2,151.61
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	19	35.92	26.85
(b) Other equity	20	1,556.86	1,063.94
Equity attributable to the owners of the company		1,592.78	1,090.79
II Liabilities			
I Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21(i)	154.83	232.71
(ii) Lease liabilities	4(ii)	11.77	12.76
(iii) Other financial liabilities	22(i)	0.42	0.42
(b) Provisions	23	11.36	10.53
(c) Deferred tax liabilities (net)	12	-	11.84
(d) Other non-current liabilities	24(i)	53.70	64.83
Total non-current liabilities		232.08	333.09
II Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21(ii)	360.88	353.79
(ii) Lease liabilities	4(ii)	2.05	2.41
(iii) Trade payables			
- Dues of micro and small enterprises	25	5.81	3.91
- Dues of other than micro and small enterprises	25	299.82	211.81
(iv) Other financial liabilities	22(ii)	95.82	130.22
(b) Provisions	23	1.83	1.86
(c) Other current liabilities	24(ii)	19.10	23.73
Total current liabilities		785.31	727.73
Total liabilities		1,017.39	1,060.82
Total equity and liabilities (I + II)		2,610.17	2,151.61

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
 Chartered Accountants
 Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
 Partner
 Membership Number: 206920

For and on behalf of Board of Directors

Bharath R Sessa
 Managing Director and
 Chief Executive Officer
 DIN: 01983066

Subhash Anand
 Executive Director and
 Chief Financial Officer
 DIN: 07348933

S Murali Krishna
 Company Secretary
 Membership Number: 13372

Place : Bengaluru
 Date : May 06, 2021

Place : Bengaluru
 Date : May 06, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

₹ in Crores

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
1 REVENUE FROM OPERATIONS	26	1,616.88	1,321.75
2 Other income	27	28.41	27.51
3 Total Income (1+2)		1,645.29	1,349.26
4 EXPENSES			
(a) Cost of materials consumed	28	683.76	623.36
(b) Purchases of stock-in-trade	29	42.80	29.67
(c) Changes in inventories of finished goods and work-in-progress	30	(2.15)	(54.16)
(d) Employee benefits expense	31	227.63	202.24
(e) Finance costs	32	84.47	77.88
(f) Depreciation and amortisation expenses	33	108.31	93.67
(g) Other expenses	34	279.51	264.11
Total expenses (4)		1,424.33	1,236.77
5 PROFIT BEFORE TAX (3-4)		220.96	112.49
6 TAX EXPENSE	35		
(a) Current tax		38.64	20.69
(b) Deferred tax		(38.64)	(20.69)
Total tax expense (6)		-	-
7 PROFIT FOR THE YEAR (5-6)		220.96	112.49
8 OTHER COMPREHENSIVE INCOME			
A Items that will not be reclassified subsequently to profit or loss:			
(i) Remeasurement gains/(losses) of defined benefit plans		(2.53)	(3.29)
(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-
B Items that may be reclassified to subsequently to profit or loss:			
Income tax relating to items that may be reclassified to statement of profit and loss		-	-
Total other comprehensive income/(loss) for the year (8)		(2.53)	(3.29)
9 TOTAL COMPREHENSIVE INCOME FOR THE YEAR (7+8)		218.43	109.20
10 EARNINGS PER EQUITY SHARE (FACE VALUE OF ₹ 10/- EACH)	41		
- Basic (in ₹)		68.86	43.47
- Diluted (in ₹)		64.40	42.03

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

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Chartered Accountants

Firm's Registration Number: 117366W/W-100018

Sathya P Koushik

Partner

Membership Number: 206920

For and on behalf of Board of Directors

Bharath R Sessa

Managing Director and

Chief Executive Officer

DIN: 01983066

Subhash Anand

Executive Director and

Chief Financial Officer

DIN: 07348933

S Murali Krishna

Company Secretary

Membership Number: 13372

Place : Bengaluru

Date : May 06, 2021

Place : Bengaluru

Date : May 06, 2021

STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2021

₹ in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax for the year	220.96	112.49
Adjustments for:		
Depreciation and amortisation expense	108.31	93.67
Interest expense on borrowings	84.47	77.88
Share based compensation expense	5.14	5.60
Rental income from investment property	(5.59)	(5.61)
Interest income	(14.39)	(7.84)
Liabilities / provisions no longer required written back	(3.40)	(1.83)
Loss / (Gain) on sale of property, plant and equipment	(2.00)	0.32
Provision for doubtful trade and other receivables	-	0.70
Unrealised exchange (gain) / loss (net)	0.62	4.65
Operating profit before working capital changes	394.12	280.03
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(15.24)	(65.79)
Trade receivables	(254.17)	66.10
Other assets (financial & non-financial)	(39.68)	22.81
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	92.99	(26.35)
Other liabilities (financial & non-financial)	8.99	(11.27)
Cash generated from operations	187.01	265.53
Net income tax (paid) / refunds	(32.57)	(23.51)
Net cash flow generated from operating activities (A)	154.44	242.02
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure for property, plant and equipment and intangible assets, including capital advances	(173.49)	(268.87)
Proceeds from sale of property, plant and equipment	2.97	1.32
Investments in subsidiary (Refer note 37)	-	(55.10)
Investments in other entities	(0.10)	-
Proceeds from sale of investments in other entities	-	0.09
Intercompany deposit (given) / received	50.00	(50.00)
Interest received	9.78	8.09
Rental income from investment property	5.59	5.61
(Increase)/decrease in balance held as margin money	-	0.05
Net cash flow utilised in investing activities (B)	(105.25)	(358.81)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	298.16	29.76
Proceeds from non-current borrowings	155.82	134.38
Repayment of non-current borrowings	(262.79)	(100.87)
Net increase / (decrease) in current borrowings	6.82	130.06
Dividends paid (net of taxes)	(19.73)	(15.62)
Lease payments	(2.60)	(1.75)
Interest paid on borrowings	(83.18)	(78.95)

STANDALONE STATEMENT OF CASH FLOWS

for the year ended March 31, 2021

₹ in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net cash flow generated from financing activities (C)	92.50	97.01
Net increase in cash and cash equivalents during the year (A+B+C)	141.69	(19.78)
Cash and cash equivalents at the beginning of the year	55.84	75.62
Cash and cash equivalents at the end of the year	197.53	55.84
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer note 17)	197.53	55.84
Cash and cash equivalents at the end of the year *	197.53	55.84
* Comprises		
Cash on hand	0.05	0.10
Balance with banks:		
- In current account	3.02	0.90
- In deposit account	194.46	54.84
Total	197.53	55.84

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration Number: 117366W/W-100018

Sathya P Koushik

Partner

Membership Number: 206920

For and on behalf of Board of Directors

Bharath R Sesha

Managing Director and

Chief Executive Officer

DIN: 01983066

Subhash Anand

Executive Director and

Chief Financial Officer

DIN: 07348933

S Murali Krishna

Company Secretary

Membership Number: 13372

Place : Bengaluru

Date : May 06, 2021

Place : Bengaluru

Date : May 06, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

A. EQUITY SHARE CAPITAL

₹ in Crores	
Particulars	Amount
Balance as at April 01, 2019	25.77
Changes in equity share capital during the year	
- Shares issued pursuant to exercise of warrants (refer note 19 (v))	0.80
- Shares issued pursuant to exercise of stock options (refer note 43)	0.28
Balance as at March 31, 2020	26.85
Changes in equity share capital during the year	
- Shares issued pursuant to exercise of warrants (refer note 19 (v))	8.60
- Shares issued pursuant to exercise of stock options (refer note 43)	0.47
Balance as at March 31, 2021	35.92

B. OTHER EQUITY

₹ in Crores						
Particulars	Share application money pending allotment	Reserves and Surplus			Share options outstanding account	Total equity attributable to the owners of the company
		Capital reserve	Securities premium	Retained earnings		
Balance as at April 01, 2019	104.00	0.01	780.61	49.67	2.39	936.68
Profit for the year	-	-	-	112.49	-	112.49
Other comprehensive income for the year	-	-	-	(3.29)	-	(3.29)
Share application money received on issue of warrants (refer note 19 (v))	24.00	-	-	-	-	24.00
Issue of equity shares pursuant to exercise of warrants (refer note 19 (v))	(32.00)	-	31.20	-	-	(0.80)
Issue of shares pursuant to exercise of share options (refer note 43)	-	-	8.74	-	(3.26)	5.48
Payment of dividends (including dividend distribution tax)	-	-	-	(15.66)	-	(15.66)
Employee stock compensation expenses	-	-	-	-	5.60	5.60
Adjustments pursuant to adoption of Ind AS 116 (net of tax)	-	-	-	(0.56)	-	(0.56)
Balance as at March 31, 2020	96.00	0.01	820.55	142.65	4.73	1,063.94
Profit for the year	-	-	-	220.96	-	220.96
Other comprehensive income for the year	-	-	-	(2.53)	-	(2.53)
Share application money received on issue of warrants (refer note 19 (v))	288.00	-	-	-	-	288.00
Issue of equity shares pursuant to exercise of warrants (refer note 19 (v))	(384.00)	-	375.40	-	-	(8.60)
Issue of shares pursuant to exercise of share options (refer note 43)	-	-	15.77	-	(6.08)	9.69
Payment of dividends	-	-	-	(19.74)	-	(19.74)
Employee stock compensation expenses	-	-	-	-	5.14	5.14
Balance as at March 31, 2021	-	0.01	1,211.72	341.34	3.79	1,556.86

See accompanying notes forming part of the standalone financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
 Chartered Accountants
 Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
 Partner
 Membership Number: 206920

For and on behalf of Board of Directors

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 Managing Director and
 Chief Executive Officer
 DIN: 01983066

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 DIN: 07348933

S Murali Krishna
 Company Secretary
 Membership Number: 13372

Place : Bengaluru
 Date : May 06, 2021

Place : Bengaluru
 Date : May 06, 2021

NOTES

to the standalone financial statements for the year ended March 31, 2021

1 BACKGROUND

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

The standalone financial statements were approved by the Board of Directors and authorised for issue on May 06, 2021.

These financial statements comprise the Standalone Balance sheet of the Company, Standalone Statement of Profit and Loss (including Other Comprehensive Income) and Standalone Cash flow statement, Standalone statement of changes in equity and significant accounting policies and other explanatory information (together the "standalone financial statements").

2.1 Significant accounting policies

(i) Statement of compliance

These standalone financial statements have been prepared to comply in all material aspects with the 'Indian Accounting Standards' ("Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter, as applicable to the Company, and other relevant provisions of the Act.

(ii) Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value as described in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes

into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date."

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(iii) Business combinations

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

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

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

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

NOTES

to the standalone financial statements for the year ended March 31, 2021

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

(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 recognised 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 recognised 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.

NOTES

to the standalone financial statements for the year ended March 31, 2021

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 recognised 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 recognises 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 amortised 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 recognises 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 capitalised as cost of assets.

NOTES

to the standalone financial statements for the year ended March 31, 2021

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.

NOTES

to the standalone financial statements for the year ended March 31, 2021

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.

NOTES

to the standalone financial statements for the year ended March 31, 2021

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

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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

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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

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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 recognises 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 recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. Financial liabilities are derecognised when these are extinguished , that is when the obligation is discharged, cancelled or has expired.

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Equity instruments

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

(xxi) Operating Cycle

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

(xxii) Dividend and dividend distribution tax

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

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

(xxiii) Key sources of estimation uncertainty

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

period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods."

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

Impairment of goodwill and other non-financial assets

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

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Litigations

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

Leases under Ind AS 116:

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

(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 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.

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NOTE NO. 3 PROPERTY, PLANT AND EQUIPMENT

Particulars	Gross block			Accumulated depreciation			Net block				
	As at April 01, 2020	Additions	Disposals	Reclassification*	As at March 31, 2021	As at April 01, 2020	Depreciation for the year	Eliminated on disposal	Reclassification*	As at March 31, 2021	As at March 31, 2020
Freehold Land	57.18	13.58	-	-	70.76	-	-	-	-	70.76	57.18
	(57.18)	-	-	-	(57.18)	-	-	-	-	(57.18)	(57.18)
Leasehold Improvements	14.33	0.11	-	-	14.44	6.37	2.66	-	-	9.03	5.41
	(14.30)	(0.03)	-	-	(14.33)	(3.47)	(2.90)	-	-	(6.37)	(10.83)
Buildings	247.71	22.21	-	2.81	272.73	20.35	10.99	-	0.23	31.57	241.16
	(193.85)	(53.86)	-	-	(247.71)	(11.55)	(8.80)	-	-	(20.35)	(182.30)
Plant and equipments	649.31	52.54	2.62	-	699.23	122.88	69.54	1.85	-	190.57	508.66
	(489.37)	(162.83)	(2.89)	-	(649.31)	(68.24)	(55.98)	(1.34)	-	(122.88)	(421.13)
Furniture and fixtures	6.77	0.08	0.01	-	6.84	1.59	0.84	-	-	2.43	4.41
	(5.28)	(1.49)	-	-	(6.77)	(0.88)	(0.71)	-	-	(1.59)	(4.40)
Vehicles	1.01	0.32	0.01	-	1.32	0.48	0.19	0.01	-	0.66	0.53
	(0.77)	(0.24)	-	-	(1.01)	(0.31)	(0.17)	-	-	(0.48)	(0.46)
Office equipments	33.37	3.38	0.10	-	36.65	15.87	6.60	0.07	-	22.40	14.25
	(27.70)	(5.81)	(0.14)	-	(33.37)	(8.36)	(7.59)	(0.08)	-	(15.87)	(19.34)
Total	1,009.68	92.22	2.74	2.81	1,101.97	167.54	90.82	1.93	0.23	256.66	845.31
Previous year	(788.45)	(224.26)	(3.03)	-	(1,009.68)	(92.81)	(76.15)	(1.42)	-	(167.54)	(695.64)

* Reclassified from investment property.

Notes:

- (i) Figures in brackets relates to previous year.
- (ii) The above assets other than to the extent mentioned in notes (iii) below are owned by the Company.
- (iii) The title deeds of freehold land and building (as at March 31, 2021 gross block ₹ 202.88 Crores and net block of ₹ 182.30 Crores) (March 31, 2020: gross block ₹ 256.55 Crores and net block of ₹ 236.23 Crores) capitalised in the books of the Company are in the name of erstwhile Companies. The Company is in the process transferring the title deeds of such properties in its name.
- (iv) Refer note 21 for properties, plant and equipment pledged as security towards borrowings by the Company.

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NOTE NO. 4 LEASES

(i) Right-of-use assets

₹ in Crores

Particulars	Gross block			Accumulated depreciation			Net block			
	As at April 01, 2020	Additions	Disposals	As at March 31, 2021	As at April 01, 2020	Depreciation for the year	Eliminated on disposal	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020
Leasehold Land	59.74	0.11	-	59.85	1.34	1.58	-	2.92	56.93	58.40
	(31.84)	(27.90)	-	(59.74)	(0.29)	(1.05)	-	(1.34)	(58.40)	(31.55)
Buildings	10.29	-	0.61	9.68	6.39	1.37	0.45	7.31	2.37	3.90
	(10.29)	-	-	(10.29)	(4.42)	(1.97)	-	(6.39)	(3.90)	(5.87)
Total	70.03	0.11	0.61	69.53	7.73	2.95	0.45	10.23	59.30	62.30
Previous year	(42.13)	(27.90)	-	(70.03)	(4.71)	(3.02)	-	(7.73)	(62.30)	(37.42)

Notes:

- Figures in brackets relates to previous year.
- The above assets other than to the extent mentioned in notes (iii) below are owned by the Company.
- The title deeds of right-of-use assets (as at March 31, 2021 gross block ₹ 13.33 Crores and net block of ₹ 9.39 Crores) (March 31, 2020: gross block ₹ 17.58 Crores and net block of ₹ 13.36 Crores) capitalised in the books of the Company are in the name of erstwhile Companies. The Company is in the process transferring the title deeds of such properties in its name.

(ii) Lease liabilities

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	15.17	10.82
Addition	-	6.10
Accretion of interest	1.56	1.35
Payments	(2.60)	(3.10)
Deletion	(0.31)	-
Closing balance	13.82	15.17
Maturity analysis:		
- Year 1	2.47	2.91
- Year 2	2.43	2.47
- Year 3	0.87	2.43
- Year 4	0.92	0.87
- Year 5	0.96	0.92
- Year 6 onwards	52.30	53.26
- Less: Unmatured finance charges	(46.13)	(47.69)
Total	13.82	15.17
Non-current	11.77	12.76
Current	2.05	2.41

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

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation charge on Right-of-use asset	2.95	3.02
Finance cost: Interest expense	1.56	1.35
Short term lease payments (Refer Note (i) below)	3.43	2.67

Note:

- 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).

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(iv) Amounts recognised in the standalone statement of cash flows

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Cash outflows for lease payments	2.60	1.75

NOTE NO. 5 CAPITAL WORK IN PROGRESS

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Opening balance	40.21	39.20
Add: Additions	141.71	256.57
Less: Capitalised	(94.20)	(255.56)
Closing balance	87.72	40.21

NOTE NO. 6 INVESTMENT PROPERTY

Particulars	Gross block				Accumulated depreciation					Net block		
	As at April 01, 2020	Additions	Disposals	Reclassification*	As at March 31, 2021	As at April 01, 2020	Depreciation for the year	Eliminated on disposal	Reclassification*	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
	Buildings	13.43	-	-	2.81	10.62	0.96	0.37	-	0.23	1.10	9.52
	(13.43)	-	-	-	(13.43)	(0.47)	(0.49)	-	-	(0.96)	(12.47)	(12.96)
Total	13.43	-	-	2.81	10.62	0.96	0.37	-	0.23	1.10	9.52	12.47
Previous year	(13.43)	-	-	-	(13.43)	(0.47)	(0.49)	-	-	(0.96)	(12.47)	(12.96)

* Reclassified to Property, plant and equipment.

Notes:

- Figures in brackets relates to previous year.
- The above assets other than to the extent mentioned in notes (iii) below are owned by the Company.
- The title deeds of investment property (as at March 31, 2021 gross block ₹ 10.62 Crores and net block of ₹ 9.52 Crores) (March 31, 2020: gross block ₹ 13.43 Crores and net block of ₹ 12.47 Crores) capitalised in the books of the Company are in the name of erstwhile Companies. The Company is in the process transferring the title deeds of such properties in its name.
- Refer note 21 for investment properties pledged as security towards borrowings by the Company.

(v) Details of assets given under an operating lease:

Particulars	Gross block		Net block	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Buildings	10.62	13.43	9.52	12.47

(vi) Fair value of investment properties:

The fair value of the Company's investment properties as at March 31, 2021 has been arrived at ₹ 63.78 Crores (as at March 31, 2020 : ₹ 75.38 Crores) on the basis of a valuation carried out by independent valuers. The said valuers are registered with the authority which governs valuers in India and have appropriate qualifications and relevant experience in the valuation of properties in the relevant locations.

The inputs used are as follows:

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

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- 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.

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Depreciation charge on investment properties	0.37	0.47
Other income: Rental income	5.59	5.61

NOTE NO. 7 GOODWILL

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Goodwill	364.90	364.90
Total	364.90	364.90

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
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, 2021:

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 13% (March 31, 2020: 13%). 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% (March 31, 2020: 5%) 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 (5% decrease)
Post tax discount rate	3.8% increase (3.3% increase)
Expected net revenue growth rates	10% decrease for short term and 3% decrease for long term (12% decrease for short term and 2% decrease for long term)

The details given in brackets relate to previous year

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NOTE NO. 8 OTHER INTANGIBLE ASSETS

₹ in Crores

Particulars	Gross block			Accumulated depreciation			Net block			
	As at April 01, 2020	Additions	Disposals	As at March 31, 2021	As at April 01, 2020	Depreciation for the year	Eliminated on disposal	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020
Registrations and brands	4.33	-	-	4.33	0.73	0.44	-	1.17	3.16	3.60
	(4.33)	-	-	(4.33)	(0.27)	(0.46)	-	(0.73)	(3.60)	(4.06)
Product portfolio (Refer note (ii) below)	105.50	-	-	105.50	26.56	10.64	-	37.20	68.30	78.94
	(105.50)	-	-	(105.50)	(15.92)	(10.64)	-	(26.56)	(78.94)	(89.58)
Software and licenses	19.59	1.87	-	21.46	9.85	3.09	-	12.94	8.52	9.74
	(16.19)	(3.40)	-	(19.59)	(6.94)	(2.91)	-	(9.85)	(9.74)	(9.25)
Total	129.42	1.87	-	131.29	37.14	14.17	-	51.31	79.98	92.28
Previous year	(126.02)	(3.40)	-	(129.42)	(23.13)	(14.01)	-	(37.14)	(92.28)	(102.89)

Notes:

- Figures in brackets relates to previous year.
- The remaining amortisation period of product portfolio as at March 31, 2021 is 6.5 years (March 31, 2020: 7.5 years).

NOTE NO. 9 INVESTMENTS

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
(A) Investments in subsidiaries (carried at cost less provision for impairment):		
Equity shares, unquoted		
Shasun USA Inc., USA		
- 15,000 (As at March 31, 2020 - 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, 2020 - 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, 2020 - 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		
Tulyan Nec Limited, India		
- 3,750 (As at March 31, 2020 - 3,750) shares of ₹ 10 each fully paid up	0.01	0.01
Watsun Infrabuild Private Limited, India		
- 3,68,694 (As at March 31, 2020 - 2,68,694) shares of ₹ 10 each fully paid up	0.37	0.27
SIPCOT Industrial Common Utilities Limited, India		
- 4,242 (As at March 31, 2020 - 4,242) shares of ₹ 100 each fully paid up	0.04	0.04
Total [B]	0.42	0.32
Total [A+B]	18.13	18.03
Aggregate amount of unquoted investments	18.13	18.03
Aggregate amount of investments carried at cost	17.71	17.71
Aggregate amount of financial assets carried at amortised cost	0.42	0.32

Note:

- The Board at its meeting held on February 3, 2021 has approved to acquire additional share capital in Sequent Penems Private Limited, subsidiary company of Solara. Subsequent to the year end, the said transaction is completed and Sequent Penems Private Limited is wholly owned subsidiary of Company with effect from April 27, 2021.

NOTES

to the standalone financial statements for the year ended March 31, 2021

NOTE NO. 10 LOANS

(i) Non-current loans

₹ in Crores		
Particulars	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Loans to employees	0.15	0.02
Loan to related party	1.50	1.48
Total	1.65	1.50

(ii) Current loans

₹ in Crores		
Particulars	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Loans to employees	1.65	2.34
Loan to related party	-	50.00
Total	1.65	52.34

NOTE NO. 11 OTHER FINANCIAL ASSETS

(i) Non-current financial assets

₹ in Crores		
Particulars	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Security deposits	11.65	12.81
Total	11.65	12.81

(ii) Current financial assets

₹ in Crores		
Particulars	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Interest accrued on deposit	4.84	0.23
Interest accrued on loans given	0.59	1.27
Incentives receivables	15.76	6.87
Insurance claim receivables	7.17	7.27
Total	28.36	15.64

NOTE NO. 12 DEFERRED TAX BALANCES

₹ in Crores		
Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	108.24	86.08
Deferred tax liabilities	(82.69)	(97.92)
Deferred Tax assets/ (liabilities) (net)	25.55	(11.84)

NOTES

to the standalone financial statements for the year ended March 31, 2021

₹ in Crores

	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Adjusted with provision for tax	Closing balance
2020-21					
Property, plant and equipment	(70.33)	(0.16)	-	-	(70.49)
Intangible assets – Other than Goodwill	(27.59)	15.39	-	-	(12.20)
Right-of-use assets	3.99	(0.04)	-	-	3.95
Provision for employee benefits	14.29	2.49	(0.88)	-	15.90
Provision for doubtful receivables	10.90	(4.91)	-	-	5.99
Carry forward business loss and unabsorbed depreciation	21.95	(11.93)	-	-	10.02
MAT Credits entitlement	34.95	37.80	0.88	(1.25)	72.38
Total	(11.84)	38.64	-	(1.25)	25.55

₹ in Crores

	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
2019-20					
Property, plant and equipment	(55.56)	(14.77)	-	-	(70.33)
Intangible assets – Other than Goodwill	(31.31)	3.72	-	-	(27.59)
Right-of-use assets	-	3.69	-	0.30	3.99
Provision for employee benefits	12.45	2.93	(1.09)	-	14.29
Provision for doubtful receivables	4.98	5.92	-	-	10.90
Carry forward business loss and unabsorbed depreciation	22.35	(0.40)	-	-	21.95
MAT Credits entitlement	14.26	19.60	1.09	-	34.95
Total	(32.83)	20.69	-	0.30	(11.84)

Notes:

- (i) The Company has presently, decided not to opt for the New Tax Regime inserted as section 115BAA of the Income-tax Act, 1961 and enacted by the Taxation Laws (Amendment) Ordinance, 2019 ('the Ordinance') which is applicable from financial year beginning April 01, 2019. Company has accordingly applied the existing tax rates in the financial statements for the year ended March 31, 2021
- (ii) Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a certain period and can be set off against the future tax liabilities. MAT is recognised as deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefits associated with the asset will be realised.
- (iii) During FY 2017-18, the Company acquired the Human API and Commodity API businesses vide a NCLT approved Scheme of demerger. For the purposes of recognising tax expenses and deferred tax balances in the books of account, the Company has considered Goodwill as non-tax deductible and the Company continued to apply the initial recognition exemption under Ind AS 12 "Income taxes".
- (iv) Based on legal advice received by the Company, the Company has claimed in its income tax returns, depreciation on Goodwill and Product Portfolios relating to both businesses acquired through the aforesaid demerger. These claims are pending assessment by the Income tax authorities at the balance sheet date. Pending completion of assessments, the Company has conservatively not recognised deferred tax assets in the books of account in respect of claims relating to depreciation on the Goodwill relating to both the businesses and Product portfolio (relating to the Commodity API business).

NOTES

to the standalone financial statements for the year ended March 31, 2021

While the Company has consistently taken a conservative view as aforesaid in the books of account, the Company has been legally advised that the claims made in the tax returns are tenable. As at March 31, 2021, the potential unrecognised tax credits in respect of the above amount to ₹ 541.03 Crores. The benefit of these tax credits will be evaluated and recognised in the year in which, based on management's best judgement, such credits are confirmed to be available for future set offs against taxable profits. Also refer note 38, regarding income tax litigations.

NOTE NO. 13 INCOME TAX ASSETS (NET)

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Advance income tax (net of provisions)	0.08	6.15
Total	0.08	6.15

NOTE NO. 14 OTHER ASSETS

(i) Other non-current assets

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Capital advances	39.67	13.04
Advances to others	7.55	7.55
Prepaid expenses	0.23	0.80
Balances with Government authorities:		
- VAT/CST refund receivable	0.94	2.08
Considered doubtful - unsecured:		
Capital advances	0.47	0.41
Less: Allowance for doubtful advances	(0.47)	(0.41)
	-	-
Total	48.39	23.47

(ii) Other current assets

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Advances to suppliers	5.51	16.25
Advances to employees	0.16	0.48
Prepaid expenses	15.65	7.32
Balances with Government authorities:		
- GST credit & other receivable	29.50	17.34
Considered doubtful - unsecured:		
Advances to suppliers	0.26	0.29
Less: Allowance for doubtful advances	(0.26)	(0.29)
	-	-
Total	50.82	41.39

NOTES

to the standalone financial statements for the year ended March 31, 2021

NOTE NO. 15 INVENTORIES

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Raw materials	92.05	92.56
- Goods-in-transit	17.45	4.97
Work-in-progress	148.09	146.29
Finished goods	30.98	30.63
Stores and spares	6.40	5.28
Total	294.97	279.73

Note:

- (i) Value by which inventories have been written down to net realisable value amounted to ₹ 14.70 Crores (As at March 31, 2020: ₹ 28.32 Crores)

NOTE NO. 16 TRADE RECEIVABLES

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good - unsecured	483.81	229.67
Trade receivables - credit impaired	1.72	2.18
	485.53	231.85
Less: Allowance for credit loss	(1.72)	(2.18)
Total	483.81	229.67

Notes:

- (i) In determining the allowance for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

(ii) Movement in expected credit loss allowance:

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Opening balance	2.18	1.48
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(0.46)	0.70
Closing balance	1.72	2.18

NOTE NO. 17 CASH AND CASH EQUIVALENTS

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.05	0.10
Balance with banks:		
- In current accounts	3.02	0.90
- In deposit accounts	194.46	54.84
Total	197.53	55.84

NOTES

to the standalone financial statements for the year ended March 31, 2021

NOTE NO. 18 OTHER BALANCES WITH BANKS

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
In earmarked accounts:		
Unpaid dividend accounts	0.15	0.04
Balance held as margin money		
- against working capital facilities with banks	0.70	0.70
Total	0.85	0.74

NOTE NO. 19 EQUITY SHARE CAPITAL

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Authorised		
120,000,000 equity shares of ₹ 10/- each with voting rights (March 31, 2020: 120,000,000 equity shares of ₹ 10/- each)	120.00	120.00
	120.00	120.00
Issued, subscribed and fully paid-up		
35,929,767 equity shares of ₹ 10/- each with voting rights (March 31, 2020: 26,855,267 equity shares of ₹ 10/- each)	35.92	26.85
Total	35.92	26.85

(i) Reconciliation of number of shares and amount outstanding

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Equity share capital				
Equity share of ₹ 10/- each				
Opening balance	26,855,267	26.85	25,774,267	25.77
Issue of shares pursuant to exercise of warrants (Refer note 19 (v))	8,600,000	8.60	800,000	0.80
Issue of shares pursuant to exercise of stock options (Refer note 43)	474,500	0.47	281,000	0.28
Closing balance	35,929,767	35.92	26,855,267	26.85

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

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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	%	No. of shares	%
TPG Growth IV SF Pte. Ltd.	5,466,816	15.22%	1,466,816	5.46%
Pronomz Ventures LLP	3,190,831	8.88%	3,190,831	11.88%
Arun Kumar Pillai	3,168,463	8.82%	1,668,463	6.21%
Karuna Business Solutions LLP	2,812,121	7.83%	1,412,121	5.26%

NOTES

to the standalone financial statements for the year ended March 31, 2021

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
For convertible warrants	-	-	8,600,000	8.60
Towards employee stock options	473,278	0.47	947,778	0.95

(v) During the 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 the promoter 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 promoter group and investor respectively towards allotment of 10,500,000 convertible warrants during the previous year.

As of March 31, 2020, the Promoter group exercised their option to convert 1,900,000 warrants on payment of balance consideration of ₹ 57 Crores and the equivalent equity shares were allotted.

During the current year, the promoter group and Investor exercised their option to convert remaining 4,600,000 and 4,000,000 warrants respectively into equivalent equity shares on payment of balance consideration of ₹ 288 Crores and the equivalent equity shares were allotted.

NOTE NO. 20 OTHER EQUITY

Particulars	Notes	₹ in Crores	
		As at March 31, 2021	As at March 31, 2020
Capital reserve	20 (i)	0.01	0.01
Securities premium account	20 (ii)	1,211.72	820.55
Retained earnings	20 (iii)	341.34	142.65
Share options outstanding account	20 (iv)	3.79	4.73
Share application money pending allotment (Refer note 19 v)	20 (v)	-	96.00
Total		1,556.86	1,063.94

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
(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
Add: Movement during the year	-	-
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	820.55	780.61
Add: Premium on shares issued during the year pursuant to exercise of warrants (Refer note 19 (v))	375.40	31.20
Add: Premium on shares issued during the year pursuant to exercise of options (Refer note 43)	15.77	8.74
Closing balance	1,211.72	820.55
(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	142.65	49.67

NOTES

to the standalone financial statements for the year ended March 31, 2021

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Add: Net profit attributable to owners of the Company	220.96	112.49
Less: Dividend paid including dividend distribution tax	(19.74)	(15.66)
Add: Other comprehensive income arising from measurement of defined benefit obligation (net of tax)	(2.53)	(3.29)
Less: Adjustments pursuant to adoption of Ind AS 116 (net of tax)	-	(0.56)
Closing balance	341.34	142.65
(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	4.73	2.39
Add: Employee stock compensation expenses	5.14	5.60
Less: Transferred to securities premium account on exercise (net)	(6.08)	(3.26)
Closing balance	3.79	4.73
(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	96.00	104.00
Add: Share application money received on account of issue of warrants (Refer note 19(v))	288.00	24.00
Less: Issue of shares pursuant to exercise of warrants (Refer note 19 v)	(384.00)	(32.00)
Closing balance	-	96.00
Total Reserves and surplus	1,556.86	1,063.94

Notes:

Distributions made and proposed

- (i) The amount of per share dividend (aggregate of interim and final) recognised as distributions to equity shareholders for the year ended March 31, 2021 and March 31, 2020 was ₹ 7/- and ₹ 2/- respectively
- (ii) The Board of Directors at their meeting held on May 07, 2020 had recommended a final dividend of ₹ 2/- per equity share of ₹ 10/- each for the financial year ended March 31, 2020 which was approved by the shareholders at the Annual General Meeting held on August 04, 2020. The aforesaid dividend was paid during the year.
- (iii) The Board of Directors at their meeting held on November 11, 2020 had approved a interim dividend of ₹ 4/- per equity share of ₹ 10/- each. The aforesaid dividend was paid during the year.
- (iv) On May 06, 2021, the Board of Directors have recommended a final dividend of ₹ 3/- per equity share of ₹ 10/- each for the financial year ended March 31, 2021 which is subject to the approval of shareholders at the Annual General Meeting.

NOTE NO. 21 BORROWINGS

(i) Non-current borrowings

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Secured		
Term loans from banks (Refer note (i) to (vii) below)	154.83	232.71
Total	154.83	232.71

NOTES

to the standalone financial statements for the year ended March 31, 2021

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

		₹ in Crores	
Terms of repayment and security		As at March 31, 2021	As at March 31, 2020
(i) Term loans from banks: Loan 1			
Non-current borrowings		21.51	-
Current maturities of non-current borrowings		3.95	-
Security: First paripassu charge on all the movable and immovable fixed Assets (present and future) of the Company and second paripassu charge on all current assets (present and future) of the Company. Rate of interest: - 1 Year MCLR plus 0.70% p.a Repayment terms: ₹ 3.95 Cr per month starting from Mar 22			
(ii) Term loans from banks: Loan 2			
Non-current borrowings		38.51	-
Current maturities of non-current borrowings		1.41	-
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: - 7.15% plus linked to 6 Months MCLR Repayment terms: 0.70 Cr per month starting from Feb 22			
(iii) Term loans from banks: Loan 3			
Non-current borrowings		-	94.94
Current maturities of non-current borrowings		-	17.00
Security: First paripassu charge on the movable and immovable fixed assets and second paripassu charge on current assets. Rate of interest: - 1 Year MCLR plus 1.30% p.a - 2.50% p.a Repayment terms: ₹ 2.83 Cr per month			
(iv) Term loans from banks: Loan 4			
Non-current borrowings		12.11	48.81
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			
(v) Term loans from banks: Loan 5			
Non-current borrowings		51.45	29.65
Current maturities of non-current borrowings		20.01	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			
(vi) Term loans from banks: Loan 6			
Non-current borrowings		31.25	59.31
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			
(vii) Term loans from banks: Loan 7			
Non-current borrowings		-	-
Current maturities of non-current borrowings		-	27.46
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			

NOTES

to the standalone financial statements for the year ended March 31, 2021

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Disclosed under non-current borrowings	154.83	232.71
Disclosed under other current financial liabilities		
- Current maturities of non-current borrowings	91.20	120.29

(ii) Current borrowings

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Secured loans repayable on demand from banks:		
Working capital loans	360.88	353.79
Total	360.88	353.79

Details of security for the current borrowings repayable on demand:

- Working capital loans from banks are secured by first pari passu charge over current assets of the Company and second pari passu charge on movable and immovable fixed assets of the Company.
- Rate of interest for INR borrowings ranges from 8.45% to 10.85%
- Rate of interest for USD borrowings ranges from 1.71% to 4.44%

NOTE NO. 22 OTHER FINANCIAL LIABILITIES

(i) Other non-current financial liabilities

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits	0.42	0.42
Total	0.42	0.42

(ii) Other current financial liabilities

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturities of non-current borrowings (Refer note 21(i))	91.20	120.29
Advance from related party	0.40	0.40
Interest accrued but not due on borrowings	0.48	0.75
Unclaimed dividends*	0.15	0.04
Other payables:		
Payables on purchase of property, plant and equipment	3.59	8.74
Total	95.82	130.22

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

NOTE NO. 23 PROVISIONS

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits:		
Compensated absences	13.19	12.39
Total	13.19	12.39
Non-current	11.36	10.53
Current	1.83	1.86

NOTES

to the standalone financial statements for the year ended March 31, 2021

NOTE NO. 24 OTHER LIABILITIES

(i) Other non-current liabilities

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Contract liability:		
Advance from customers	27.18	39.81
Income received in advance (unearned revenue)	1.32	2.93
Provision for employee benefits:		
Gratuity (Refer note 39)	25.20	22.09
Total	53.70	64.83

(ii) Other current liabilities

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Contract liability:		
Advance from customers	12.50	16.21
Income received in advance (unearned revenue)	1.60	2.20
Other payables:		
- Advance rentals	1.17	1.23
- Statutory liabilities	3.83	4.09
Total	19.10	23.73

Note:

- (i) During the year ended March 31, 2021, the company recognised revenue of ₹ 16.21 Crores (As at March 31, 2020: ₹ 15.93 Crores) arising from opening contract liability as of April 01, 2020.

NOTE NO. 25 TRADE PAYABLES

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Dues of micro and small enterprises (Refer note (i) below)	5.81	3.91
Dues of other than micro and small enterprises	299.82	211.81
Total	305.63	215.72

Note:

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
(i) The principal amount due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	5.81	3.91
(ii) The interest due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(v) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

NOTES

to the standalone financial statements for the year ended March 31, 2021

This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

NOTE NO. 26 REVENUE FROM OPERATIONS

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products	1,563.85	1,250.83
Sale of services	11.88	16.81
Other operating revenues (Refer note (i) below)	41.15	54.11
Total	1,616.88	1,321.75

Disaggregated revenue information

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

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from contracts with customers		
Asia Pacific	906.79	655.29
Europe	392.00	352.00
North America	150.59	102.56
South America	99.41	117.92
Rest of the World	26.94	39.87
Subtotal	1,575.73	1,267.64
Revenue from other sources		
Other operating revenues	41.15	54.11
Subtotal	41.15	54.11
Total	1,616.88	1,321.75

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

(b) Revenue from major customers

Revenue from one customer of the Company is ₹ 220.23 Crores (March 31, 2020 - ₹ 277.60 Crores) which is individually more than 10 percent of the Company's total revenue.

(i) Other operating revenue comprises:

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Export incentives	20.08	24.70
Share of profit	2.09	1.72
Sale of by-products and scrap	16.39	24.42
Support service income	2.59	3.27
Total	41.15	54.11

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognised as at the end of the reporting period and an explanation as to when the Company expects to recognise 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.

NOTES

to the standalone financial statements for the year ended March 31, 2021

NOTE NO. 27 OTHER INCOME

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income (Refer note (i) below)	14.39	7.84
Rental income from investment properties	5.59	5.61
Other non-operating income		
- Liabilities / provisions no longer required written back	3.40	1.83
- Profit on sale of property, plant and equipment (net)	2.00	-
- Insurance claims	0.27	7.28
- Others	2.76	4.95
Total	28.41	27.51

Note:

(i) Interest income comprises:

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest from banks on deposits	12.36	6.51
Interest on loans and advances	0.16	0.23
Interest from others	1.87	1.10
Total	14.39	7.84

NOTE NO. 28 COST OF MATERIALS CONSUMED

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	97.53	86.70
Add: Purchases	695.73	634.19
Less: Closing stock	(109.50)	(97.53)
Cost of materials consumed	683.76	623.36

NOTE NO. 29 PURCHASES OF STOCK-IN-TRADE

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Traded goods	42.80	29.67
Total	42.80	29.67

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

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the end of the year:		
- Finished goods	30.98	30.63
- Work-in-progress	148.09	146.29
	179.07	176.92
Inventories at the beginning of the year:		
- Finished goods	30.63	22.96
- Work-in-progress	146.29	99.80
	176.92	122.76
Net (increase) / decrease	(2.15)	(54.16)

NOTES

to the standalone financial statements for the year ended March 31, 2021

NOTE NO. 31 EMPLOYEE BENEFITS EXPENSE

₹ in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	186.47	165.05
Contribution to provident and other funds (Refer note 39)	17.54	15.16
Share based payments (Refer note 43)	5.14	5.60
Other employee benefits	18.48	16.43
Total	227.63	202.24

NOTE NO. 32 FINANCE COSTS

₹ in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest costs:		
- Interest on bank overdrafts and loans	77.89	72.87
- Delayed payment of income tax	0.01	0.24
- Other interest expense	3.90	4.19
- Less: Amounts included in the cost of qualifying assets	(1.56)	(9.65)
Exchange difference regarded as an adjustment to borrowing costs	0.10	7.58
Other finance costs	4.13	2.65
Total	84.47	77.88

NOTE NO. 33 DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment (Refer note 3)	90.82	76.15
Depreciation of investment properties (Refer note 6)	0.37	0.49
Depreciation of right-of-use assets (Refer note 4(i))	2.95	3.02
Amortisation of intangible assets (Refer note 8)	14.17	14.01
Total	108.31	93.67

NOTE NO. 34 OTHER EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Subcontracting	15.73	17.11
Power and fuel	84.06	76.22
Water	1.36	1.46
Rent including lease rentals	3.43	2.67
Repairs and maintenance:		
- Buildings	2.85	4.25
- Machinery	15.79	19.47
- Others	27.39	23.92
Insurance	8.59	7.70
Rates and taxes	1.45	3.93
Communication	2.34	2.14
Travelling and conveyance	2.27	6.82
Printing and stationery	2.19	2.75
Freight and forwarding	26.26	19.19
Sales commission	7.31	5.65
Business promotion	0.31	1.56
Donations and contributions	1.00	1.17
Expenditure on Corporate Social Responsibility (Refer note (i) below)	1.30	1.27
Analytical charges	4.63	5.24

NOTES

to the standalone financial statements for the year ended March 31, 2021

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Regulatory expenses	5.97	3.17
Legal and professional fees	21.06	21.10
Payments to statutory auditors (Refer note (ii) below)	0.86	0.68
Bad debts written off / Allowance for doubtful trade and other receivables	-	0.70
Loss on sale of property, plant and equipment (net)	-	0.32
Consumption of stores and spares	29.43	24.75
Exchange fluctuation loss (net)	1.68	1.71
Provision for doubtful advances, net	0.03	0.27
Miscellaneous expenses	12.22	8.89
Total	279.51	264.11

Notes:

(i) Expenditure on Corporate Social Responsibility:

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
a. Gross amount required to be spent during the year	1.15	1.15
b. Amount spent during the year on:		
(i) Construction / acquisition of any asset		
(ii) On purposes other than (i) above	1.30	1.27
Total	1.30	1.27

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

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
- Audit of standalone and consolidated financial statements including limited review	0.66	0.58
- Other services	0.19	0.07
- Reimbursement of expenses	0.01	0.03
Total	0.86	0.68

NOTE NO. 35 TAX EXPENSES

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax		
Current tax expenses	38.64	20.69
Deferred tax benefit		
MAT credit availed	(38.64)	(20.69)
Net tax expense	-	-

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

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before income taxes:	220.96	112.49
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	77.21	39.31

NOTES

to the standalone financial statements for the year ended March 31, 2021

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
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	0.91	0.24
Effect on additional tax allowance	(0.86)	(7.22)
Effect of unrecognised tax credits and deductible temporary differences now recognised as deferred tax assets	(58.38)	(30.61)
Effect of adjustment on account of depreciation claims in return of income as against depreciation claims considered for book purposes	(18.81)	-
Others (net)	(0.07)	(1.72)
Total income tax expense	-	-

Refer Note 12 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)

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Inhouse:		
Salaries and wages	29.40	25.07
Depreciation and amortisation expense	11.44	11.61
Materials	0.42	0.93
Others	23.09	20.96
Total	64.35	58.57

In addition, the Company has also incurred capital expenditure in such facilities of ₹ 0.64 Crores (March 31, 2020: ₹ 2.72 Crores) which has been capitalised under respective heads in the financial statements.

NOTE NO. 37 BUSINESS ACQUISITIONS:

Acquisition of Strides Chemicals Private Limited during the previous year:

During the previous year ended March 31, 2019, the Company acquired 100% of the equity shares in Strides Chemicals Private Limited (SCPL) for a consideration of ₹ 131 Crores on September 01, 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 01, 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 previous 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 previous 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 previous year.

NOTES

to the standalone financial statements for the year ended March 31, 2021

Details of the fair value of assets and liabilities of Strides Chemicals Private Limited as at September 01, 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

NOTE NO. 38 COMMITMENTS AND CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
a) Contingent liabilities - Pending Litigations		
(i) Indirect taxes	3.22	3.22
(ii) The Company has received a show cause notice from the Income Tax Authorities challenging the Company's claim of depreciation on goodwill and product portfolio for the Assessment Year 2018-19. The Company has responded to the above notice defending their claims and the matter is pending adjudication with the authorities. The Company has in its return of income for subsequent years also has claimed the aforesaid allowances. Refer note 12 (iv) for details.	-	-
(iii) Other claims against the Company not acknowledged as debts	3.00	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	96.76	67.71
- Intangible assets	1.52	0.94

NOTE NO. 39 EMPLOYEE BENEFITS PLANS

Defined contribution plan

The Company makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll cost to fund the benefits. The Company recognised ₹ 12.49 Crores (March 31, 2020: ₹ 10.84 Crores) for provident fund contributions, ₹ 0.23 Crores (March 31, 2020: ₹ 0.24 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.

NOTES

to the standalone financial statements for the year ended March 31, 2021

Defined benefit plan

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

Composition of the plan assets

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

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

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

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

Particulars	Valuation as at	
	March 31, 2021	March 31, 2020
Discount rate	6.57%	6.51%
Expected rate of salary increase	Year 1- 7.50% thereafter- 6.50%	6.50%
Attrition rate	11.00%	11.00%
Mortality Rate	As per IALM (2012-14) ultimate	As per IALM (2012-14) ultimate
Retirement age (years)	58 years	58 years

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

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Service cost:		
Current service cost	3.85	3.10
Net interest expense	1.20	1.21
Components of defined benefit costs recognised in statement of profit and loss	5.05	4.31
Remeasurement on the net defined benefit liability:		
Return on plan assets [excluding amounts included in net interest expense] (excess) / short return	0.19	0.11
Actuarial (gains) / losses arising from changes in financial assumptions	0.23	1.65
Actuarial (gains) / losses arising from experience adjustments	2.11	1.53
Components of defined benefit costs recognised in other comprehensive income	2.53	3.29
Total	7.58	7.60

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

NOTES

to the standalone financial statements for the year ended March 31, 2021

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Present value of funded defined benefit obligation	49.27	45.17
Fair value of plan assets	(24.07)	(23.08)
Funded status	25.20	22.09
Net liability arising from defined benefit obligation	25.20	22.09

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Opening defined benefit obligation	45.17	38.09
Expenses recognised in statement of profit and loss		
Current service cost	3.85	3.10
Interest cost	2.70	2.52
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	0.23	1.65
Actuarial gains and losses arising from experience adjustments	2.11	1.53
Benefits paid	(4.79)	(1.72)
Closing defined benefit obligation	49.27	45.17

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	23.08	18.19
Expected return on plan assets	1.50	1.31
Remeasurement gain (loss):		
Contributions from the employer	4.47	5.30
Actuarial (gain) / loss on plan assets	(0.19)	(0.11)
Benefits paid	(4.79)	(1.61)
Closing fair value of plan assets	24.07	23.08

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 ₹ 46.93 Crores (₹ 52.14 Crores) as at March 31, 2021

If the expected salary growth increase / (decrease) by 1%, the defined benefit obligation would be ₹ 51.92 Crores (₹ 47.02 Crores) as at March 31, 2021

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.

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to the standalone financial statements for the year ended March 31, 2021

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

Expected future cash outflows towards the plan are as follows-

Financial Year	Amount
2021-22	6.85
2022-23	6.53
2023-24	6.40
2024-25	6.70
2025-26	5.91
2026-27 to 2030- 31	22.45

NOTE NO. 40 RELATED PARTY INFORMATION:

40A List of related parties:

Controlling parties

Arun Kumar Pillai (Person holding significant interest in the Company and Promoter)

Chayadeep Properties Pvt Ltd*

Karuna Ventures Private Limited*

Agnus Holdings Pvt Ltd*

Pronomz Ventures LLP*

SRJR Enterprise LLP*

Karuna Business Solutions LLP*

Chayadeep Ventures LLP*

Agnus Capital LLP*

*Entities controlled by Arun Kumar Pillai

The Management of the Company have applied their judgement in identifying the controlling parties, which included consideration of controlling parties' absolute size of holding in the Company and the relative size of and dispersion of the shareholdings owned by the other shareholders.

Promoter and persons acting in concert:

K R Ravishankar

Deepa Arun Kumar

Aditya Arun Kumar

Tarini Arun Kumar

Padmakumar Karunakaran Pillai

Vineetha Mohanakumar Pillai

Hemalatha Pillai

Sajitha Pillai

Rajitha Gopalakrishnan

K R Lakshmi

Yalavarthy Usha Rani

Devicam Capital LLP

Triumph Venture Holdings LLP

Rajeswari Amma (Upto Oct 13, 2020)

NOTES

to the standalone financial statements for the year ended March 31, 2021

Wholly owned subsidiary:

Shasun USA Inc., USA

Other Subsidiaries:

Sequent Penems Private Limited

Chemsynth Laboratories Private Limited

Director and Key Management Personnel:

Bharath R Sessa	Managing Director and Chief Executive Officer (Appointed as CEO wef. Feb 06, 2020 and appointed as MD wef. Aug 03, 2020)
Jitesh Devendra	Managing Director (Resigned wef. August 03, 2020)
Subhash Anand	Executive Director and Chief Finance Officer (Appointed as CFO wef. Oct 30, 2020 and Executive Director wef. Apr 01, 2021)
S Hariharan	Executive Director- Finance and Chief Finance Officer (Resigned as CFO wef. Oct 30, 2020 and ED- Finance wef. Mar 31, 2021)
R. Ramakrishnan	Independent Director
Nirmal P Bhogilal	Independent Director
Kausalya Santhanam	Independent Director
Deepak C Vaidya	Non-Executive Director
Ronald Tjeerd De Vries	Independent Director
Ankur Nand Thadani	Non-Executive Director
B Sreenivasa Reddy	Chief Operating Officer (Resigned wef. October 30, 2020)
Rajesh Salwan	Chief Operating Officer (Appointed wef. Oct 30, 2020)
S Murali Krishna	Company Secretary

Enterprises controlled, owned or significantly influenced by directors, key management personnel, promoter or person holding significant interest in the company:

Strides Pharma Science Limited, India

Devendra Estates LLP, India (upto August 03, 2020)

Sequent Scientific Limited (upto April 08, 2021)*

Sequent Research Limited, India (upto April 08, 2021)

Alivira Animal Health Limited, India (upto April 08, 2021)

Tenshi Life Sciences Private Limited, India

Aurore Life Sciences Private Limited, India

Tenshi Kaizen Private Limited, India

Olene Life Sciences Private Limited, India

GMS Tenshi Holdings Pte Limited, Singapore

Stelis Biopharma Private Limited, India

Tenshi Pharmaceuticals Private Limited, India (formerly known as Steriscience Private Limited and Sovizen Life Sciences Private Limited)

Hydra Active Pharma Sciences Private Limited, India (formerly known as Tenshi Active Pharma Sciences Private Limited)

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to the standalone financial statements for the year ended March 31, 2021

Velbiom Probiotics Private Limited, India (formerly known as Tenshi Life Care Private Limited)
Triphase Pharmaceuticals Private Limited, India
Outlook Therapeutics Inc, USA
Naari Pharma Private Limited, India
Tenshi Kaizen Inc., USA
Tenshi Kaizen USA Inc., USA
Batliboi Impex Limited, India
Tenshi Life Sciences Pte Ltd, Singapore
Biolexis Pte Ltd, Singapore
Navad Life Sciences Pte Ltd, Singapore
Aurore Pharmaceuticals Private Limited, India
Tenshi Kaizen Pharma Pte Ltd, Singapore
Tenshi Kaizen Private Limited, UK
Tenshi KSM Private Limited, India
Steriscience Specialties Pvt Ltd, India (formerly known as Steriscience Pharma Pvt Ltd)
Empyrean Life Sciences Pvt Ltd, India
Steriscience Pte Limited, Singapore
Steriscience BV, Netherlands
Tenshi Kaizen B V, Netherlands
Steriscience Specialties Sp. z.o.o, Poland
Stelis Pte Ltd, Singapore
Stelis Biopharma LLC, USA
Chayadeep Properties Private Limited
Karuna Ventures Private Limited
Agnus Holdings Pvt Ltd
Pronomz Ventures LLP
SRJR Enterprise LLP
Karuna Business Solutions LLP
Chayadeep Ventures LLP
Agnus Capital LLP
Devicam Capital LLP
Triumph Venture Holdings LLP

* Company has filed an application with stock exchange for Reclassification of "Outgoing Promoters" from Promoter group to Public category on April 08, 2021.

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to the standalone financial statements for the year ended March 31, 2021

40B Transactions during the year

₹ in Crores

Description	Related party	March 31, 2021	March 31, 2020
Sale of goods	Strides Pharma Science Limited	220.19	267.59
	Aurore Life Sciences Private Limited	3.29	0.52
	Tenshi Kaizen Private Limited	-	0.01
	Steriscience Specialties Pvt Ltd	0.13	-
	Alivira Animal Health Limited	20.91	9.99
Sale of services	Strides Pharma Science Limited	0.04	10.01
Interest income	Chemsynth Laboratories Private Limited	0.16	0.23
	Tenshi Life Sciences Private Limited	1.23	0.93
Commission income	Alivira Animal Health Limited	0.02	0.10
Other operating revenue	Strides Pharma Science Limited	2.09	1.72
Sale of property, plant and equipment	Stelis Biopharma Private Limited	0.02	-
Management charges	Shasun USA Inc	-	3.34
Other income	Tenshi Kaizen Private Limited	0.21	1.42
Purchase of goods	Alivira Animal Health Limited	3.21	19.36
	Sequent Scientific Limited	0.32	0.01
	Strides Pharma Science Limited	-	2.42
	Aurore Pharmaceuticals Private Limited	0.02	-
	Aurore Life Sciences Private Limited	10.63	2.67
Purchase of services	Sequent Research Limited	4.15	5.82
	Tenshi Kaizen Private Limited	2.50	-
	Batliboi Impex Limited	0.27	0.93
Purchase of property, plant and equipment	Tenshi Life Sciences Private Limited	-	0.27
	Chemsynth Laboratories Private Limited	-	0.92
Sales commission	Shasun USA Inc	2.00	1.70
Recovery of expenses from	Shasun USA Inc	-	0.05
	Alivira Animal Health Limited	-	0.01
	Sequent Research Limited	0.93	0.50
	Chemsynth Laboratories Private Limited	-	0.01
	Strides Pharma Science Limited	16.73	14.80
Reimbursement of expenses to	Shasun USA Inc	0.02	-
	Strides Pharma Science Limited	2.45	1.61
	Tenshi Life Sciences Private Limited	1.84	2.29
	Sequent Scientific Limited	0.05	0.14
	Sequent Research Limited	0.23	0.67
Rental Income	Sequent Research Limited	0.84	0.84
Rent & Maintenance for leased property	Devendra estates LLP	0.10	0.31
	Strides Pharma Science Limited	1.60	1.52
	Sequent Penems Private Limited	0.46	0.46
Advances given	Chemsynth Laboratories Private Limited	0.02	0.05
Loan given	Tenshi Life Sciences Private Limited	-	50.00
Loan / Advances refund received	Tenshi Life Sciences Private Limited	50.00	-
	Tenshi Kaizen Private Limited	10.50	-

NOTES

to the standalone financial statements for the year ended March 31, 2021

Description	Related party	₹ in Crores	
		March 31, 2021	March 31, 2020
Dividend paid	Arun Kumar Pillai	1.60	0.83
	K R Ravishankar	0.80	0.66
	Deepa Arun Kumar	0.03	0.03
	Aditya Arun Kumar	0.03	0.03
	Tarini Arun Kumar	0.03	0.03
	Padmakumar Karunakaran Pillai	0.03	0.02
	Vineetha Mohanakumar Pillai	0.03	0.02
	Hemalatha Pillai	0.02	0.01
	Sajitha Pillai	0.02	0.02
	Rajitha Gopalakrishnan	0.02	0.01
	K R Lakshmi	0.01	0.01
	Yalavarthy Usha Rani	0.00	0.00
	Chayadeep Properties Private Limited	0.32	0.26
	Karuna Ventures Private Limited	0.06	0.05
	Agnus Holdings Pvt Ltd	0.04	0.04
	Pronomz Ventures LLP	1.91	1.60
	SRJR Enterprise LLP	0.68	-
	Karuna Business Solutions LLP	1.41	0.31
	Chayadeep Ventures LLP	0.60	0.50
	Agnus Capital LLP	0.51	0.42
	Devicam Capital LLP	0.09	0.08
	Triumph Venture Holdings LLP	0.00	0.00
	Sequent Scientific Limited	0.33	0.28
Rajeswari Amma	0.00	0.01	
Sitting fees paid to directors	Deepak C Vaidya	0.11	0.08
	Kausalya Santhanam	0.11	0.08
	Nirmal P Bhogilal	0.11	0.08
	Ronald Tjeerd De Vries	0.11	0.08
	R. Ramakrishnan	0.11	0.08
Remuneration to Non-executive directors	Deepak C Vaidya	0.10	-
	Kausalya Santhanam	0.10	-
	Nirmal P Bhogilal	0.10	-
	Ronald Tjeerd De Vries	0.10	-
	R. Ramakrishnan	0.10	-
Services received in the capacity other than as KMP (refer note (i) below)	Subhash Anand	0.46	-
	Rajesh Salwan	0.27	-
	Bharath R Sesha	-	0.60
Short term employee benefits paid to (refer note (i) below)	Jitesh Devendra	3.30	9.07
	S Hariharan	1.82	1.67
	Bharath R Sesha	5.67	0.76
	Subhash Anand	1.35	-
	Rajesh Salwan	1.00	-
	B Sreenivasa Reddy	1.39	1.73
	S Murali Krishna	0.45	0.42

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

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40CBalances as at March 31, 2021

		₹ in Crores	
Description	Related party	As at March 31, 2021	As at March 31, 2020
Trade payables	Shasun USA Inc.	0.38	3.05
	Sequent Scientific Limited	0.43	0.03
	Batliboi Impex Limited	-	0.09
	Sequent Research Limited	0.28	1.00
	Devendra Estates LLP	-	0.03
	Sequent Penems Private Limited	0.31	0.20
	Strides Pharma Science Limited	0.17	2.94
	Tenshi Life Sciences Private Limited	1.94	1.40
	Aurore Life Sciences Private Limited	12.38	0.02
	Aurore Pharmaceuticals Private Limited	0.06	-
	Security deposit received	Sequent Research Limited	0.42
Trade receivables	Alivira Animal Health Limited	3.59	2.23
	Aurore Life Sciences Private Limited	3.62	0.19
	Tenshi Kaizen Private Limited	-	0.01
	Sequent Research Limited	0.16	0.27
	Strides Pharma Science Limited	56.23	26.94
	Steriscience Specialties Pvt Ltd	0.05	-
	Stelis Biopharma Private Limited	0.03	-
	Shasun USA Inc.	-	1.59
Other receivables	Chemsynth Laboratories Private Limited	0.59	0.43
	Tenshi Kaizen Private Limited	-	1.53
	Tenshi Life Sciences Private Limited	-	0.84
Loan / Advances receivable/ (payable)	Tenshi Kaizen Private Limited	-	10.50
	Tenshi Life Sciences Private Limited	-	50.00
	Chemsynth Laboratories Private Limited	1.50	1.48
	Sequent Penems Private Limited	(0.40)	(0.40)
	Strides Pharma Science Limited	0.72	0.72
Security deposit given	Devendra estates LLP	0.20	0.20

NOTE NO. 41 EARNINGS PER SHARE:

		₹ in Crores	
Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
Basic earnings per share:		68.86	43.47
Diluted earnings per share:		64.40	42.03

Earnings used in computing basic and diluted earnings per share

		₹ in Crores	
Particulars		For the year ended March 31, 2021	For the year ended March 31, 2020
Profit attributable to the equity holders of the Company		220.96	112.49

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to the standalone financial statements for the year ended March 31, 2021

Weighted average number of shares used as the denominator

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of equity shares used as denominator in calculating basic earnings per share	32,087,640	25,878,915
Adjustments for calculation of diluted earnings per share:		
- share warrants	1,959,985	551,325
- employee stock options	264,167	335,953
Weighted average number of equity shares used as denominator in calculating diluted earnings per share	34,311,792	26,766,193

NOTE NO. 42 SEGMENT REPORTING:

The Company is engaged in the manufacture and sale of Active Pharma Ingredients. The operating segment of the Company is identified to be "Manufacture and sale of Active Pharma Ingredients" as the chief operating decision maker (CODM) reviews business performance at an overall Company level as one segment.

As the Company operates in single operating segment i.e., "Manufacture and sale of Active Pharma Ingredients", the reporting disclosures envisaged in Ind AS 108 on operating segments, are not applicable to the Company. However, the geographical information are disclosed below:

Information regarding geographical non-current assets is as follows*:

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
India	1,495.20	1,443.92
Total	1,495.20	1,443.92

*Non current assets are excluding financial instruments and deferred tax assets

NOTE NO. 43 SHARE-BASED PAYMENTS:

Details of the employee share option plan of the Company:

The ESOP titled "Solara Employee Stock Option Plan 2018" (ESOP 2018) was approved by the shareholders and stock exchanges. 1,228,778 options are covered under the plan which are convertible into equal number of equity shares of the Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of 120 days from the date of vesting. Company has granted 240,000 options (March 31, 2020: 190,000 options) under this plan during the current year.

During the current year, employee compensation costs of ₹ 5.14 Crores (Previous year: ₹ 5.60 Crores) relating to the above referred Employee Stock Option Plan have been charged to the Statement of Profit and Loss.

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to the standalone financial statements for the year ended March 31, 2021

Fair value of share options granted during the year

The fair value of the share options were priced using a Black-Scholes model of valuation at grant date. The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

Assumptions	Grant Date: Oct 30, 2020 (ESOP 2018)		
	Vest 1 Oct 30, 2021	Vest 2 Oct 30, 2022	Vest 3 Oct 30, 2023
	30%	31%	39%
No. of options	66,500	68,500	85,000
Fair market value of option at grant date (₹)	414.17	475.47	556.99
Fair market value of share at grant date (₹)	1,137.15	1,137.15	1,137.15
Exercise price (₹)	837.00	837.00	837.00
Expected volatility	49.88%	44.36%	48.53%
Option life (Years)	1	2	3
Expected Dividend Yield	0.44%	0.44%	0.44%
Risk-free interest rate	4.55%	5.52%	5.77%

Assumptions	Grant Date: March 31, 2021 (ESOP 2018)		
	Vest 1 Mar 31, 2022	Vest 2 Mar 31, 2023	Vest 3 Mar 31, 2024
	20%	30%	50%
No. of options	4,000	6,000	10,000
Fair market value of option at grant date (₹)	493.88	567.31	634.26
Fair market value of share at grant date (₹)	1,393.15	1,393.15	1,393.15
Exercise price (₹)	1,015.00	1,015.00	1,015.00
Expected volatility	44.24%	41.22%	39.44%
Option life (Years)	1	2	3
Expected Dividend Yield	0.36%	0.36%	0.36%
Risk-free interest rate	4.54%	4.93%	5.59%

Fair value of share options granted during the previous year

The fair value of the share options were priced using a Black-Scholes model of valuation at grant date. The assumptions used in this model for calculating fair value of the ESOP granted during the previous year are as below:

Assumptions	Grant Date: 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%

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to the standalone financial statements for the year ended March 31, 2021

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%

Employee stock options details as on the balance sheet date are as follows:

Assumptions	During the year 2020-21		During the year 2019-20	
	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	714,000	247.62	845,000	205.00
Granted during the year	240,000	851.83	190,000	365.16
Exercised during the year	474,500	214.26	281,000	205.00
Lapsed/ cancelled during the year	89,500	250.41	40,000	205.00
Options outstanding at the end of the year	390,000	659.39	714,000	247.62
Options available for grant	83,278	-	233,778	-

NOTE NO. 44 FINANCIAL INSTRUMENTS

44.1 Categories of financial instruments

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Financial assets:		
Measured at amortised cost		
(a) Cash and bank balances	198.38	56.58
(b) Investments	0.42	0.32
(c) Trade receivables	483.81	229.67
(d) Loans receivable	3.30	53.84
(e) Other financial assets at amortised cost	40.01	28.45
Financial liabilities:		
Measured at amortised cost		
(a) Borrowings including current maturities of non current borrowings	606.91	706.79
(b) Lease liabilities	13.82	15.17
(c) Trade payables	305.63	215.72
(d) Other financial liabilities	5.04	10.35

NOTES

to the standalone financial statements for the year ended March 31, 2021

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

The management assessed that the carrying amounts of financial assets and financial liabilities (except borrowings) recognised in the financial statements at amortised cost will reasonably approximate their fair values.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	606.91	607.88	706.79	715.10

Financial risk management objectives

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

44.3 Foreign currency risk management

The Company is exposed to foreign exchange risk due to:

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

The carrying amount of the Company's foreign currency denominated monetary liabilities (payables) and assets (receivables) as at the end of reporting period are as under:

Amount receivable/(payable)	As at March 31, 2021		As at March 31, 2020	
	in foreign Currency	in ₹	in foreign Currency	in ₹
USD	(0.44)	(32.14)	(0.88)	(65.86)
EUR	0.09	7.90	0.02	1.36
JPY	0.03	0.02	0.03	0.02
NZD	(0.00)	(0.01)	-	-
GBP	-	-	0.00	0.25
CHF	-	-	(0.00)	(0.08)

Foreign currency sensitivity analysis

Financial instruments affected by changes in foreign exchange rates include loans in foreign currencies. The Company considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The impact on account of 5% appreciation / depreciation in the exchange rate of the above foreign currencies against ₹ is given below:

Exposure to the Currency	Increase / (Decrease) in Equity		Increase / (Decrease) in Profit	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Appreciation in the USD	(1.61)	(3.29)	(1.61)	(3.29)
Depreciation in the USD	1.61	3.29	1.61	3.29
Appreciation in the EUR	0.40	0.07	0.40	0.07
Depreciation in the EUR	(0.40)	(0.07)	(0.40)	(0.07)

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.

NOTES

to the standalone financial statements for the year ended March 31, 2021

For the purpose of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at each year end.

The sensitivity analysis might not be representative of inherent foreign exchange risk due to the fact that

the foreign exposure at the end of the reporting period might not reflect the exposure during the year.

44.4 Interest rate risk management

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

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments is as follows:

₹ in Crores		
Particulars	As at March 31, 2021	As at March 31, 2020
Fixed-rate instruments		
Financial assets		
Balance with banks held as margin money	0.70	0.70
Balance with banks held in deposit account	194.46	54.84
Financial liabilities		
Lease liabilities	13.82	15.17
	208.98	70.71
Variable-rate instruments		
Financial liabilities		
Borrowings from bank	606.91	706.79
	606.91	706.79

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include secured long term loans from banks and secured short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be C 8.01 Crores (March 31, 2020: C 6.79 Crores) assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

44.5 Credit risk management

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

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Company has an

internal mechanism of determining the credit rating of the customers and setting credit limits. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company is not significantly exposed to geographical credit risk as the counterparties operate across various countries across the globe.

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

44.6 Liquidity risk management

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

NOTES

to the standalone financial statements for the year ended March 31, 2021

term cash flows, and by matching the maturity profiles of financial assets and liabilities.

44.6.1 Liquidity analysis for Non-Derivative Liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial

liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table include repayment of principal amounts. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
₹ in Crores								
Bank & other borrowings								
- As on March 31, 2021	452.08	91.25	32.87	22.20	9.48	-	607.88	606.91
- As on March 31, 2020	475.77	113.58	91.08	34.67	-	-	715.10	706.79
Interest payable on borrowings								
- As on March 31, 2021	0.48	-	-	-	-	-	0.48	0.48
- As on March 31, 2020	0.75	-	-	-	-	-	0.75	0.75
Lease liabilities								
- As on March 31, 2021	2.05	2.10	0.55	0.51	0.48	8.13	13.82	13.82
- As on March 31, 2020	2.41	1.75	1.56	0.55	0.51	8.39	15.17	15.17
Trade and other payable								
- As on March 31, 2021	310.19	-	-	-	-	-	310.19	310.19
- As on March 31, 2020	225.32	-	-	-	-	-	225.32	225.32

NOTE NO. 45 CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in note 21 offset by cash and bank balances) and total equity.

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

45.01 Gearing ratio

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

Particulars	₹ in Crores	
	March 31, 2021	March 31, 2020
Debt (i)	606.91	706.79
Less:		
Cash and bank balances	198.38	56.58
Net Debt (A)	408.53	650.21
Total Equity (B)	1,592.78	1,090.79
Net debt to equity ratio (A/B)	0.26	0.60

(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings.

NOTES

to the standalone financial statements for the year ended March 31, 2021

NOTE NO. 46 DISCLOSURE AS PER REGULATION 34 (3) AND 53 (F) READ WITH PART A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IN RESPECT OF LOANS AND ADVANCES, THE AMOUNT IN THE NATURE OF LOANS OUTSTANDING AT YEAR END:

₹ in Crores

Name of borrower	Nature of relationship	Security	Rate of interest	As at April 01, 2020	Given during the year	Repayment during the year	As at March 31, 2021	Maximum amount outstanding during the year ended March 31, 2021
Chemsynth Laboratories Private Limited	Subsidiary	Unsecured	10.90%	1.48	0.02	-	1.50	1.50
Tenshi Life Sciences Private Limited	Others	Unsecured	10.00%	50.00	-	50.00	-	50.00

NOTE NO. 47

Subsequent to the year end, the Board of Directors at their meeting held on April 09, 2021 has approved the amalgamation of Aurore Life Science Private Limited, Emphyrean Lifesciences Private Limited and Hydra Active Pharma Sciences Private Limited with the Company. The Appointed Date for the merger is April 01, 2021 and the merger process is expected to be completed in Q4 FY 2021-22. The merger is subject to certain conditions including approvals from stock exchanges, SEBI, shareholders, jurisdictional National Company Law Tribunal and other applicable statutory authorities.

NOTE NO. 48

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

NOTE NO. 49 RECENT PRONOUNCEMENTS

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 01, 2021. The Company is evaluating the effect of the amendments on its financial statements.

NOTE NO. 50

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

Bharath R Sessa

Managing Director and
Chief Executive Officer
DIN: 01983066

Subhash Anand

Executive Director and
Chief Financial Officer
DIN: 07348933

S Murali Krishna

Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : May 06, 2021

INDEPENDENT AUDITOR'S REPORT

To The Members of

SOLARA ACTIVE PHARMA SCIENCES LIMITED

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying consolidated financial statements of **Solara Active Pharma Sciences Limited** ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of 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 2021, 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.

Sl.No.	Key Audit Matter	Response to Key Audit Matter
1	<p>Revenue recognition:</p> <p>The Group's revenues are, as disclosed in Note 28 of the consolidated financial statements, arising from sale of pharmaceuticals products, which are in the nature of API (i.e. Active Pharmaceutical Ingredients). The Group recognises sales revenue based on the terms and conditions of transactions, which vary with different customers. For sales transactions in a certain period around balance sheet date, it is essential to ensure whether the transfer of control of the goods by the Group to the customer occurs before the balance sheet date or otherwise. Considering that there are significant volume of sales transactions close to the year end, involving material amounts and such revenue recognition is subject to whether transfer of control to the 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.</p>	<p>Principal audit procedures performed:</p> <ul style="list-style-type: none"> (i) We evaluated the design and implementation 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. (ii) We tested the relevant underlying information technology systems used in recording revenue including group's system generated reports, based on which selection of samples was undertaken. (iii) On sample basis, we performed test of details of sales recorded close to the year-end through following procedures: <ul style="list-style-type: none"> ● 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.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates 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 ₹ 24.10 Crores as at 31 March 2021, total revenues of ₹ 2.97 Crores and net cash (outflows) amounting to ₹ (0.04 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, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on 31 March 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March, 2021 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. Refer Note 39 to the consolidated financial statements.
 - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Sathya P. Koushik

(Partner)

(Membership No. 206920)

(UDIN: 21206920AAAAEJ6191)

Place: Bengaluru

Date: May 06, 2021

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 31 March 2021, we have audited the internal financial controls over financial reporting of **Solara Active Pharma Sciences Limited** (hereinafter referred to as “the 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 31 March 2021, 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.

OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 2 subsidiary companies, 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)

Place: Bengaluru

Date: May 06, 2021

(Membership No. 206920)

(UDIN: 21206920AAAAEJ6191)

CONSOLIDATED BALANCE SHEET

as at March 31, 2021

₹ in Crores

Particulars	Note No.	As at March 31, 2021	As at March 31, 2020
A ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	851.92	848.79
(b) Right-of-use assets	4(i)	59.30	62.30
(c) Capital work in progress	5	87.98	40.47
(d) Investment property	6	25.29	28.48
(e) Goodwill	7	365.09	365.09
(f) Other intangible assets	8	79.98	92.28
(g) Financial assets			
(i) Investments	9	0.42	0.32
(ii) Loans	10(i)	0.15	0.02
(iii) Other financial assets	11(i)	11.66	13.53
(h) Deferred tax assets (net)	12	25.61	0.07
(i) Income tax assets (net)	13	0.17	6.31
(j) Other non-current assets	14(i)	48.38	23.85
Total non-current assets		1,555.95	1,481.51
II Current assets			
(a) Inventories	15	294.97	279.73
(b) Financial assets			
(i) Trade receivables	16	483.87	226.53
(ii) Cash and cash equivalents	17	197.69	56.04
(iii) Bank balances other than (ii) above	18	0.85	0.74
(iv) Loans	10(ii)	1.65	52.34
(v) Other financial assets	11(ii)	27.77	15.21
(c) Other current assets	14(ii)	50.83	41.40
Total current assets		1,057.63	671.99
Total assets (I + II)		2,613.58	2,153.50
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	19	35.92	26.85
(b) Other equity	20	1,552.60	1,059.09
Equity attributable to the owners of the company		1,588.52	1,085.94
Non-controlling interests	21	4.24	4.29
Total equity		1,592.76	1,090.23
II Liabilities			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22(i)	154.83	232.71
(ii) Lease liabilities	4(ii)	11.77	12.76
(iii) Other financial liabilities	23(i)	0.42	0.72
(b) Provisions	24	11.36	10.53
(c) Deferred tax liabilities (net)	12	-	11.83
(d) Other non-current liabilities	25(i)	53.69	64.83
Total Non-current liabilities		232.07	333.38
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	22(ii)	360.88	353.79
(ii) Lease liabilities	4(ii)	2.05	2.41
(iii) Trade payables			
- Dues of micro and small enterprises	26	5.81	3.91
- Dues of other than micro and small enterprises	26	303.49	212.21
(iv) Other financial liabilities	23(ii)	95.42	131.13
(b) Provisions	24	1.83	1.86
(c) Current tax liabilities (net)	27	0.14	0.84
(d) Other current liabilities	25(ii)	19.13	23.74
Total current liabilities		788.75	729.89
Total liabilities		1,020.82	1,063.27
Total equity and liabilities (I + II)		2,613.58	2,153.50

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
 Chartered Accountants
 Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
 Partner
 Membership Number: 206920

For and on behalf of Board of Directors

Bharath R Sessa
 Managing Director and
 Chief Executive Officer
 DIN: 01983066

Subhash Anand
 Executive Director and
 Chief Financial Officer
 DIN: 07348933

S Murali Krishna
 Company Secretary
 Membership Number: 13372

Place: Bengaluru
 Date: May 06, 2021

Place: Bengaluru
 Date: May 06, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

₹ in Crores

Particulars	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
1 REVENUE FROM OPERATIONS	28	1,616.88	1,321.75
2 Other income	29	28.77	27.52
3 Total Income (1+2)		1,645.65	1,349.27
4 EXPENSES			
(a) Cost of materials consumed	30	683.77	623.36
(b) Purchase of stock-in-trade	31	42.80	29.67
(c) Changes in inventories of finished goods and work-in-progress	32	(2.15)	(54.16)
(d) Employee benefits expense	33	229.37	204.13
(e) Finance costs	34	84.48	77.89
(f) Depreciation and amortisation expenses	35	108.66	94.16
(g) Other expenses	36	277.22	259.31
Total expenses (4)		1,424.15	1,234.36
5 PROFIT BEFORE TAX (3-4)		221.50	114.91
6 TAX EXPENSE	37		
(a) Current tax		38.80	21.22
(b) Current tax of subsidiary - reversal of excess provision of prior year		-	(0.14)
(c) Deferred tax		(38.65)	(20.69)
Total tax expense (6)		0.15	0.39
7 PROFIT FOR THE YEAR (5-6)		221.35	114.52
8 OTHER COMPREHENSIVE INCOME			
A Items that will not be reclassified subsequently to profit or loss:			
(i) Remeasurement gains/(losses) of defined benefit plans		(2.53)	(3.29)
(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		-	-
B Items that may be reclassified to subsequently to profit or loss:			
(i) Exchange differences on translating the financial statements of foreign operations		0.13	(0.42)
(ii) Income tax relating to items that may be reclassified to statement of profit and loss		-	-
Total other comprehensive income/(loss) for the year (8)		(2.40)	(3.71)
9 TOTAL COMPREHENSIVE INCOME FOR THE YEAR (7+8)		218.95	110.81
Profit for the year attributable to:			
- Owners of the Company		221.40	114.61
- Non-controlling interests		(0.05)	(0.09)
		221.35	114.52
Other Comprehensive income attributable to:			
- Owners of the Company		(2.40)	(3.71)
- Non-controlling interests		-	-
		(2.40)	(3.71)
Total Comprehensive income attributable to:			
- Owners of the Company		219.00	110.90
- Non-controlling interests		(0.05)	(0.09)
		218.95	110.81
10 EARNINGS PER EQUITY SHARE (FACE VALUE OF ₹ 10/- EACH)	42		
- Basic (in ₹)		69.00	44.29
- Diluted (in ₹)		64.53	42.82

See accompanying notes forming part of the consolidated financial statements

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

Chartered Accountants

Firm's Registration Number: 117366W/W-100018

Sathya P Koushik

Partner

Membership Number: 206920

For and on behalf of Board of Directors

Bharath R Sessa

Managing Director and

Chief Executive Officer

DIN: 01983066

Subhash Anand

Executive Director and

Chief Financial Officer

DIN: 07348933

S Murali Krishna

Company Secretary

Membership Number: 13372

Place: Bengaluru

Date: May 06, 2021

Place: Bengaluru

Date: May 06, 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2021

₹ in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax for the year	221.50	114.91
Adjustments for:		
Depreciation and amortisation expense	108.66	94.16
Interest expense on borrowings	84.48	77.89
Share based compensation expense	5.14	5.60
Rental income from investment property	(5.70)	(5.84)
Interest income	(14.22)	(7.62)
Liabilities / provisions no longer required written back	(3.82)	(1.83)
Loss / (Gain) on sale of property, plant and equipment	(2.00)	0.32
Provision for doubtful trade and other receivables	-	0.70
Unrealised exchange (gain) / loss (net)	0.62	4.65
Operating profit before working capital changes	394.66	282.94
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(15.24)	(65.79)
Trade receivables	(257.37)	67.80
Other assets (financial & non-financial)	(38.78)	18.28
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	96.67	(28.05)
Other liabilities (financial & non-financial)	8.88	(8.69)
Cash generated from operations	188.82	266.49
Net income tax (paid) / refunds	(33.36)	(24.34)
Net cash flow generated from operating activities (A)	155.46	242.15
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure for property, plant and equipment and intangible assets, including capital advances	(174.48)	(268.87)
Proceeds from sale of property, plant and equipment	2.97	1.30
Investments in subsidiary	-	(55.10)
Investments in other entities	(0.10)	-
Proceeds from sale of investments in other entities	-	0.09
Intercompany deposit (given) / received	50.00	(50.00)
Interest received	9.61	7.88
Rental income from investment property	5.70	5.84
(Increase)/decrease in balance held as margin money	-	0.05
Net cash flow utilised in investing activities (B)	(106.30)	(358.81)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	298.16	29.76
Proceeds from non-current borrowings	155.82	134.38
Repayment of non-current borrowings	(262.79)	(100.87)
Net increase / (decrease) in current borrowings	6.82	130.05
Dividends paid (net of taxes)	(19.73)	(15.62)

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended March 31, 2021

₹ in Crores

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Lease payments	(2.60)	(1.75)
Interest paid on borrowings	(83.19)	(78.97)
Net cash flow generated from financing activities (C)	92.49	96.98
Net increase in cash and cash equivalents during the year (A+B+C)	141.65	(19.68)
Cash and cash equivalents at the beginning of the year	56.04	75.72
Cash and cash equivalents at the end of the year	197.69	56.04
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer note 17)	197.69	56.04
Cash and cash equivalents at the end of the year *	197.69	56.04
* Comprises		
Cash on hand	0.05	0.10
Balance with banks:		
- In current account	3.18	1.10
- In deposit account	194.46	54.84
Total	197.69	56.04

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration Number: 117366W/W-100018

Sathya P Koushik

Partner

Membership Number: 206920

For and on behalf of Board of Directors

Bharath R Sessa

Managing Director and

Chief Executive Officer

DIN: 01983066

Subhash Anand

Executive Director and

Chief Financial Officer

DIN: 07348933

S Murali Krishna

Company Secretary

Membership Number: 13372

Place: Bengaluru

Date: May 06, 2021

Place: Bengaluru

Date: May 06, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

A. EQUITY SHARE CAPITAL

Particulars	₹ in Crores	
	Amount	Amount
Balance as at April 01, 2019		25.77
Changes in equity share capital during the year		
- Shares issued pursuant to exercise of warrants (refer note 19 (v))		0.80
- Shares issued pursuant to exercise of stock options (refer note 44)		0.28
Balance as at March 31, 2020		26.85
Changes in equity share capital during the year		
- Shares issued pursuant to exercise of warrants (refer note 19 (v))		8.60
- Shares issued pursuant to exercise of stock options (refer note 44)		0.47
Balance as at March 31, 2021		35.92

B. OTHER EQUITY

Particulars	₹ in Crores							
	Share application money pending allotment	Capital reserve	Reserves and Surplus	Share options outstanding account	Items of other comprehensive income - Foreign currency translation reserve	Total equity attributable to the owners of the company	Non-controlling interests	Total Equity
Balance as at April 01, 2019	104.00	0.01	780.61	44.57	2.39	930.10	4.38	934.48
Profit for the year	-	-	-	114.61	-	114.61	(0.09)	114.52
Other comprehensive income for the year	-	-	-	(3.29)	(0.42)	(3.71)	-	(3.71)
Share application money received on issue of warrants (refer note 19 (v))	24.00	-	-	-	-	24.00	-	24.00
Issue of equity shares pursuant to exercise of warrants (refer note 19 (v))	(32.00)	-	31.20	-	-	(0.80)	-	(0.80)
Issue of shares pursuant to exercise of share options (refer note 44)	-	-	8.74	-	(3.26)	5.48	-	5.48
Payment of dividends (including dividend distribution tax)	-	-	(15.63)	-	-	(15.63)	-	(15.63)
Employee stock compensation expenses	-	-	-	5.60	-	5.60	-	5.60
Adjustments pursuant to adoption of Ind AS 116 (net of tax)	-	-	-	(0.56)	-	(0.56)	-	(0.56)
Balance as at March 31, 2020	96.00	0.01	820.55	139.70	4.73	1,059.09	4.29	1,063.38
Profit for the year	-	-	-	221.40	-	221.40	(0.05)	221.35
Other comprehensive income for the year	-	-	-	(2.53)	0.13	(2.40)	-	(2.40)
Share application money received on issue of warrants (refer note 19 (v))	288.00	-	-	-	-	288.00	-	288.00
Issue of equity shares pursuant to exercise of warrants (refer note 19 (v))	(384.00)	-	375.40	-	-	(8.60)	-	(8.60)
Issue of shares pursuant to exercise of share options (refer note 44)	-	-	15.77	-	(6.08)	9.69	-	9.69
Payment of dividends	-	-	-	(19.72)	-	(19.72)	-	(19.72)
Employee stock compensation expenses	-	-	-	-	5.14	5.14	-	5.14
Balance as at March 31, 2021	-	0.01	1,211.72	338.85	3.79	1,552.60	4.24	1,556.84

See accompanying notes forming part of the consolidated financial statements

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

Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
 Partner

Membership Number: 206920

Place: Bengaluru
 Date: May 06, 2021

For and on behalf of Board of Directors

Bharath R Seshu
 Managing Director and
 Chief Executive Officer
 DIN: 01983066

S Murali Krishna
 Company Secretary
 Membership Number: 13372

Place: Bengaluru
 Date: May 06, 2021

Subhash Anand
 Executive Director and
 Chief Financial Officer
 DIN: 07348933

NOTES

to the consolidated financial statements for the year ended March 31, 2021

1 BACKGROUND

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

The consolidated financial statements were approved by the Board of Directors and authorised for issue on May 06, 2021.

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

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- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of profit and loss from the date the Group gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Details of subsidiaries considered in these consolidated financial statements.

Sr. No	Name of the Subsidiary	% of Holding	Country of Incorporation
1	Chemsynth Laboratories Private Limited	49%	India
2	Sequent Penems Private Limited	89.23%	India
3	Shasun USA Inc	100%	USA

All the above companies are engaged in the business of Pharmaceutical products

(iv) Business combinations

Acquisitions of businesses (other than business combination between common control) are accounted for using the acquisition method.

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

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

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

Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. Identity of the reserves appearing in the financial statements of the transferor is preserved and appears in the financial statements of the transferee in the same form. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

(v) Goodwill

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

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(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 recognised 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 recognised 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

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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 recognised 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 recognises 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 amortised 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 recognises 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 capitalised 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

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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.

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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

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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.

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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

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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

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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 recognises 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 recognise the financial asset and also recognises a collateralised 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

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used for classifying the assets and liabilities into current and non-current as the case may be.

(xxiii) Dividend and dividend distribution tax

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are linked more directly to past transactions or events that generated distributable profits than to distribution to owners and accordingly, recognised in profit or loss or other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Finance Act 2020 has abolished the Dividend Distribution Tax (DDT) and has shifted the tax liability on dividends to the shareholders. Accordingly, the Company distributes the dividend after deducting the taxes at applicable rates"

(xxiv) Critical accounting judgement and key sources of estimation uncertainty

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

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Litigations

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

Leases under Ind AS 116:

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

ensure that the lease term reflects the current economic circumstances.

(xxv) 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 upto 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.

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to the consolidated financial statements for the year ended March 31, 2021

NOTE NO. 3 PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

Particulars	Gross block			Accumulated depreciation			Net block				
	As at April 01, 2020	Additions	Disposals	Reclassification*	As at March 31, 2021	As at April 01, 2020	Depreciation for the year	Eliminated on disposal	Reclassification*	As at March 31, 2021	As at March 31, 2020
Freehold Land	63.78	13.58	-	-	77.36	-	-	-	-	77.36	63.78
	(63.78)	-	-	-	(63.78)	-	-	-	-	(63.78)	(63.78)
Leasehold Improvements	14.56	0.11	-	-	14.67	6.56	2.70	-	-	5.41	8.00
	(14.30)	(0.26)	-	-	(14.56)	(3.47)	(3.09)	-	-	(6.56)	(10.83)
Buildings	247.71	22.21	-	2.81	272.73	20.35	10.99	-	0.23	31.57	227.36
	(193.85)	(53.86)	-	-	(247.71)	(11.55)	(8.80)	-	-	(20.35)	(182.30)
Plant and equipments	649.28	52.54	2.62	-	699.20	122.86	69.54	1.85	-	190.55	526.42
	(489.34)	(162.83)	(2.89)	-	(649.28)	(68.24)	(55.98)	(1.36)	-	(122.86)	(421.10)
Furniture and fixtures	6.77	0.08	0.01	-	6.84	1.59	0.84	-	-	2.43	5.18
	(5.28)	(1.49)	-	-	(6.77)	(0.88)	(0.71)	-	-	(1.59)	(4.40)
Vehicles	1.01	0.32	0.01	-	1.32	0.48	0.19	0.01	-	0.66	0.53
	(0.77)	(0.24)	-	-	(1.01)	(0.31)	(0.17)	-	-	(0.48)	(0.46)
Office equipments	33.39	3.38	0.10	-	36.67	15.87	6.60	0.07	-	22.40	17.52
	(27.72)	(5.81)	(0.14)	-	(33.39)	(8.36)	(7.59)	(0.08)	-	(15.87)	(19.36)
Total	1,016.50	92.22	2.74	2.81	1,108.79	167.71	90.86	1.93	0.23	256.87	851.92
Previous year	(795.04)	(224.49)	(3.03)	-	(1,016.50)	(92.81)	(76.34)	(1.44)	-	(167.71)	(702.23)

* Reclassified from investment property.

Notes:

- (i) Figures in brackets relates to previous year.
- (ii) Refer note 22 for properties, plant and equipment pledged as security towards borrowings by the Group.

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to the consolidated financial statements for the year ended March 31, 2021

NOTE NO. 4 LEASES

(i) Right-of-use assets

₹ in Crores

Particulars	Gross block			Accumulated depreciation				Net block		
	As at April 01, 2020	Additions	Disposals	As at March 31, 2021	As at April 01, 2020	Depreciation for the year	Eliminated on disposal	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Leasehold Land	59.74	0.11	-	59.85	1.34	1.58	-	2.92	56.93	58.40
	(31.84)	(27.90)	-	(59.74)	(0.29)	(1.05)	-	(1.34)	(58.40)	(31.55)
Buildings	10.29	-	0.61	9.68	6.39	1.37	0.45	7.31	2.37	3.90
	(10.29)	-	-	(10.29)	(4.42)	(1.97)	-	(6.39)	(3.90)	(5.87)
Total	70.03	0.11	0.61	69.53	7.73	2.95	0.45	10.23	59.30	62.30
Previous year	(42.13)	(27.90)	-	(70.03)	(4.71)	(3.02)	-	(7.73)	(62.30)	(37.42)

Notes:

(i) Figures in brackets relates to previous year.

(ii) Lease liabilities

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	15.17	10.82
Addition	-	6.10
Accretion of interest	1.56	1.35
Payments	(2.60)	(3.10)
Deletion	(0.31)	-
Closing balance	13.82	15.17
Maturity analysis:		
- Year 1	2.47	2.91
- Year 2	2.43	2.47
- Year 3	0.87	2.43
- Year 4	0.92	0.87
- Year 5	0.96	0.92
- Year 6 onwards	52.30	53.26
- Less: Unmatured finance charges	(46.13)	(47.69)
Total	13.82	15.17
Non-current	11.77	12.76
Current	2.05	2.41

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

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Depreciation charge on Right-of-use asset	2.95	3.02
Finance cost: Interest expense	1.56	1.35
Short term lease payments (Refer Note (i) below)	2.97	2.29

Note:

(i) The Group applies the short-term lease recognition exemption to its short-term leases of certain premises taken on lease (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

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to the consolidated financial statements for the year ended March 31, 2021

(iv) Amounts recognised in the consolidated statement of cash flows

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Cash outflows for lease payments	2.60	1.75

NOTE NO. 5 CAPITAL WORK IN PROGRESS

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	40.47	40.37
Add: Additions	141.78	255.92
Less: Capitalised	(94.27)	(255.82)
Closing balance	87.98	40.47

NOTE NO. 6 INVESTMENT PROPERTY

₹ in Crores

Particulars	Gross block				Accumulated depreciation					Net block		
	As at April 01, 2020	Additions	Disposals	Reclassification*	As at March 31, 2021	As at April 01, 2020	Depreciation for the year	Eliminated on disposal	Reclassification*	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Land	8.24	-	-	-	8.24	-	-	-	-	-	8.24	8.24
	(8.24)	-	-	-	(8.24)	-	-	-	-	-	(8.24)	(8.24)
Buildings	21.95	0.07	-	2.81	19.21	1.71	0.68	-	0.23	2.16	17.05	20.24
	(21.92)	(0.03)	-	-	(21.95)	(0.92)	(0.79)	-	-	(1.71)	(20.24)	(21.00)
Total	30.19	0.07	-	2.81	27.45	1.71	0.68	-	0.23	2.16	25.29	28.48
Previous year	(30.16)	(0.03)	-	-	(30.19)	(0.92)	(0.79)	-	-	(1.71)	(28.48)	(29.24)

* Reclassified to Property, plant and equipment.

Notes:

- Figures in brackets relates to previous year.
- Refer note 22 for investment properties pledged as security towards borrowings by the Group.

(iii) Details of assets given under an operating lease:

₹ in Crores

Particulars	Gross block		Net block	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Land	8.24	8.24	8.24	8.24
Buildings	19.21	21.95	17.05	20.24

(iv) Fair value of investment properties:

The fair value of the Group's investment properties as at March 31, 2021 has been arrived at ₹ 80.67 Crores (as at March 31, 2020: ₹ 92.10 Crores) on the basis of a valuation carried out by independent valuers. The said valuers are registered with the authority which governs valuers in India and have appropriate qualifications and relevant experience in the valuation of properties in the relevant locations.

The inputs used are as follows:

- Valuation is done using discounted cash flow approach, where the value of an asset is measured in terms of future cash flow streams, discounted to the present time at 12.50%.
- Lease rent agreements are cancellable which are expected to be renewed either with the existing lessee or with others, on similar terms and conditions.

NOTES

to the consolidated financial statements for the year ended March 31, 2021

(v) Amounts recognised in the consolidated statement of Profit or Loss for investment properties

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Depreciation charge on investment properties	0.68	0.79
Other income: Rental income	5.70	5.84

NOTE NO. 7 GOODWILL

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Goodwill	365.09	365.09
Total	365.09	365.09

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
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, 2021:

The Management of the Group have performed annual impairment assessment of the goodwill by determining the “value in use” of this Cash Generating Unit (CGU) as an aggregate of present value of cash flow projections covering a five year period and the terminal value. Determination of value in use involves significant estimates and assumptions that affect the reporting CGU's expected future cash flows. These estimates and assumptions, primarily include, but are not limited to, the revenue growth and profitability during the forecast period, the discount rate and the terminal growth rate.

Considering the historical performance of this business since acquisition and based on the forward looking estimates, including the changes in estimated future economic conditions 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 13% (March 31, 2020: 13%). 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% (March 31, 2020: 5%) 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 (5% decrease)
Post tax discount rate	3.8% increase (3.3% increase)
Expected net revenue growth rates	10% decrease for short term and 3% decrease for long term (12% decrease for short term and 2% decrease for long term)

The details given in brackets relate to previous year

NOTES

to the consolidated financial statements for the year ended March 31, 2021

NOTE NO. 8 OTHER INTANGIBLE ASSETS

₹ in Crores

Particulars	Gross block			Accumulated depreciation			Net block			
	As at April 01, 2020	Additions	Disposals	As at March 31, 2021	As at April 01, 2020	Depreciation for the year	Eliminated on disposal	As at March 31, 2021	As at March 31, 2020	As at March 31, 2020
Registrations and brands	4.33	-	-	4.33	0.73	0.44	-	1.17	3.16	3.60
	(4.33)	-	-	(4.33)	(0.27)	(0.46)	-	(0.73)	(3.60)	(4.06)
Product portfolio (Refer note (ii) below)	105.50	-	-	105.50	26.56	10.64	-	37.20	68.30	78.94
	(105.50)	-	-	(105.50)	(15.92)	(10.64)	-	(26.56)	(78.94)	(89.58)
Software and licenses	19.59	1.87	-	21.46	9.85	3.09	-	12.94	8.52	9.74
	(16.19)	(3.40)	-	(19.59)	(6.94)	(2.91)	-	(9.85)	(9.74)	(9.25)
Total	129.42	1.87	-	131.29	37.14	14.17	-	51.31	79.98	92.28
Previous year	(126.02)	(3.40)	-	(129.42)	(23.13)	(14.01)	-	(37.14)	(92.28)	(102.89)

Notes:

- Figures in brackets relates to previous year.
- The remaining amortisation period of product portfolio as at March 31, 2021 is 6.5 years (March 31, 2020: 7.5 years).

NOTE NO. 9 INVESTMENTS

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Investments carried at amortised cost:		
Equity shares, unquoted		
Tulyan Nec Limited, India	0.01	0.01
- 3,750 (As at March 31, 2020 - 3,750) shares of ₹ 10 each fully paid up		
Watsun Infrabuild Private Limited, India	0.37	0.27
- 3,68,694 (As at March 31, 2020 - 2,68,694) shares of ₹ 10 each fully paid up		
SIPCOT Industrial Common Utilities Limited, India	0.04	0.04
- 4,242 (As at March 31, 2020 - 4,242) shares of ₹ 100 each fully paid up		
Total	0.42	0.32
Aggregate amount of unquoted investments	0.42	0.32
Aggregate amount financial assets carried at cost	-	-
Aggregate amount financial assets carried at amortised cost	0.42	0.32

NOTE NO. 10 LOANS

(i) Non-current loans

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Loans to employees	0.15	0.02
Total	0.15	0.02

(ii) Current loans

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Loans to employees	1.65	2.34
Loan to related party	-	50.00
Total	1.65	52.34

NOTES

to the consolidated financial statements for the year ended March 31, 2021

NOTE NO. 11 OTHER FINANCIAL ASSETS

(i) Non-current financial assets

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Security deposits	11.66	13.08
Loan to other party	-	0.45
Total	11.66	13.53

(ii) Current financial assets

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Interest accrued on deposit	4.84	0.23
Interest accrued on loans given	-	0.84
Incentives receivables	15.76	6.87
Insurance claim receivables	7.17	7.27
Total	27.77	15.21

NOTE NO. 12

(i) Deferred tax assets

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Deferred tax asset on account of:		
Carry forward business loss and unabsorbed depreciation	-	0.07
Deferred tax assets	-	0.07

(ii) Deferred tax balances

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Deferred tax assets	108.30	86.09
Deferred tax liabilities	(82.69)	(97.92)
Deferred tax assets/ (liabilities) (net)	25.61	(11.83)

	₹ in Crores				
	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Adjustment with provision for tax	Closing balance
2020-21					
Property, plant and equipment	(70.33)	(0.16)	-	-	(70.49)
Intangible assets – Other than Goodwill	(27.59)	15.39	-	-	(12.20)
Right-of-use assets	4.00	(0.05)	-	-	3.95
Provision for employee benefits	14.29	2.49	(0.88)	-	15.90
Provision for doubtful receivables	10.90	(4.91)	-	-	5.99
Carry forward business loss and unabsorbed depreciation	22.02	(11.93)	-	-	10.09
MAT Credits entitlement	34.95	37.82	0.88	(1.28)	72.37
Total	(11.76)	38.65	-	(1.28)	25.61

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to the consolidated financial statements for the year ended March 31, 2021

₹ 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)
Right-of-use assets	-	3.69	-	0.31	4.00
Provision for employee benefits	12.45	2.93	(1.09)	-	14.29
Provision for doubtful receivables	4.98	5.92	-	-	10.90
Carry forward business loss and unabsorbed depreciation	22.35	(0.33)	-	-	22.02
MAT Credits entitlement	14.26	19.60	1.09	-	34.95
Total	(32.83)	20.76	-	0.31	(11.76)

Notes:

- (i) The Group has presently, decided not to opt for the New Tax Regime inserted as section 115BAA of the Income-tax Act, 1961 and enacted by the Taxation Laws (Amendment) Ordinance, 2019 ('the Ordinance') which is applicable from financial year beginning April 01, 2019. Company has accordingly applied the existing tax rates in the financial statements for the year ended March 31, 2021.
- (ii) Under the Indian Income Tax Act, 1961, the Group is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a certain period and can be set off against the future tax liabilities. MAT is recognised as deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefits associated with the asset will be realised.
- (iii) During FY 2017-18, the Group acquired the Human API and Commodity API businesses vide a NCLT approved Scheme of demerger. For the purposes of recognising tax expenses and deferred tax balances in the books of account, the Group has considered Goodwill as non-tax deductible and the Group continued to apply the initial recognition exemption under Ind AS 12 "Income taxes".
- (iv) Based on legal advice received by the Group, the Group has claimed in its income tax returns, depreciation on Goodwill and Product Portfolios relating to both businesses acquired through the aforesaid demerger. These claims are pending assessment by the Income tax authorities at the balance sheet date. Pending completion of assessments, the Group has conservatively not recognised deferred tax assets in the books of account in respect of claims relating to depreciation on the Goodwill relating to both the businesses and Product portfolio (relating to the Commodity API business).

While the Group has consistently taken a conservative view as aforesaid in the books of account, the Group has been legally advised that the claims made in the tax returns are tenable. As at March 31, 2021, the potential unrecognised tax credits in respect of the above amount to ₹ 541.03 Crores. The benefit of these tax credits will be evaluated and recognised in the year in which, based on management's best judgement, such credits are confirmed to be available for future set offs against taxable profits. Also refer note 38, regarding income tax litigations.

NOTE NO. 13 INCOME TAX ASSETS (NET)

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Advance income tax (net of provisions)	0.17	6.31
Total	0.17	6.31

NOTES

to the consolidated financial statements for the year ended March 31, 2021

NOTE NO. 14 OTHER ASSETS

(i) Other non-current assets

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Capital advances	39.66	13.42
Advances to others	7.55	7.55
Prepaid expenses	0.23	0.80
Balances with government authorities		
- VAT/CST refund receivable	0.94	2.08
Considered doubtful - unsecured:		
Capital advances	0.47	1.15
Less: Allowance for doubtful advances	(0.47)	(1.15)
	-	-
Total	48.38	23.85

(ii) Other current assets

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Considered good - unsecured:		
Advances to suppliers	5.51	16.25
Advances to employees	0.16	0.48
Advances to others	-	0.01
Prepaid expenses	15.65	7.32
Balances with government authorities:		
- GST credit & other receivable	29.51	17.34
Considered doubtful - unsecured:		
Advances to suppliers	0.26	0.29
Less: Allowance for doubtful advances	(0.26)	(0.29)
	-	-
Total	50.83	41.40

NOTE NO. 15 INVENTORIES

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Raw materials	92.05	92.56
- Goods-in-transit	17.45	4.97
Work-in-progress	148.09	146.29
Finished goods	30.98	30.63
Stores and spares	6.40	5.28
Total	294.97	279.73

Note:

- (i) Value by which inventories have been written down to net realisable value amounted to ₹ 14.70 Crores (As at March 31, 2020: ₹ 28.32 Crores)

NOTES

to the consolidated financial statements for the year ended March 31, 2021

NOTE NO. 16 TRADE RECEIVABLES

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables considered good - unsecured	483.87	226.53
Trade receivables - credit impaired	1.72	2.18
	485.59	228.71
Less: Allowances for credit loss	(1.72)	(2.18)
Total	483.87	226.53

Notes:

- (i) In determining the allowance for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

(ii) Movement in expected credit loss allowance:

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	2.18	1.71
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	(0.46)	0.47
Closing balance	1.72	2.18

NOTE NO. 17 CASH AND CASH EQUIVALENTS

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Cash on hand	0.05	0.10
Balance with banks:		
- In current accounts	3.18	1.10
- In deposit accounts	194.46	54.84
Total	197.69	56.04

NOTE NO. 18 OTHER BALANCES WITH BANKS

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
In earmarked accounts:		
Unpaid dividend accounts	0.15	0.04
Balance held as margin money		
- against working capital facilities with banks	0.70	0.70
Total	0.85	0.74

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to the consolidated financial statements for the year ended March 31, 2021

NOTE NO. 19 EQUITY SHARE CAPITAL

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Authorised		
120,000,000 equity shares of ₹ 10/- each with voting rights (March 31, 2020: 120,000,000 equity shares of ₹ 10/- each)	120.00	120.00
	120.00	120.00
Issued, subscribed and fully paid-up		
35,929,767 equity shares of ₹ 10/- each with voting rights (March 31, 2020: 26,855,267 equity shares of ₹ 10/- each)	35.92	26.85
Total	35.92	26.85

(i) Reconciliation of number of shares and amount outstanding

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Equity share capital				
Equity share of ₹ 10/- each				
Opening balance	26,855,267	26.85	25,774,267	25.77
Issue of shares pursuant to exercise of warrants (Refer note 19 (v))	8,600,000	8.60	800,000	0.80
Issue of shares pursuant to exercise of stock options (Refer note 44)	474,500	0.47	281,000	0.28
Closing balance	35,929,767	35.92	26,855,267	26.85

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

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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	%	No. of shares	%
TPG Growth IV SF Pte. Ltd.	5,466,816	15.22%	1,466,816	5.46%
Pronomz Ventures LLP	3,190,831	8.88%	3,190,831	11.88%
Arun Kumar Pillai	3,168,463	8.82%	1,668,463	6.21%
Karuna Business Solutions LLP	2,812,121	7.83%	1,412,121	5.26%

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
For convertible warrants	-	-	8,600,000	8.60
Towards employee stock options	473,278	0.47	947,778	0.95

(v) During the 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 the promoter 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

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to the consolidated financial statements for the year ended March 31, 2021

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 promoter group and investor respectively towards allotment of 10,500,000 convertible warrants during the previous year.

As of March 31, 2020, the Promoter group exercised their option to convert 1,900,000 warrants on payment of balance consideration of ₹ 57 Crores and the equivalent equity shares were allotted.

During the current year, the promoter group and Investor exercised their option to convert remaining 4,600,000 and 4,000,000 warrants respectively into equivalent equity shares on payment of balance consideration of ₹ 288 Crores and the equivalent equity shares were allotted.

NOTE NO. 20 OTHER EQUITY

		₹ in Crores	
Particulars	Notes	As at March 31, 2021	As at March 31, 2020
Capital reserve	20 (i)	0.01	0.01
Securities premium account	20 (ii)	1,211.72	820.55
Retained earnings	20 (iii)	338.85	139.70
Share options outstanding account	20 (iv)	3.79	4.73
Share application money pending allotment (Refer note 19 (v))	20 (v)	-	96.00
Foreign currency translation reserve	20 (vi)	(1.77)	(1.90)
Total		1,552.60	1,059.09

		₹ in Crores	
Particulars		As at March 31, 2021	As at March 31, 2020
(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
Add: Movement during the year		-	-
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		820.55	780.61
Add: Premium on shares issued during the year pursuant to exercise of warrants (Refer note 19 (v))		375.40	31.20
Add: Premium on shares issued during the year pursuant to exercise of options (Refer note 44)		15.77	8.74
Closing balance		1,211.72	820.55
(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		139.70	44.57
Add: Net profit attributable to owners of the Company		221.40	114.61
Less: Dividend paid including dividend distribution tax		(19.72)	(15.63)
Add: Other comprehensive income arising from measurement of defined benefit obligation (net of tax)		(2.53)	(3.29)
Less: Adjustments pursuant to adoption of Ind AS 116 (net of tax)		-	(0.56)
Closing balance		338.85	139.70

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	₹ in Crores	
Particulars	As at March 31, 2021	As at March 31, 2020
(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	4.73	2.39
Add: Employee stock compensation expenses	5.14	5.60
Less: Transferred to securities premium account on exercise (net)	(6.08)	(3.26)
Closing balance	3.79	4.73
(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	96.00	104.00
Add: Share application money received on account of exercise of warrants (Refer note 19 (v))	288.00	24.00
Less: Issue of shares pursuant to exercise of warrants (Refer note 19 (v))	(384.00)	(32.00)
Closing balance	-	96.00
Total Reserves and surplus (A)	1,554.37	1,060.99
(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	(1.90)	(1.48)
Add / (Less): Movement during the period	0.13	(0.42)
Closing balance	(1.77)	(1.90)
Total items of other comprehensive income (B)	(1.77)	(1.90)
Attributable to equity holders of the Company [A + B]	1,552.60	1,059.09

Notes:

Distributions made and proposed

- (i) The amount of per share dividend (aggregate of interim and final) recognised as distributions to equity shareholders for the year ended March 31, 2021 and March 31, 2020 was ₹ 7/- and ₹ 2/- respectively
- (ii) The Board of Directors at their meeting held on May 07, 2020 had recommended a final dividend of ₹ 2/- per equity share of ₹ 10/- each for the financial year ended March 31, 2020 which was approved by the shareholders at the Annual General Meeting held on August 04, 2020. The aforesaid dividend was paid during the year.
- (iii) The Board of Directors at their meeting held on November 11, 2020 had approved a interim dividend of ₹ 4/- per equity share of ₹ 10/- each. The aforesaid dividend was paid during the year.
- (iv) On May 06, 2021, the Board of Directors have recommended a final dividend of ₹ 3/- per equity share of ₹ 10/- each for the financial year ended March 31, 2021 which is subject to the approval of shareholders at the Annual General Meeting.

NOTE NO. 21 NON-CONTROLLING INTERESTS

	₹ in Crores	
Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	4.29	4.38
Add: Profit for the year	(0.05)	(0.09)
Closing balance	4.24	4.29

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to the consolidated financial statements for the year ended March 31, 2021

NOTE NO. 22 BORROWINGS

(i) Non-current borrowings

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Secured		
Term loans from banks (Refer note (i) to (vii) below)	154.83	232.71
Total	154.83	232.71

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

₹ in Crores

Terms of repayment and security	As at March 31, 2021	As at March 31, 2020
(i) Term loans from banks: Loan 1		
Non-current borrowings	21.51	-
Current maturities of non-current borrowings	3.95	-
Security: First paripassu charge on all the movable and immovable fixed Assets (present and future) of the Company and second paripassu charge on all current assets (present and future) of the Company. Rate of interest: - 1 Year MCLR plus 0.70% p.a Repayment terms: ₹ 3.95 Cr per month starting from Mar 22		
(ii) Term loans from banks: Loan 2		
Non-current borrowings	38.51	-
Current maturities of non-current borrowings	1.41	-
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: - 7.15% plus linked to 6 Months MCLR Repayment terms: 0.70 Cr per month starting from Feb 22		
(iii) Term loans from banks: Loan 3		
Non-current borrowings	-	94.94
Current maturities of non-current borrowings	-	17.00
Security: First paripassu charge on the movable and immovable fixed assets and second paripassu charge on current assets. Rate of interest: - 1 Year MCLR plus 1.30% p.a - 2.50% p.a Repayment terms: ₹ 2.83 Cr per month		
(iv) Term loans from banks: Loan 4		
Non-current borrowings	12.11	48.81
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		
(v) Term loans from banks: Loan 5		
Non-current borrowings	51.45	29.65
Current maturities of non-current borrowings	20.01	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"		
(vi) Term loans from banks: Loan 6		
Non-current borrowings	31.25	59.31
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		

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	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Terms of repayment and security		
(vii) Term loans from banks: Loan 7		
Non-current borrowings	-	-
Current maturities of non-current borrowings	-	27.46
Security: First pari passu charge on all fixed assets of the Company present & future including intangible Assets, second pari passu on all current assets of the Company both present & future. Rate of interest: 10.25% p.a Repayment terms: ₹ 3.06 Cr per month		

	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Particulars		
Disclosed under non-current borrowings	154.83	232.71
Disclosed under other current financial liabilities		
-Current maturities of non-current borrowings	91.20	120.29

(ii) Current borrowings

	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Particulars		
Secured loans repayable on demand from banks:		
Working capital loans	360.88	353.79
Total	360.88	353.79

Details of security for the current borrowings repayable on demand:

- Working capital loans from banks are secured by first pari passu charge over current assets of the Company and second pari passu charge on movable and immovable fixed assets of the Company.
- Rate of interest for INR borrowings ranges from 8.45% to 10.85%
- Rate of interest for USD borrowings ranges from 1.71% to 4.44%

NOTE NO. 23 OTHER FINANCIAL LIABILITIES

(i) Other non-current financial liabilities

	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Particulars		
Loan from related parties	-	0.05
Security deposits	0.42	0.67
Total	0.42	0.72

(ii) Other current financial liabilities

	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Particulars		
Current maturities of non-current borrowings (Refer note 22(i))	91.20	120.29
Interest accrued but not due on borrowings	0.48	0.75
Unclaimed dividends*	0.15	0.04
Other payables:		
Payables on purchase of property, plant and equipment	3.59	10.05
Total	95.42	131.13

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

NOTES

to the consolidated financial statements for the year ended March 31, 2021

NOTE NO. 24 PROVISIONS

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits:		
Compensated absences	13.19	12.39
Total	13.19	12.39
Non-current	11.36	10.53
Current	1.83	1.86

NOTE NO. 25 OTHER LIABILITIES

(i) Other non-current liabilities

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Contract liability:		
Advance from customers	27.17	39.81
Income received in advance (unearned revenue)	1.32	2.93
Provision for employee benefits:		
Gratuity (Refer note 40)	25.20	22.09
Total	53.69	64.83

(ii) Other current liabilities

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Contract liability:		
Advance from customers	12.50	16.21
Income received in advance (unearned revenue)	1.60	2.20
Other payables:		
- Advance rentals	1.17	1.23
- Statutory liabilities	3.86	4.10
Total	19.13	23.74

Note:

- (i) During the year ended March 31, 2021, the Group recognised revenue of ₹ 16.21 Crores (As at March 31, 2020: ₹ 21.24 Crores) arising from opening contract liability as of April 01, 2020.

NOTE NO. 26 TRADE PAYABLES

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2020
Dues of micro and small enterprises (Refer note (i) below)	5.81	3.91
Dues of other than micro and small enterprises	303.49	212.21
Total	309.30	216.12

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to the consolidated financial statements for the year ended March 31, 2021

Note:

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
(i) The principal amount due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	5.81	3.91
(ii) The interest due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(v) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductible expenditure under the MSMED Act, 2006	-	-

This information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

NOTE NO. 27 CURRENT INCOME TAX LIABILITIES (NET)

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Provision for tax (net of advance tax)	0.14	0.84
Total	0.14	0.84

NOTE NO. 28 REVENUE FROM OPERATIONS

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Sale of products	1,563.85	1,250.83
Sale of services	11.88	16.81
Other operating revenues (Refer note (i) below)	41.15	54.11
Total	1,616.88	1,321.75

Disaggregated revenue information

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

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from contracts with customers		
Asia Pacific	906.79	655.29
Europe	392.00	352.00
North America	150.59	102.56
South America	99.41	117.92
Rest of the World	26.94	39.87
Subtotal	1,575.73	1,267.64
Revenue from other sources		
Other operating revenues	41.15	54.11
Subtotal	41.15	54.11
Total	1,616.88	1,321.75

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to the consolidated financial statements for the year ended March 31, 2021

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

(b) Revenue from major customers

Revenue from one customer of the Group is ₹ 220.23 Crores (March 31, 2020 - ₹ 277.60 Crores) which is individually more than 10 percent of the Company's total revenue.

(i) Other operating revenue comprises:

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Export incentives	20.08	24.70
Share of profit	2.09	1.72
Sale of by-products and scrap	16.39	24.42
Support service income	2.59	3.27
Total	41.15	54.11

Performance obligations and remaining performance obligations:

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

NOTE NO. 29 OTHER INCOME

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income (Refer note (i) below)	14.22	7.62
Rental income from investment properties	5.70	5.84
Other non-operating income		
- Liabilities / provisions no longer required written back	3.82	1.83
- Profit on sale of property, plant and equipment (net)	2.00	-
- Insurance claims	0.27	7.28
- Others	2.76	4.95
Total	28.77	27.52

Note:

(i) Interest income comprises:

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest from banks on deposits	12.35	6.51
Interest from others	1.87	1.11
Total	14.22	7.62

NOTE NO. 30 COST OF MATERIALS CONSUMED

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Opening stock	97.53	86.70
Add: Purchases	695.74	634.19
Less: Closing stock	(109.50)	(97.53)
Cost of materials consumed	683.77	623.36

NOTES

to the consolidated financial statements for the year ended March 31, 2021

NOTE NO. 31 PURCHASE OF STOCK-IN-TRADE

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Traded goods	42.80	29.67
Total	42.80	29.67

NOTE NO. 32 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Inventories at the end of the year:		
- Finished goods	30.98	30.63
- Work-in-progress	148.09	146.29
	179.07	176.92
Inventories at the beginning of the year:		
- Finished goods	30.63	22.96
- Work-in-progress	146.29	99.80
	176.92	122.76
Net (increase) / decrease	(2.15)	(54.16)

NOTE NO. 33 EMPLOYEE BENEFITS EXPENSE

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries and wages	188.02	166.94
Contribution to provident and other funds (Refer note 40)	17.54	15.16
Share based payments (Refer note 44)	5.14	5.60
Other employee benefits	18.67	16.43
Total	229.37	204.13

NOTE NO. 34 FINANCE COSTS

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest costs:		
- Interest on bank overdrafts and loans	77.89	72.87
- Delayed payment of income tax	0.01	0.24
- Other interest expense	3.90	4.19
- Less: Amounts included in the cost of qualifying assets	(1.56)	(9.65)
Exchange difference regarded as an adjustment to borrowing costs	0.10	7.58
Other finance costs	4.14	2.66
Total	84.48	77.89

NOTE NO. 35 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Depreciation of property, plant and equipment (Refer note 3)	90.86	76.34
Depreciation of investment properties (Refer note 6)	0.68	0.79
Depreciation of right-of-use assets (Refer note 4(i))	2.95	3.02
Amortisation of intangible assets (Refer note 8)	14.17	14.01
Total	108.66	94.16

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to the consolidated financial statements for the year ended March 31, 2021

NOTE NO. 36 OTHER EXPENSES

	₹ in Crores	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Subcontracting	15.73	17.11
Power and fuel	84.06	76.22
Water	1.36	1.46
Rent including lease rentals	2.97	2.29
Repairs and maintenance:		
- Buildings	2.85	4.25
- Machinery	15.79	19.47
- Others	27.39	23.92
Insurance	8.59	7.70
Rates and taxes	1.54	4.22
Communication	2.34	2.15
Travelling and conveyance	2.27	6.92
Printing and stationery	2.19	2.76
Freight and forwarding	26.26	19.19
Sales commission	5.31	3.95
Business promotion	0.31	1.56
Donations and contributions	1.00	1.17
Expenditure on Corporate Social Responsibility	1.30	1.27
Analytical charges	4.63	5.24
Regulatory expenses	5.97	3.17
Legal and professional fees	21.07	17.76
Payments to Statutory auditors (Refer note (i) below)	0.92	0.73
Bad debts written off / Allowance for doubtful trade and other receivables	-	0.70
Loss on sale of property, plant and equipment (net)	-	0.32
Consumption of stores and spares	29.43	24.75
Exchange fluctuation loss (net)	1.69	1.74
Provision for doubtful advances (net)	0.03	0.27
Miscellaneous expenses	12.22	9.02
Total	277.22	259.31

Note:

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

	₹ in Crores	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
- Audit of standalone and consolidated financial statements including limited review	0.66	0.58
- Other services	0.19	0.07
- For audit of financial statements of the subsidiaries of the Group paid to other auditors	0.06	0.05
- Reimbursement of expenses	0.01	0.03
Total	0.92	0.73

NOTE NO. 37 TAX EXPENSES

	₹ in Crores	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax		
Current tax expense	38.80	21.22
Current tax of subsidiary - reversal of excess provision of prior year	-	(0.14)
Deferred tax benefit		
MAT credit availed	(38.65)	(20.69)
Net tax expense	0.15	0.39

NOTES

to the consolidated financial statements for the year ended March 31, 2021

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

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit before income taxes:	221.50	114.91
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	77.40	40.15
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	0.91	0.24
Effect on additional tax allowance	(0.86)	(7.22)
Effect of unrecognised tax credits and deductible temporary differences now recognised as deferred tax assets	(58.38)	(30.61)
Effect of adjustment on account of depreciation claims in return of income as against depreciation claims considered for book purposes	(18.81)	-
Effect of reversal of excess provision of prior year of subsidiary	-	(0.14)
Others (net)	(0.11)	(2.03)
Total income tax expense	0.15	0.39

Refer Note 12 for significant components of deferred tax assets and liabilities.

NOTE NO. 38 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED (CHARGED TO STATEMENT OF PROFIT AND LOSS)

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Inhouse:		
Salaries and wages	29.40	25.07
Depreciation and amortisation expense	11.44	11.61
Materials	0.42	0.93
Others	23.09	20.96
Total	64.35	58.57

In addition, the Group has also incurred capital expenditure in such facilities of ₹ 0.64 Crores (March 31, 2020: ₹ 2.72 Crores) which has been capitalised under respective heads in the financial statements.

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
a) Contingent liabilities - Pending Litigations		
(i) Indirect taxes	3.22	3.22
(ii) The Company has received a show cause notice from the Income Tax Authorities challenging the Company's claim of depreciation on goodwill and product portfolio for the Assessment Year 2018-19. The Company has responded to the above notice defending their claims and the matter is pending adjudication with the authorities. The Company has in its return of income for subsequent years also has claimed the aforesaid allowances. Refer note 12(iv) for details.	-	-
(iii) Other claims against the Group not acknowledged as debts	3.00	1.64

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Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
- Property, plant and equipment	96.76	67.71
- Intangible assets	1.52	0.94

NOTE NO. 40 EMPLOYEE BENEFITS PLANS

Defined contribution plan

The Group makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll cost to fund the benefits. The Group recognised ₹12.49 Crores (March 31, 2020: ₹ 10.84 Crores) for provident fund contributions, ₹ 0.23 Crores (March 31, 2020: ₹ 0.24 Crores) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

Defined benefit plan

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

Composition of the plan assets

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

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

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

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

Particulars	Valuation as at	
	March 31, 2021	March 31, 2020
Discount rate	6.57%	6.51%
Expected rate of salary increase	Year 1- 7.50% thereafter- 6.50%	6.50%
Attrition rate	11.00%	11.00%
Mortality Rate	As per IALM (2012-14) ultimate	As per IALM (2012-14) ultimate
Retirement age (years)	58 years	58 years

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

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Service cost:		
Current service cost	3.85	3.10
Net interest expense	1.20	1.21
Components of defined benefit costs recognised in statement of profit and loss	5.05	4.31
Remeasurement on the net defined benefit liability:		
Return on plan assets [excluding amounts included in net interest expense] (excess) / short return	0.19	0.11
Actuarial (gains) / losses arising from changes in financial assumptions	0.23	1.65
Actuarial (gains) / losses arising from experience adjustments	2.11	1.53
Components of defined benefit costs recognised in other comprehensive income	2.53	3.29
Total	7.58	7.60

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

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Present value of funded defined benefit obligation	49.27	45.17
Fair value of plan assets	(24.07)	(23.08)
Funded status	25.20	22.09
Net liability arising from defined benefit obligation	25.20	22.09

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Opening defined benefit obligation	45.17	38.09
Expenses recognised in statement of profit and loss		
Current service cost	3.85	3.10
Interest cost	2.70	2.52
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	0.23	1.65
Actuarial gains and losses arising from experience adjustments	2.11	1.53
Benefits paid	(4.79)	(1.72)
Closing defined benefit obligation	49.27	45.17

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

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Opening fair value of plan assets	23.08	18.19
Expected return on plan assets	1.50	1.31
Remeasurement gain (loss):		
Contributions from the employer	4.47	5.30
Actuarial (gains) / loss on plan assets	(0.19)	(0.11)
Benefits paid	(4.79)	(1.61)
Closing fair value of plan assets	24.07	23.08

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

If the discount rate increases (decrease) by 1%, the defined benefit obligation would be ₹ 46.93 Crores (₹ 52.14 Crores) as at March 31, 2021

If the expected salary growth increases (decrease) by 1%, the defined benefit obligation would be ₹ 51.92 Crores (₹ 47.02 Crores) as at March 31, 2021

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

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

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

There has been no change in the process used by the Company to manage its risks from prior periods.

Expected future cash outflows towards the plan are as follows-

Financial Year	Amount
2020-21	6.85
2021-22	6.85
2022-23	6.53
2023-24	6.40
2024-25	6.70
2025-26	5.91
2026-27 to 2030-31	22.45

₹ in Crores

NOTE NO. 41 RELATED PARTY INFORMATION:

41A List of related parties:

Controlling parties

Arun Kumar Pillai (Person holding significant interest in the Company and Promoter)

Chayadeep Properties Pvt Ltd*

Karuna Ventures Private Limited*

Agnus Holdings Pvt Ltd*

Pronomz Ventures LLP*

SRJR Enterprise LLP*

Karuna Business Solutions LLP*

Chayadeep Ventures LLP*

Agnus Capital LLP*

*Entities controlled by Arun Kumar Pillai

The Management of the Group have applied their judgement in identifying the controlling parties, which included consideration of controlling parties' absolute size of holding in the Company and the relative size of and dispersion of the shareholdings owned by the other shareholders.

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Promoter and persons acting in concert:

K R Ravishankar
Deepa Arun Kumar
Aditya Arun Kumar
Tarini Arun Kumar
Padmakumar Karunakaran Pillai
Vineetha Mohanakumar Pillai
Hemalatha Pillai
Sajitha Pillai
Rajitha Gopalakrishnan
K R Lakshmi
Yalavarthy Usha Rani
Devicam Capital LLP
Triumph Venture Holdings LLP
Rajeswari Amma (Upto Oct 13, 2020)

Director and Key Management Personnel:

Bharath R Seshu	Managing Director and Chief Executive Officer (Appointed as CEO wef. Feb 06, 2020 and appointed as MD wef. Aug 03, 2020)
Jitesh Devendra	Managing Director (Resigned wef. August 03, 2020)
Subhash Anand	Executive Director and Chief Finance Officer (Appointed as CFO wef. Oct 30, 2020 and Executive Director wef. Apr 1, 2021)
S Hariharan	Executive Director- Finance and Chief Finance Officer (Resigned as CFO wef. Oct 30, 2020 and ED- Finance wef. Mar 31, 2021)
R. Ramakrishnan	Independent Director
Nirmal P Bhogilal	Independent Director
Kausalya Santhanam	Independent Director
Deepak C Vaidya	Non-Executive Director
Ronald Tjeerd De Vries	Independent Director
Ankur Nand Thadani	Non-Executive Director
Arun Kumar Pillai	Person holding significant interest in the company
B Sreenivasa Reddy	Chief Operating Officer (Resigned wef. Oct 30, 2020)
Rajesh Salwan	Chief Operating Officer (Appointed wef. Oct 30, 2020)
S Murali Krishna	Company Secretary

Enterprises controlled, owned or significantly influenced by directors, key management personnel, promoter or person holding significant interest in the company:

Strides Pharma Science Limited, India
Devendra Estates LLP, India (upto August 03, 2020)
Sequent Scientific Limited (upto April 08, 2021)*
Alivira Animal Health Limited, India (upto April 08, 2021)
Sequent Research Limited, India (upto April 08, 2021)
Tenshi Life Sciences Private Limited, India
Aurore Life Sciences Private Limited, India
Tenshi Kaizen Private Limited, India
Olene Life Sciences Private Limited, India
GMS Tenshi Holdings Pte Limited, Singapore
Stelis Biopharma Private Limited, India

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Tenshi Pharmaceuticals Private Limited, India (formerly known as Steriscience Private Limited and Sovizen Life Sciences Private Limited)

Hydra Active Pharma Sciences Private Limited, India (formerly known as Tenshi Active Pharma Sciences Private Limited)

Velbiom Probiotics Private Limited, India (formerly known as Tenshi Life Care Private Limited)

Triphase Pharmaceuticals Private Limited, India

Outlook Therapeutics Inc, USA

Naari Pharma Private Limited, India

Tenshi Kaizen Inc., USA

Tenshi Kaizen USA Inc., USA

Batliboi Impex Limited, India

Tenshi Life Sciences Pte Ltd, Singapore

Enterprises controlled, owned or significantly influenced by directors, key management personnel, promoter or person holding significant interest in the company:

Biolexis Pte Ltd, Singapore

Navad Life Sciences Pte Ltd, Singapore

Aurore Pharmaceuticals Private Limited, India

Tenshi Kaizen Pharma Pte Ltd, Singapore

Tenshi Kaizen Private Limited, UK

Tenshi KSM Private Limited, India

Steriscience Specialties Pvt Ltd, India (formerly known as Steriscience Pharma Pvt Ltd)

Empyrean Life Sciences Pvt Ltd, India

Steriscience Pte Limited, Singapore

Steriscience BV, Netherlands

Tenshi Kaizen B V, Netherlands

Steriscience Specialties Sp. z.o.o, Poland

Stelis Pte Ltd, Singapore

Stelis Biopharma LLC, USA

Chayadeep Properties Pvt Ltd

Karuna Ventures Private Limited

Agnus Holdings Pvt Ltd

Pronomz Ventures LLP

SRJR Enterprise LLP

Karuna Business Solutions LLP

Chayadeep Ventures LLP

Agnus Capital LLP

Devicam Capital LLP

Triumph Venture Holdings LLP

* Company has filed an application with stock exchange for Reclassification of "Outgoing Promoters" from Promoter group to Public category on April 08, 2021.

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41B Transactions during the year

₹ in Crores

Description	Related party	March 31, 2021	March 31, 2020
Sale of goods	Strides Pharma Science Limited	220.19	267.59
	Aurore Life Sciences Private Limited	3.29	0.52
	Tenshi Kaizen Private Limited	-	0.01
	Steriscience Specialties Pvt Ltd	0.13	-
	Alivira Animal Health Limited	20.91	9.99
Sale of services	Strides Pharma Science Limited	0.04	10.01
Interest income	Tenshi Life Sciences Private Limited	1.23	0.93
Commission income	Alivira Animal Health Limited	0.02	0.10
Other operating revenue	Strides Pharma Science Limited	2.09	1.72
Sale of property, plant and equipment	Stelis Biopharma Private Limited	0.02	-
Other income	Tenshi Kaizen Private Limited	0.21	1.42
Purchase of goods	Alivira Animal Health Limited	3.21	19.36
	Sequent Scientific Limited	0.32	0.01
	Strides Pharma Science Limited	-	2.42
	Aurore Pharmaceuticals Private Limited	0.02	-
	Aurore Life Sciences Private Limited	10.63	2.67
Purchase of services	Sequent Research Limited	4.15	5.82
	Tenshi Kaizen Private Limited	2.50	-
	Batlilboi Impex Limited	0.27	0.93
Purchase of property, plant and equipment	Tenshi Life Sciences Private Limited	-	0.27
Recovery of expenses from	Alivira Animal Health Limited	-	0.01
	Sequent Research Limited	0.93	0.50
	Strides Pharma Science Limited	16.73	14.80
Reimbursement of expenses to	Strides Pharma Science Limited	2.45	1.61
	Tenshi Life Sciences Private Limited	1.84	2.29
	Sequent Scientific Limited	0.05	0.14
	Sequent Research Limited	0.23	0.67
Rental Income	Sequent Research Limited	0.95	1.08
Rent & Maintenance for leased property	Devendra estates LLP	0.10	0.31
	Strides Pharma Science Limited	1.60	1.52
Loan given	Tenshi Life Sciences Private Limited	-	50.00
Loan / Advances refund received	Tenshi Life Sciences Private Limited	50.00	-
	Tenshi Kaizen Private Limited	10.50	-
Dividend paid	Arun Kumar Pillai	1.60	0.83
	K R Ravishankar	0.80	0.66
	Deepa Arun Kumar	0.03	0.03
	Aditya Arun Kumar	0.03	0.03
	Tarini Arun Kumar	0.03	0.03
	Padmakumar Karunakaran Pillai	0.03	0.02
	Vineetha Mohanakumar Pillai	0.03	0.02
	Hemalatha Pillai	0.02	0.01
	Sajitha Pillai	0.02	0.02
	Rajitha Gopalakrishnan	0.02	0.01
	K R Lakshmi	0.01	0.01
	Yalavarthy Usha Rani	0.00	0.00
	Chayadeep Properties Private Limited	0.32	0.26
	Karuna Ventures Private Limited	0.06	0.05
	Agnus Holdings Pvt Ltd	0.04	0.04
	Pronomz Ventures LLP	1.91	1.60
SRJR Enterprise LLP	0.68	-	
Karuna Business Solutions LLP	1.41	0.31	

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₹ in Crores

Description	Related party	March 31, 2021	March 31, 2020
	Chayadeep Ventures LLP	0.60	0.50
	Agnus Capital LLP	0.51	0.42
	Devicam Capital LLP	0.09	0.08
	Triumph Venture Holdings LLP	0.00	0.00
	Sequent Scientific Limited	0.33	0.28
	Rajeswari Amma	0.00	0.01
Sitting fees paid to directors	Deepak C Vaidya	0.11	0.08
	Kausalya Santhanam	0.11	0.08
	Nirmal P Bhogilal	0.11	0.08
	Ronald Tjeerd De Vries	0.11	0.08
	R. Ramakrishnan	0.11	0.08
Remuneration to Non-executive directors	Deepak C Vaidya	0.10	-
	Kausalya Santhanam	0.10	-
	Nirmal P Bhogilal	0.10	-
	Ronald Tjeerd De Vries	0.10	-
	R. Ramakrishnan	0.10	-
Services received in the capacity other than as KMP (refer note (i) below)	Subhash Anand	0.46	-
	Rajesh Salwan	0.27	-
	Bharath R Sessa	-	0.60
Short term employee benefits paid to (refer note (i) below)	Jitesh Devendra	3.30	9.07
	S Hariharan	1.82	1.67
	Bharath R Sessa	5.67	0.76
	Subhash Anand	1.35	-
	Rajesh Salwan	1.00	-
	B Sreenivasa Reddy	1.39	1.73
	S Murali Krishna	0.45	0.42

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

4.1C Balances as at March 31, 2021

₹ in Crores

Description	Related party	As at March 31, 2021	As at March 31, 2020
Trade payables	Sequent Scientific Limited	0.43	0.03
	Batliboi Impex Limited	-	0.09
	Sequent Research Limited	0.28	1.00
	Devendra Estates LLP	-	0.03
	Strides Pharma Science Limited	0.17	2.94
	Tenshi Life Sciences Private Limited	1.94	1.40
	Aurore Life Sciences Private Limited	12.38	0.02
	Aurore Pharmaceuticals Private Limited	0.06	-
Security deposit received	Sequent Research Limited	0.42	0.42
Trade receivables	Alivira Animal Health Limited	3.59	2.23
	Aurore Life Sciences Private Limited	3.62	0.19
	Tenshi Kaizen Private Limited	-	0.01
	Sequent Research Limited	0.16	0.27
	Strides Pharma Science Limited	56.23	26.94
	Stelis Biopharma Private Limited	0.03	-
	Steriscience Specialties Pvt Ltd	0.05	-
Other receivables	Tenshi Kaizen Private Limited	-	1.53
	Tenshi Life Sciences Private Limited	-	0.84
Loan / Advances receivable/ (payable)	Tenshi Kaizen Private Limited	-	10.50
	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

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NOTE NO. 42 EARNINGS PER SHARE

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Basic earnings per share:	69.00	44.29
Diluted earnings per share:	64.53	42.82

Earnings used in computing basic and diluted earnings per share

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit attributable to the equity holders of the Company	221.40	114.61

Weighted average number of shares used as the denominator

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Weighted average number of equity shares used as denominator in calculating basic earnings per share	32,087,640	25,878,915
Adjustments for calculation of diluted earnings per share:		
- share warrants	1,959,985	551,325
- employee stock options	264,167	335,953
Weighted average number of equity shares used as denominator in calculating diluted earnings per share	34,311,792	26,766,193

NOTE NO. 43 SEGMENT REPORTING

The Group is engaged in the manufacture and sale of Active Pharma Ingredients. The operating segment of the Group is identified to be "Manufacture and sale of Active Pharma Ingredients" as the chief operating decision maker (CODM) reviews business performance at an overall Group level as one segment.

As the Group operates in single operating segment i.e., "Manufacture and sale of Active Pharma Ingredients", the reporting disclosures envisaged in Ind AS 108 on operating segments, are not applicable to the Group. However, the geographical information are disclosed below:

Information regarding geographical non-current assets is as follows*:

Particulars	₹ in Crores	
	For the year ended March 31, 2021	For the year ended March 31, 2020
India	1,518.11	1,467.57
Total	1,518.11	1,467.57

*Non current assets are excluding financial instruments and deferred tax assets

NOTE NO. 44 SHARE-BASED PAYMENTS

Details of the employee share option plan of the Company:

The ESOP titled "Solara Employee Stock Option Plan 2018" (ESOP 2018) was approved by the shareholders and stock exchanges. 1,228,778 options are covered under the plan which are convertible into equal number of equity shares of the Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of 120 days from the date of vesting. Company has granted 240,000 options (March 31, 2020: 190,000 options) under this plan during the current year.

During the current year, employee compensation costs of ₹ 5.14 Crores (Previous year: ₹ 5.60 Crores) relating to the above referred Employee Stock Option Plan have been charged to the Statement of Profit and Loss.

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Fair value of share options granted during the year

The fair value of the share options were priced using a Black-Scholes model of valuation at grant date. The assumptions used in this model for calculating fair value of the ESOP granted during the year are as below:

Assumptions	Grant Date: Oct 30, 2020 (ESOP 2018)		
	Vest 1 Oct 30, 2021	"Vest 2 Oct 30, 2022"	Vest 3 Oct 30, 2023
	30%	31%	39%
No. of options	66,500	68,500	85,000
Fair market value of option at grant date (₹)	414.17	475.47	556.99
Fair market value of share at grant date (₹)	1,137.15	1,137.15	1,137.15
Exercise price (₹)	837.00	837.00	837.00
Expected volatility	49.88%	44.36%	48.53%
Option life (Years)	1	2	3
Expected Dividend Yield	0.44%	0.44%	0.44%
Risk-free interest rate	4.55%	5.52%	5.77%

Assumptions	Grant Date: March 31, 2021 (ESOP 2018)		
	Vest 1 Mar 31, 2022	Vest 2 Mar 31, 2023	Vest 3 Mar 31, 2024
	20%	30%	50%
No. of options	4,000	6,000	10,000
Fair market value of option at grant date (₹)	493.88	567.31	634.26
Fair market value of share at grant date (₹)	1,393.15	1,393.15	1,393.15
Exercise price (₹)	1,015.00	1,015.00	1,015.00
Expected volatility	44.24%	41.22%	39.44%
Option life (Years)	1	2	3
Expected Dividend Yield	0.36%	0.36%	0.36%
Risk-free interest rate	4.54%	4.93%	5.59%

Fair value of share options granted during the previous year

The fair value of the share options were priced using a Black-Scholes model of valuation at grant date. The assumptions used in this model for calculating fair value of the ESOP granted during the previous year are as below:

Assumptions	Grant Date: 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%

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Employee stock options details as on the balance sheet date are as follows:

Assumptions	During the year 2020-21		During the year 2019-20	
	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	714,000	247.62	845,000	205.00
Granted during the year	240,000	851.83	190,000	365.16
Exercised during the year	474,500	214.26	281,000	205.00
Lapsed/ cancelled during the year	89,500	250.41	40,000	205.00
Options outstanding at the end of the year	390,000	659.39	714,000	247.62
Options available for grant	83,278	-	233,778	-

NOTE NO. 45 FINANCIAL INSTRUMENTS

45.1 Categories of financial instruments

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Financial assets:		
Measured at amortised cost		
(a) Cash and bank balances	198.54	56.78
(b) Investments	0.42	0.32
(c) Trade receivables	483.87	226.53
(d) Loans receivable	1.80	52.36
(e) Other financial assets at amortised cost	39.43	28.74
Financial liabilities:		
Measured at amortised cost		
(a) Borrowings including current maturities of non current borrowings	606.91	706.79
(b) Lease liabilities	13.82	15.17
(c) Trade payables	309.30	216.12
(d) Other financial liabilities	4.64	11.56

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

The management assessed that the carrying amounts of financial assets and financial liabilities (except borrowings) recognised in the financial statements at amortised cost will reasonably approximate their fair values.

The below table summarises the borrowings which are measured at amortised cost and for which fair values are disclosed, with corresponding carrying values:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	606.91	607.88	706.79	715.10

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's primary focus is to foresee the unpredictability of financial markets and seek to minimise 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:

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to the consolidated financial statements for the year ended March 31, 2021

45.3 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:

₹ in Crores

Amount receivable/(payable) Exposure to the Currency	As at March 31, 2021		As at March 31, 2020	
	in foreign Currency	in ₹	in foreign Currency	in ₹
USD	(0.43)	(31.80)	(0.87)	(65.17)
EUR	0.09	7.90	0.01	0.89
JPY	0.03	0.02	0.03	0.02
NZD	(0.00)	(0.01)	-	-
GBP	-	-	0.00	0.25
CHF	-	-	(0.00)	(0.08)

Foreign currency sensitivity analysis

Financial instruments affected by changes in foreign exchange rates include loans in foreign currencies. The Group considers US Dollar and the Euro to be principal currencies which require monitoring and risk mitigation. The impact on account of 5% appreciation / depreciation in the exchange rate of the above foreign currencies against ₹ is given below:

₹ in Crores

Exposure to the Currency	Increase / (Decrease) in Equity		Increase / (Decrease) in Profit	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Appreciation in the USD	(1.59)	(3.26)	(1.59)	(3.26)
Depreciation in the USD	1.59	3.26	1.59	3.26
Appreciation in the EUR	0.40	0.04	0.40	0.04
Depreciation in the EUR	(0.40)	(0.04)	(0.40)	(0.04)

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

For the purpose of the above table, it is assumed that the carrying value of the financial assets and liabilities as at the end of respective financial years remains constant thereafter. The exchange rate considered for the sensitivity analysis is the exchange rate prevalent as at each year end.

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

45.4 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.

NOTES

to the consolidated financial statements for the year ended March 31, 2021

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments is as follows:

Particulars	₹ in Crores	
	As at March 31, 2021	As at March 31, 2020
Fixed-rate instruments		
Financial assets		
Balance with banks held as margin money	0.70	0.70
Balance with banks held in deposit account	194.46	54.84
Financial liabilities		
Lease liabilities	13.82	15.17
	208.98	70.71
Variable-rate instruments		
Financial liabilities		
Borrowings from bank	606.91	706.79
	606.91	706.79

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include secured long term loans from banks and secured short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be ₹ 8.01 Crores (March 31, 2020: ₹ 6.79 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.

45.5 Credit risk management

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

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

The Group is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

45.6 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.

45.6.1 Liquidity analysis for Non-Derivative Liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table include repayment of principal amounts. The contractual maturity is based on the earliest date on which the Group may be required to pay.

NOTES

to the consolidated financial statements for the year ended March 31, 2021

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
₹ in Crores								
Bank & other borrowings								
- As on March 31, 2021	452.08	91.25	32.87	22.20	9.48	-	607.88	606.91
- As on March 31, 2020	475.77	113.58	91.08	34.67	-	-	715.10	706.79
Interest payable on borrowings								
- As on March 31, 2021	0.48	-	-	-	-	-	0.48	0.48
- As on March 31, 2020	0.75	-	-	-	-	-	0.75	0.75
Lease liabilities								
- As on March 31, 2021	2.05	2.10	0.55	0.51	0.48	8.13	13.82	13.82
- As on March 31, 2020	2.41	1.75	1.56	0.55	0.51	8.39	15.17	15.17
Trade and other payable								
- As on March 31, 2021	313.46	-	-	-	-	-	313.46	313.46
- As on March 31, 2020	226.93	-	-	-	-	-	226.93	226.93

NOTE NO. 46 CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings as detailed in notes 22 offset by cash and bank balances) and total equity.

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

46.01 Gearing ratio

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

Particulars	₹ in Crores	
	March 31, 2021	March 31, 2020
Debt (i)	606.91	706.79
Less:		
Cash and bank balances	198.54	56.78
Net Debt (A)	408.37	650.01
Total Equity (B)	1,588.52	1,085.94
Net debt to equity ratio (A/B)	0.26	0.60

(i) Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings.

NOTE NO. 47 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, 2021

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	99.70%	1,592.78	99.81%	220.96	105.42%	(2.53)	99.75%	218.43
Indian Subsidiaries:								
Chemsynth Laboratories Private Limited	0.32%	5.04	-0.09%	(0.19)	0.00%	-	-0.09%	(0.19)
Sequent Penems Private Limited	0.23%	3.70	0.21%	0.47	0.00%	-	0.21%	0.47

NOTES

to the consolidated financial statements for the year ended March 31, 2021

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
Foreign Subsidiary:								
Shasun USA Inc	-0.25%	(3.94)	0.06%	0.13	-5.42%	0.13	0.12%	0.26
Total		1,597.58		221.37		(2.40)		218.97
Adjustment arising out of consolidation		(9.06)		-		-		-
Minority interest in subsidiaries:								
Chemsynth Laboratories Private Limited		2.45		(0.07)		-		(0.07)
Sequent Penems Private Limited		1.79		0.05		-		0.05
Total		1,592.76		221.35		(2.40)		218.95

NOTE NO. 48

Subsequent to the year end, the Board of Directors at their meeting held on April 09, 2021 has approved the amalgamation of Aurore Life Science Private Limited, Emphyrean Lifesciences Private Limited and Hydra Active Pharma Sciences Private Limited with the Group. The Appointed Date for the merger is April 01, 2021 and the merger process is expected to be completed in Q4 FY 2021-22. The merger is subject to certain conditions including approvals from stock exchanges, SEBI, shareholders, jurisdictional National Company Law Tribunal and other applicable statutory authorities.

NOTE NO. 49

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

NOTE NO. 50 RECENT PRONOUNCEMENTS

On March 24, 2021, the Ministry of Corporate Affairs (MCA) through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 01, 2021. The Group is evaluating the effect of the amendments on its financial statements.

NOTE NO. 51

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

Bharath R Sessa

Managing Director and
Chief Executive Officer
DIN: 01983066

Subhash Anand

Executive Director and
Chief Financial Officer
DIN: 07348933

S Murali Krishna

Company Secretary
Membership Number: 13372

Place: Bengaluru

Date: May 06, 2021

RESEARCH AND DEVELOPMENT FINANCIALS

BALANCE SHEET

as on 31st March, 2021

₹ in Crores

	Unit I	Unit II	Total As at Mar 31, 2021	Total As at Mar 31, 2020
ASSETS				
Fixed Assets				
R&D Equipments				
Gross Block				
Opening as on 01.04.2020	22.36	31.95	54.31	52.02
Additions pursuant to business acquisition	-	-	-	-
Additions Net	0.13	0.51	0.64	2.72
Deletions / Transfers	0.04	(0.06)	(0.02)	(0.44)
Closing as on 31.03.2021	22.53	32.40	54.93	54.30
Less : Accumulated Depreciation	(5.47)	(11.55)	(17.02)	(11.35)
Net Block as on 31.03.2021	17.06	20.85	37.91	42.95
Others				
Gross Block				
Opening as on 01.04.2020	22.87	10.99	33.86	26.80
Additions pursuant to business acquisition	-	-	-	-
Additions on account of transition to Ind AS 116	-	-	-	6.04
Additions Net	0.08	0.17	0.25	0.60
Deletions / Transfers	-	-	-	0.42
Closing as on 31.03.2021	22.95	11.16	34.11	33.86
Less : Accumulated Depreciation	(12.01)	(6.07)	(18.08)	(12.32)
Net Block as on 31.03.2021	10.94	5.09	16.03	21.54
Capital work in progress	0.43	1.76	2.19	0.69
Other Non Current Assets				
Goodwill	0.43	-	0.43	0.43
Other financial assets	0.14	1.37	1.51	1.49
Other Non-current assets	0.01	0.33	0.34	0.14
Total Non Current Assets	0.58	1.70	2.28	2.06
Current Assets				
Inventories	0.01	2.05	2.06	1.46
Trade receivables	0.03	2.96	2.99	8.71
Cash and other balance with banks	-	0.07	0.07	-
Loan	0.01	0.19	0.20	0.10
Other current assets	4.23	1.05	5.28	4.92
Total Current assets	4.28	6.32	10.60	15.19
Total	33.29	35.72	69.01	82.43
LIABILITIES				
Head office Control Account				
39.25	26.19	65.44	420.94	
Add: Transfers	10.82	40.70	51.52	(307.76)
Less: Excess of Expenditure over income	(18.66)	(41.91)	(60.57)	(47.74)
	31.41	24.98	56.39	65.44
Liabilities				
Non-current liabilities				
Financial Liabilities	-	0.07	0.07	-
Lease liabilities	-	1.52	1.52	2.95
Provisions	0.25	0.82	1.07	1.18
Other non-current liabilities	0.09	1.56	1.65	1.40
Total Non-current liabilities	0.34	3.97	4.31	5.53
Current liabilities				
Financial Liabilities	-	0.04	0.04	-
Trade payables	1.31	4.43	5.74	6.97
Lease liabilities	-	1.43	1.43	1.21
Other financial liabilities	0.01	0.15	0.16	0.16
Other current liabilities	0.16	0.56	0.72	2.89
Provisions	0.06	0.16	0.22	0.23
Total current liabilities	1.54	6.77	8.31	11.46
Total	33.29	35.72	69.01	82.43

STATEMENT OF INCOME & EXPENDITURE

for the year ended 31st March, 2021

₹ in Crores

	Unit I	Unit II	Total As at Mar 31, 2021		Total As at Mar 31, 2020	
EXPENDITURE						
Employee benefits expenses	8.12	21.28	29.40		25.07	
Cost of materials consumed	0.01	0.41	0.42		0.93	
Utilities	0.76	1.42	2.18		2.56	
Finance cost	-	0.40	0.40		0.51	
Other expenses - R&D	4.04	16.86	20.90		18.40	
Total Revenue Expenditure Excluding Depreciation	12.93	40.37		53.30		47.47
Depreciation	5.64	5.80		11.44		11.60
Total Expenditure	18.57	46.17		64.74		59.07
INCOME						
i) FTE/Product Development Income	0.08	3.18		3.26		10.65
ii) Commercial Sale of Prototype & Others	-	1.01		1.01		0.47
iii) Other Income	(0.17)	0.07		(0.10)		0.21
Total Income	(0.09)	4.26		4.17		11.33
Excess of Expenditure over Income	18.66	41.91		60.57		47.74



SOLARA ACTIVE PHARMA SCIENCES LIMITED

CIN: L24230MH2017PLC291636

Registered Office: 201, Devavrata, Sector 17, Vashi, Navi Mumbai 400 703

Tel: +91 22 27892924; **Fax:** +91 22 27892942

Corporate Office: '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 Fourth Annual General Meeting of the Members of the Company will be held on Wednesday, August 25, 2021, at 10.30 a.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business.

ORDINARY BUSINESS

Item 1: Adoption of Audited Financial Statements for the Financial Year ended March 31, 2021.

To receive, consider, approve and adopt:

- the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2021 together with the Reports of Board of Directors and Auditors thereon.
- the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021 and the Report of Auditors thereon.

Item 2: Declaration of Final Dividend and confirmation of Interim Dividend for the Financial Year ended March 31, 2021

To declare a Final Dividend of ₹ 3/- per equity share of face value ₹ 10/- each for the Financial Year ended March 31, 2021 and to confirm Interim Dividend of ₹ 4/- per equity share of ₹ 10/- each paid for the Financial Year ended March 31, 2021.

Item 3: Re-Appointment of Mr. Deepak Calian Vaidya, retiring director, as a Non-Executive Director

To appoint a Director in place of Mr. Deepak Calian Vaidya (holding DIN 00337276) who retires by rotation and being eligible offers himself for re-appointment as Non-Executive Director of the Company.

Item 4: Re-Appointment of Mr. Ankur Nand Thadani, retiring director, as a Non-Executive Director

To appoint a Director in place of Mr. Ankur Nand Thadani (holding DIN 03566737) who retires by rotation and being eligible offers himself for re-appointment as Non-Executive Director of the Company

SPECIAL BUSINESS

Item 5: Appointment of Mr. Bharath R Sesha as Managing Director and CEO

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, Mr. Bharath R Sesha (DIN: 01983066), who was appointed as an Additional Director of the Company with effect from August 3, 2020 and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation with effect from August 3, 2020.

RESOLVED FURTHER that in accordance with the provisions of Sections 196, 203 and other applicable provisions, if any, of the Act read with Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof to the Act and Listing Regulations) and pursuant to the Articles of Association of the Company, consent of the Members be and is hereby accorded for the appointment of Mr. Bharath R Sesha as Managing Director & Chief Executive Officer of the Company, liable to retire by rotation, for a period of three years effective from August 3, 2020 on such terms of employment as agreed between the Company and Mr. Bharath R Sesha and set out in the Explanatory Statement annexed to the notice convening this meeting.

RESOLVED FURTHER that in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rules framed thereunder and the SEBI (Listing Obligations and

Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof to the Act and Listing Regulations), consent of the Members be and is hereby accorded to pay remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting for a period of three years from August 3, 2020 to August 2, 2023.

RESOLVED FURTHER that in terms of the applicable provisions and Schedule V of the Companies Act, 2013, where in any financial year during the tenure of Mr. Bharath R Sesha, the Company has no profits, or its profits are inadequate, the Company shall pay the remuneration as specified in the explanatory statement to this Notice, as the minimum remuneration.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters, things and sign and file all such papers, documents, forms and writings as may be necessary and incidental to the aforesaid resolution.

Item 6. Appointment of Mr. Subhash Anand as Executive Director and Chief Financial Officer (CFO)

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, Mr. Subhash Anand (DIN: 07348933), who was appointed as an Additional Director of the Company with effect from April 1, 2021 and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER that in accordance with the provisions of Sections 196, 203 and other applicable provisions, if any, of the Act read with Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof to the Act and Listing Regulations) and pursuant to the Articles of Association of the Company, consent of the Members be and is hereby accorded for the appointment of Mr. Subhash Anand, as the Executive Director & Chief Financial Officer of the Company, liable to retire by rotation, for a period of three years effective from April 1, 2021, on such terms of employment as agreed between the Company and Mr. Subhash Anand and set out in the Explanatory Statement annexed to the notice convening this meeting.

RESOLVED FURTHER that in accordance with the provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modification(s) or re-enactment thereof to the Act and Listing Regulations), consent of the Members be and is hereby accorded to pay remuneration as set out in the Explanatory Statement annexed to the notice convening this meeting for a period of three years from April 1, 2021 to March 31, 2024.

RESOLVED FURTHER that in terms of the applicable provisions and Schedule V of the Companies Act, 2013, where in any financial year during the tenure of Mr. Subhash Anand, the Company has no profits, or its profits are inadequate, the Company shall pay the remuneration as specified in the explanatory statement to this Notice, as the minimum remuneration.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters, things and sign and file all such papers, documents, forms and writings as may be necessary and incidental to the aforesaid resolution."

Item 7 : To ratify the remuneration payable to the Cost Auditor for the financial year 2020-21.

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 ₹ 3,50,000/- (Rupees Three Lakh and Fifty thousands only) plus reimbursement of out-of-pocket expenses, payable to Mr. K. Suryanarayanan, Practising Cost Accountant, (Membership No. 24946) who was appointed as Cost Auditor of the Company for the financial year ending March 31, 2021, as recommended by the audit committee and approved by the board of directors of the Company, pursuant to Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014 is hereby ratified.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and to execute and deliver all such necessary documents for the purpose of giving effect to the aforesaid resolution.

Item 8 : To obtain approval for Transactions/ Contracts/ Arrangements with Aurore Life Sciences Private Limited upto ₹ 400 Crores in each financial year

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “SEBI Listing Regulations”), including any amendment, modification or re-enactment thereof for the time being in force, approval of the Members of the Company be and is hereby accorded to the Audit Committee/ Board of Directors of the Company to enter into contracts, arrangements, purchases and other transactions with Aurore Life Sciences Private Limited (“Aurore”), at arms length basis and on such terms and conditions as may be mutually agreed upon between the Company and Aurore for an amount upto ₹ 400 Crores (Rupees Four Hundred Crores only) in each financial year for a period of three years commencing from FY 2021-22, for the purposes as set out in the explanatory statement annexed hereto.

RESOLVED FURTHER that the Board of Directors of the Company or any other person(s) authorised by them, be and are hereby authorised to execute, deliver and perform such agreements, contracts, deeds and other documents and deal with any matters, take necessary steps in the matter as they may in their absolute discretion deem necessary or expedient and to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transaction(s) with Aurore, and make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution, in the best interest of the Company.

RESOLVED FURTHER that the Board of Directors and the Company Secretary of the Company be and is hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution.”

Item 9 : To obtain approval for Transactions/ Contracts/ Arrangements with Aurore Pharmaceuticals Private Limited up to ₹ 200 Crores in each financial year commencing from FY 2021-22

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

“RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the “SEBI Listing Regulations”), including any amendment, modification or re-enactment thereof for the time being in force, approval of the Members of the Company be and is hereby accorded to the Audit Committee/ Board of Directors of the Company to enter into contracts, arrangements, purchases and other transactions with Aurore Pharmaceuticals Private Limited (“Aurore Pharma”), at arms length basis and on such terms and conditions as may be mutually agreed upon between

the Company and Aurore Pharma for an amount upto ₹ 200 Crores (Rupees Two Hundred Crores only) in each financial year for a period of three years commencing from FY 2021-22, for the purposes as set out in the explanatory statement annexed hereto.

RESOLVED FURTHER that the Board of Directors of the Company or any other person(s) authorised by them, be and are hereby authorised to execute, deliver and perform such agreements, contracts, deeds and other document and deal with any matters, take necessary steps in the matter as they may in their absolute discretion deem necessary or expedient and to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transaction(s) with Aurore Pharma, and make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution, in the best interest of the Company.

RESOLVED FURTHER that the Board of Directors and the Company Secretary of the Company be and is hereby severally authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution.”

By the Order of the Board
For Solara Active Pharma Sciences Limited

Place: Bengaluru
Date: May 6, 2021

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. Pursuant to the General Circular nos. 20/2020, 14/2020, 17/2020, 02/2021 issued by the Ministry of Corporate Affairs (“MCA”) and Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 issued by the SEBI (hereinafter collectively referred to as “the Circulars”), companies are allowed to hold AGM through VC, without the physical presence of members at a common venue. Hence, in compliance with the Circulars, the AGM of the Company is being held through VC/OAVM.
3. Since this AGM is being held pursuant to MCA Circulars through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.
5. Corporate members intending to send their authorised representatives to attend the AGM through VC/OAVM are requested to send a certified copy of the Board Resolution to the Scrutiniser by mail through its registered email address.
6. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. August 25, 2021. Members seeking to inspect such documents can send an email to investors@solara.co.in
7. The register of members and share transfer books of the Company will remain closed from August 21, 2021 to August 25, 2021 (both days inclusive) for the purpose of payment of final dividend for the financial year ended March 31, 2021.
8. Members may note that the Board, at its meeting held on May 6, 2021, has recommended a final dividend of ₹ 3 per share. The record date for the purpose of final dividend for the financial year 2020-21 is August 20, 2021. The final dividend, once approved by the members in the ensuing AGM, 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.
9. 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:
10. 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.
11. Members may note that the Income-tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a company after April 1, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source ("TDS") at the time of making the payment of final dividend. In order to enable us to determine the appropriate TDS rate as applicable, members are requested to submit relevant documents, as specified in the below paragraphs, in accordance with the provisions of the IT Act.

For resident shareholders, taxes shall be deducted at source under Section 194 of the IT Act as follows:

Members having valid Permanent Account Number ("PAN")	10% or as notified by the Government of India
Members not having PAN / valid PAN	20% or as notified by the Government of India

However, no tax shall be deducted on the dividend payable to a resident individual if the total dividend to be received by them during fiscal 2022 does not exceed ₹ 5,000 and also in cases where members provide Form 15G / Form 15H (Form 15H is applicable to individuals aged 60 years or more) subject to conditions specified in the IT Act. Resident shareholders may also submit any other document as prescribed under the IT Act to claim a lower / nil withholding tax. PAN is mandatory for members providing Form 15G / 15H or any other document as mentioned above.

For non-resident shareholders, taxes are required to be withheld in accordance with the provisions of Section 195 and other applicable sections of the IT Act, at the rates in force. The withholding tax shall be at the rate of 20% (plus applicable surcharge and cess) or as notified by the Government of India on the amount of dividend payable. However, as per Section 90 of the IT Act, non-resident shareholders have the option to be governed by the provisions of the Double Tax Avoidance Agreement ("DTAA"), read with Multilateral Instrument ("MLI") between India and the country of tax residence of the member, if they are more beneficial to them. For this purpose, i.e. to avail the benefits under the DTAA read with MLI, non-resident shareholders will have to provide the following:

- Copy of the PAN card allotted by the Indian income tax authorities duly attested by the member or details as prescribed under rule 37BC of Income-tax Rules, 1962

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 Person: Ms. Komala

- Copy of Tax Residency Certificate for fiscal 2021 obtained from the revenue authorities of the country of tax residence, duly attested by member
- Self-declaration in Form 10F
- Self-declaration by the member of having no permanent establishment in India in accordance with the applicable tax treaty
- Self-declaration of beneficial ownership by the non-resident shareholder
- Any other documents as prescribed under the IT Act for lower withholding of taxes if applicable, duly attested by the member

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 – <https://solara.co.in/investor-relations/form-15g-15h/> and also from <https://investors.cameoindia.com>, to avail the benefit of non-deduction of tax at source. Shareholders may submit the declaration form 15G/15H online on <https://investors.cameoindia.com> by 05.00 PM on August 13, 2021. 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 agm@cameoindia.com. The aforesaid declarations and documents should be submitted by the shareholders by 05.00 PM IST on August 13, 2021.

In case of Foreign Institutional Investors / Foreign Portfolio Investors, tax will be deducted under Section 196D of the IT Act @ 20% (plus applicable surcharge and cess) or the rate provided in relevant DTAA, read with MLI, whichever is more beneficial, subject to the submission of the above documents. 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 05.00 PM IST on August 13, 2021.

12. Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.
13. 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.

14. In compliance with the aforesaid MCA Circulars and Listing Regulations, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website www.solara.co.in, websites of the Stock Exchanges i.e. BSE Ltd. and National Stock Exchange of India Ltd. at www.bseindia.com and www.nseindia.com and on the website of CDSL. Members 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.

15. This Notice is emailed to Members, whose names appear in the Register of Members/ list of Beneficial Owners as on Friday, July 24, 2021.

The "cut-off date" for determining the eligibility for voting either through electronic voting or ballot is fixed as Friday, August 20, 2021. The e-voting period will commence at 9.00 a.m. on Sunday, August 22, 2021 and will end at 5.00 p.m. on Tuesday, August 24, 2021.

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.

16. 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 Scrutiniser to scrutinise the e-voting process and voting done at the AGM in a fair and transparent manner.
17. The Scrutiniser 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 Scrutiniser shall submit a consolidated Scrutiniser's report of the total votes cast in Favor or Against, not later than 2 working days after the conclusion of AGM to the Chairman of the Company. The Chairman or any other person authorised by him, shall declare the results of voting forthwith.
18. The result along with the Scrutiniser'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 authorised 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 authorised 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 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.
8. In continuation of this Ministry's **General Circular No. 20/2020**, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January 13, 2021.

THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

- (i) The voting period begins at 9.00 a.m. on Sunday, August 22, 2021 and will end at 5.00 p.m. on Tuesday, August 24, 2021. During this period shareholders' of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) of August 20, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the AGM.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed

entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI circular no. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting Menu. On clicking the e-voting menu, the user will be able to see his/her holdings along with links of the respective e-Voting service provider i.e. CDSL/ NSDL/ KARVY/ LINK INTIME as per information provided by Issuer / Company. Additionally, we are providing links to e-Voting Service Providers, so that the user can visit the e-Voting service providers' site directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM. 5) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers. 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be provided links for the respective ESP where the e-Voting is in progress during or before the AGM. 5) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p>
Individual Shareholders (holding securities in demat mode) login through their Depository Participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cDSLindia.com or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders & physical shareholders.

- 1) The shareholders should log on to the e-voting website www.evotingindia.com.
- 2) Click on "Shareholders" module.
- 3) Now enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- 4) Next enter the Image Verification as displayed and Click on Login.

- 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- 6) If you are a first-time user follow the steps given below:

For Shareholders holding shares in Demat Form other than individual and Physical Form

PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ● Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
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For Shareholders holding shares in Demat Form other than individual and Physical Form

Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none">• 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).
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- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) Facility for Non – Individual Shareholders and Custodians –Remote Voting

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser 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 authorised signatory who are authorised to vote, to the Scrutiniser and to the Company at the email address viz; investors@solara.co.in , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 (seven) days prior to meeting** mentioning their name, demat account number/ folio number, email id, mobile number at (investors@solara.co.in). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 (seven) days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at (investors@solara.co.in). These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to investors@solara.co.in/ agm@cameoindia.com , komalar@cameoindia.com
2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@solara.co.in/ agm@cameoindia.com , komalar@cameoindia.com

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

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 to 9 of the accompanying Notice.

Item 5: Appointment of Mr. Bharath R Sesha as Managing Director and CEO

The Board of Directors pursuant to the recommendation of Nomination and Remuneration Committee appointed Mr. Bharath R Sesha (DIN: 01983066) as the Managing Director & Chief Executive Officer of the Company for three years with effect from August 3, 2020.

In accordance with Section 161(1) of the Companies Act, 2013, Mr. Bharath R Sesha holds office as an Additional Director up to the date of ensuing Annual General Meeting of the Company.

Profile of Mr. Bharath R Sesha:

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, United States.

Bharath joins Solara from Nalco Water, India where he was the Managing Director.

He has over two decades of experience and a decade leading diverse businesses including pharmaceuticals and has held CXO level positions in companies like Philips, DSM Sinochem Pharmaceuticals, Royal DSM NV. Throughout his professional stints, Bharath has focused on managing the business growth and profitability of these companies across the pharmaceutical, healthcare, consumer lifestyle, and material sciences industries. He has operated in countries like USA, Hongkong, China, Middle East, Egypt, Africa and Europe.

Currently Bharath R Sesha is a member of CSR Committee and Risk Management Committee. He does not hold any other directorship.

Proposed Remuneration

The Board has recommended the following remuneration to Bharath R Sesha, which is in line with industry standards for a similar role:

1. Salary	
Fixed component	₹ 21.35 Mn.
Variable component	₹ 9.75 Mn.
Annual Performance Pay / Commission	Annual performance pay / Commission, shall be based on the Company's performance and contributions made by the Managing Director & CEO, as may be decided by the Nomination and Remuneration Committee and the Board of Directors.
2. Other Benefits	As per the company policy ESOP granted/to be granted will be in addition to above remuneration.
3. Annual Increment in Remuneration	Not exceeding 30% of the last drawn remuneration as may be approved by the Nomination and Remuneration Committee and Board of Directors.
4. Minimum Remuneration in the case no profits/ inadequate profits	In terms of the applicable provisions and Schedule V of the Companies Act, 2013, where in any financial year during the tenure of Bharath R Sesha, the Company has no profit, or its profits are inadequate, remuneration comprising of salary, joining bonus, payment under incentive plan, perquisites and other benefits and emoluments approved herein (including the revision in remuneration as may be approved by the Board of Directors from time to time) be continued to be paid as Minimum Remuneration for a period not exceeding three years.

Attendance at Board Meeting:

Board has conducted 6 meetings post Bharath's appointment and he has attended all the meetings.

Confirmations received from Bharath R Sesha:

Mr. Bharath R Sesha has consented to act as Director in terms of Section 152 of the Companies Act, 2013 and has provided a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. Further, the Company has received a notice under Section 160 of the Companies Act, 2013 from a Member signifying the intention to propose the candidature of Bharath R Sesha as a Managing Director & CEO of the Company.

Recommendation of the Board

As Managing Director & CEO of the Company, Mr. Bharath R Sesha will head the entire operations of the Company. The Board strongly believes that Mr. Bharath R Sesha's exceptional global techno-commercial experience and leadership stature in managing the P&Ls of large companies will multiply the Company's commitment to creating lasting value for all its stakeholders.

Information as required under Schedule V of the Companies Act, 2013 is enclosed as Annexure

Board recommends his appointment to the Members as a Managing Director & CEO of the Company, liable to retire by rotation, by passing Special Resolution as set out in Item 5 of this notice

Except Bharath R Sessa, none of the Directors, Key Managerial Personnel and their relatives, are in any way concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

Item 6. Appointment of Mr. Subhash Anand as Executive Director and CFO

Mr. Subhash joined the company as CFO w.e.f October 30, 2020 and was appointed as Executive Director w.e.f April 1, 2021.

The Board of Directors pursuant to the recommendation of Nomination and Remuneration Committee appointed Mr. Subhash Anand (DIN: 07348933) as the Executive Director & Chief Financial Officer of the Company for three years with effect from April 1, 2021.

In accordance with Section 161(1) of the Companies Act, 2013, Mr. Subhash Anand holds office as an Additional Director up to the date of ensuing Annual General Meeting of the Company.

Profile of Mr. Subhash Anand:

Subhash is a qualified AICWA (India) & Certified Management Accountant (CMA) from the Institute of Management Accountants (USA) with 30+ years of managerial and professional experience with Multinational and Indian companies. His last held position was as President & CFO at PI Industries Ltd (PIIL). Prior to PIIL, he worked in Whirlpool, Sterlite Industries, Hindustan Copper Ltd and Calcom in senior finance roles

Currently Mr. Subhash Anand is a member of Stakeholder Relationship Committee. He does not hold any other directorship.

Proposed Remuneration

The Board has recommended the following remuneration to Mr. Subhash Anand, which is in line with industry standards for a similar role:

1. Salary	
Fixed component	₹ 19.20 Mn.
Variable component	₹ 2.89 Mn.
Annual Performance Pay / Commission	Annual performance pay / Commission, shall be based on the Company's performance and contributions made by the Executive Director & CFO, as may be decided by the Nomination and Remuneration Committee and the Board of Directors.
2. Other Benefits	As per the company policy ESOP granted/to be granted will be in addition to above remuneration.
3. Annual Increment in Remuneration	Not exceeding 30% of the last drawn remuneration as may be approved by the Nomination and Remuneration Committee and Board of Directors.
4. Minimum Remuneration in the case no profits/ inadequate profits	In terms of the applicable provisions and Schedule V of the Companies Act, 2013, where in any financial year during the tenure of Mr. Subhash Anand, the Company has no profit, or its profits are inadequate, remuneration comprising of salary, joining bonus, payment under incentive plan, perquisites and other benefits and emoluments approved herein (including the revision in remuneration as may be approved by the Board of Directors from time to time) be continued to be paid as Minimum Remuneration for a period not exceeding three years.

Attendance at Board Meeting:

Effective date of appointment as Executive director and Chief Financial officer was April 1, 2021.

Mr. Subhash Anand was appointed as Chief financial officer of the company with effect from October 30, 2020, Company has conducted four board meeting post appointment of Mr. Subhash Anand as Chief financial Officer and he has attended all the meetings.

Confirmations received from Mr. Subhash Anand:

Mr. Subhash Anand has consented to act as Director in terms of Section 152 of the Companies Act, 2013 and has provided a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013. Further, the Company has received a notice under Section 160 of the Companies Act, 2013 from a Member signifying the intention to propose the candidature of Mr. Subhash Anand as a Executive Director & CFO of the Company.

Recommendation of the Board

As an Executive Director & CFO, Subhash Anand handles the entire finance function of Company. The terms and conditions proposed are keeping in line with the remuneration package that is necessary to encourage good professionals with a sound career record for an important position as that of the 'Executive Director & CFO'.

The Nomination and Remuneration Committee and the Board considering Subhash Anand's extensive expertise in the field of finance will continue to efficiently manage the financial affairs of the Company.

Information as required under Schedule V of the Companies Act, 2013 is enclosed as Annexure

Board recommends his appointment to the Members as a Executive Director & CFO of the Company, liable to retire by rotation, by passing Special Resolution as set out in Item 6 of this notice

Except Subhash Anand none of the Directors, Key Managerial Personnel and their relatives, are in any way concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding as Members.

Item No.7: To ratify the remuneration payable to the Cost Auditor for the financial year 2020-21.

The Board after considering the recommendation of the Audit Committee, the Directors have appointed Mr. K. Suryanarayanan, Cost Accountant, as the Cost Auditor of the Company for the financial year 2020-21 on a remuneration of ₹ 3,50,000/- (Rupees Three Lakhs Fifty Thousand 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 appearing in the notice is sought to be passed for this purpose.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

The Board recommends passing of the proposed resolution stated in Item No. 7 as an Ordinary Resolution and requests your approval for the same.

Item No.8: To obtain approval for Transactions/ Contracts/ Arrangements with Aurore Life Sciences Private Limited upto ₹ 400 Crores in each financial year for a period of three years commencing from FY 2021-22

Members of the Company are hereby requested to note that as per Regulation 23 of SEBI Listing Regulations requires any transaction entered into between related parties for sale or purchase or rendering of services of any kind where the amount involved exceeds 10% of the annual consolidated turnover, to be approved by the members of the Company by way of a resolution.

Particulars of Proposed transaction

S No	Name of the related party	Name of the Promoter Director or Key Managerial Personnel who is related, if any	Nature of Relationship	Nature, material Terms & particulars of the contract or arrangement	Monetary Value Up to (Rupees in Crores per year)	Any other information
1	Aurore Life Sciences Private Limited ("Aurore")	Mr. Arun Kumar, Promoter of the Company and is a Promoter of Aurore.	Enterprises controlled owned or significantly influenced by Key Management Personnel and person holding significant interest in the Company.	Sale of API products, rendering of services and leasing of properties as per prevailing market prices	400	The Company will supply Active Pharmaceutical Ingredients and provide services to Aurore at prevailing market price

As per Regulation 23 of Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation") any material related party transaction, i.e., a transaction to be entered into which individually or together with previous transactions in a given financial year with a related party exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company, requires the approval of the members of the Company by way of Ordinary Resolution Since the aggregate sale or other transactions between the company and Aurore Life Sciences Private Limited is expected to exceed 10% of the turnover, the transaction requires approval of the shareholders. The said transaction is at arms length basis.

The Audit Committee and the Board of Directors at their respective meetings held on May 6, 2021, approved the aforementioned related party transaction.

The Board of Directors and its Committees have approved the Scheme of Amalgamation for merger of Aurore Life Sciences Private Limited, Emphyrean Lifesciences Private Limited and Hydra Active Pharma Sciences Private Limited with Solara Active Pharma Sciences Limited at their meeting held on April 9, 2021. This resolution will be in force till the company receives all the approvals required from shareholders and other statutory authorities for

giving effect to the proposed Scheme of Amalgamation or three years whichever is earlier.

Except the common promoters of Aurore and Solara, none of the other Promoters/ Directors/ Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution except to the extent of their shareholding as Members, if any.

The Board recommends the resolution as set out in Item No. 8 of the notice for approval of Members as an Ordinary Resolution.

Item 9 : To obtain approval for Transactions/ Contracts/ Arrangements with Aurore Pharmaceuticals Private Limited up to ₹ 200 Crores in each financial year commencing from FY 2021-22.

Members of the Company are hereby requested to note that as per Regulation 23 of SEBI Listing Regulations requires any transaction entered into between related parties for sale or purchase or rendering of services of any kind where the amount involved exceeds 10% of the annual consolidated turnover, to be approved by the members of the Company by way of a resolution.

Particulars of Proposed transaction

S No	Name of the related party	Name of the Promoter Director or Key Managerial Personnel who is related, if any	Nature of Relationship	Nature, material Terms & particulars of the contract or arrangement	Monetary Value Up to (Rupees in Crores)	Any other information
1	Aurore Pharmaceuticals Private Limited ("Aurore Pharma")	Mr. Arun Kumar, Promoter of the Company and is a Promoter of Aurore Pharma.	Enterprises controlled owned or significantly influenced by Key Management Personnel and person holding significant interest in the Company.	Sale of API products, rendering of services and leasing of properties as per prevailing market prices	200	The Company will supply Active Pharmaceutical Ingredients and provide services to Aurore Pharma at prevailing market price

As per Regulation 23 of Securities Exchange Board of India (Listing obligations and Disclosure Requirements) Regulations, 2015 ("the Regulation") any material related party transaction, i.e., a transaction to be entered into which individually or together with previous transactions in a given financial year with a related party exceeds 10% of the annual consolidated turnover as per the last audited financial statements of the Company, requires the approval of the members of the Company by way of Ordinary Resolution. Since the aggregate sale or other transactions between the company and Aurore Pharma is expected to exceed 10% of the turnover, the transaction requires approval of the shareholders. The said transaction is at arms length basis.

The Audit Committee and the Board of Directors at their respective meetings held on May 6, 2021, approved the aforementioned related party transaction.

Except the common promoters of Aurore Pharma and Solara, none of the other Promoters/ Directors/ Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution except to the extent of their shareholding as Members, if any.

The Board recommends the resolution as set out in Item No. 9 of the notice for approval of Members as an Ordinary Resolution.

By the Order of the Board
For Solara Active Pharma Sciences Limited

Place: Bengaluru
Date: May 6, 2021

S. Murali Krishna
Company Secretary

Annexure

INFORMATION AS REQUIRED UNDER SCHEDULE V OF THE COMPANIES ACT, 2013 IS PROVIDED BELOW:

I. General Information

Nature of Industry	Active Pharma Ingredient (API) Manufacturer.		
Date or expected date of commencement of commercial production	Not applicable, as the Company is an existing Company		
In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable, as the Company is an existing Company		
Financial performance based on given indicators (Standalone)			
	(₹ in Crores except dividend per share)		
Particulars	2020-21	2019-20	2018-19
Total Revenue	1,645.29	1,349.26	1,398.71
Total Expense (excluding exception items)	1,424.33	1,236.77	1,330.35
Profit/ Loss After Tax	220.96	112.49	58.67
Interim Dividend, if any (₹ per share)	4	-	-
Final Dividend (₹ per share)	3	2	5
Total dividend for FY (₹ per share)	7	2	5
Foreign investments or collaborations, if any	As at March 31, 2021, the Foreign Holding in the Company was at 29.59%. The Company does not have any Foreign Collaborations.		

II. Information about Appointees

	Bharath R Sesha	Subhash Anand
Background details, Recognition/ Awards, Job Profile and Suitability to the role, Past Remuneration and Remuneration proposed	As mentioned in Explanatory Statement under Item No.5	As mentioned in Explanatory Statement under Item No. 6
Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	Considering the significant expertise of the Appointees in their respective areas and acknowledging the responsibilities shouldered by them, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar level counterpart(s) in other companies to encourage good professionals with a sound career record.	
Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any	The Appointees do not have any pecuniary relationship with the Company other than the remuneration they received as Executive Directors of the Company and are not related to any director/ managerial personnel of the Company.	

III. Other information

a) Reasons of loss or inadequate profits:

The Company is currently profitable and we expect the trend to continue in coming years. These Special Resolutions are proposed pursuant to the sub-section (1) of Section 197 of the Companies Act, 2013 as a matter of abundant precaution as the profitability of the Company may be adversely impacted in future due to business environment during the period for which remuneration is payable to Mr. Bharath R Sesha and Mr. Subhash Anand.

b) Steps taken or proposed to be taken for improvement:

Our strategy comprises our transcontinental presence, growing scale, reliable supply chain, rationalised cost structure, intelligent synergies, smart R&D and technology acumen; and above all commitment to always remain ahead in the compliance standards.

c) Expected increase in productivity and profits in measurable terms:

The Company has taken various initiatives to maintain its leadership, improve market share and financial performance. It has been aggressively pursuing and implementing its strategies to improve financial performance. We continue to expand our scale across key markets to take the fastest lane to relevant opportunity, maximise our portfolio, reach out to more customers and strengthen our margins.



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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