SOLARA
Active Pharma Sciences

Staying Focused.
Rebuilding Resilience.

Annual Report 2021-22

Staying Focused.
Rebuilding Resilience

If FY 2021-22 was about navigating novel challenges in the form of two consecutive COVID-19 waves, reduced product demand, and increased material prices, it was also about demonstrating outstanding organisational and people resilience at Solara.

We turned our focus on growth drivers and with the changing ibuprofen demand landscape, one of our core products, led to increased sales from channels in less regulated markets. For us, relying on our channel partners in these less regulated markets was counterproductive, given the industry's extremely competitive environment for gaining market share. To reinstate our position as a price leader in the regulated markets, we underwent a course correction strategy to focus on outcomes.

We prioritised high-margin-high-value business, which impacted our financials during the year. We underwent specific management and governance changes to ensure seamless business operations.

We are rebuilding our resilience with continuous push on our key focus areas of APIs, cost improvement programmes (CIPs), new product filings, and Contract Research and Manufacturing Services (CRAMS). Anticipating the demand for ibuprofen to rise further, we are strengthening our Vizag facility to ensure greater competitiveness.

With renewed vigour, tested resilience and a sharp focus on holistic calibration, we are working towards realising our Solara 2.0 ambitions of featuring among the top 10 Pure Play API companies globally.

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PERFORMANCE IN FY 2021-22

Financial

Revenue (₹ in Crores)

1,288.36

EBITDA (₹ in Crores)

92.22

Profit after tax (₹ in Crores)

(58.29)

EBITDA (%)

7.2%

Operational

13

Market extensions filed for 22 existing products

5

US DMFs filed

₹ 53.8

R&D expenditure

Progressing forward **with resilience**

Solara Active Pharma is a global, pure-play Active Pharmaceutical Ingredients (API) and Contract Research and Manufacturing Services (CRAMS) firm. Our business is underpinned by the pillars of efficiency, innovation, and compliance. We work to meet our customers' changing needs and deliver incremental value to our stakeholders. Our continued focus on new product development is helping us take our business forward with determination and resilience.

We are investing in strengthening our tech capabilities to improve efficiency, maximise benefits and build our position in the global API production and CRAMS markets. Everything we do is infused with our vision, mission, and RITE (Respect, Integrity, Transparency and Efficiency) value philosophy, helping us reach our goals.

Vision

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

Mission

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

Purpose

Together for a healthier tomorrow

Values

R

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

I

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

T

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

E

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

Pillars of our progress

Our business is built on a strong foundation, enabling us to achieve and deliver on our strategic priorities. We have laid out the priorities to be able to deliver and realise our ambition of Solara 2.0 being regarded among Top 10 pure-play API companies globally by 2025.

Pillars of Solara 2.0

API
Grow our API business to a significant scale with a strong portfolio of base products and new launches across geographies

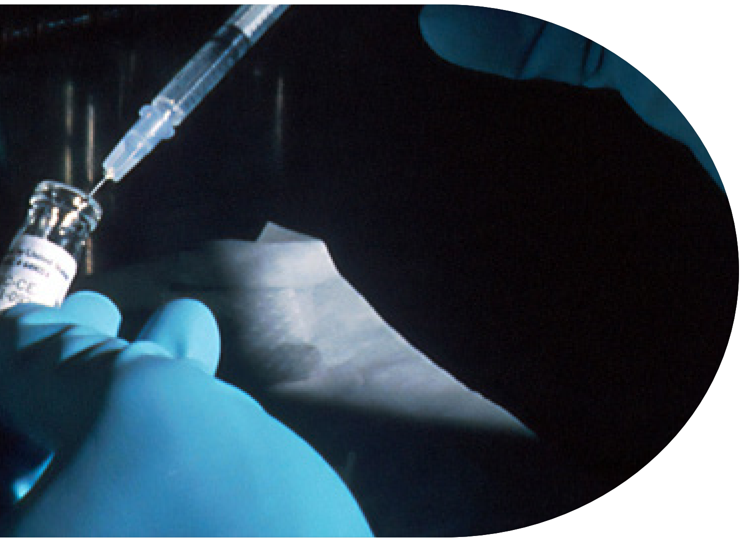
R&D
New product filings and support market extensions of existing Products. Execute on Continuous Improvement Programs (CIP) to face price challenges and improve margins

CRAMS
Transition our incubating CRAMS business into a global play with significant technology-led solutions and industry-leading growth

Inorganic ambition
Execute inorganic strategy to expand our scale and scope across geographies through inorganic investments

Scaling with our capabilities

API and intermediates



We design and manufacture commercial APIs across therapeutic categories, with a successful track record developing complex products, including polymer-based APIs and injectables. We have three-decades rich history and technological know-how in the API industry. Across high-value product areas, we now have 60+ commercial APIs and 10+ APIs under development. We have customers in over 75 countries.

Contract research and manufacturing services (CRAMS)

Our clients benefit from our specialised API services, which include contract development and manufacturing, analytical services, impurity synthesis, and regulatory support.

From lead analogs, building blocks, reference studies, and bespoke synthesis for pilot campaigns through clinical supplies, our contract development, and production capabilities encompass the whole value chain of a novel chemical entity, from pre-clinical to commercial stages. We are working to steadily increase client retention and chances for repeat business.

From early discovery to late commercial deliveries, our competence includes manufacturing at Kg to MT scale. Our partners benefit from our expertise in process development for targets in the early phase of drug development compounds, our immaculate quality standards and worldwide accreditations for GMP manufacturing.

We currently work with pharmaceutical companies from North America, Europe and Japan. We are also exploring niche technologies that will distinguish us as a partner of choice for our worldwide clients.

Manufacturing facilities

Our facilities provide a broad range of capabilities suitable for a wide range of products.

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

1 Ambernath
Multi-purpose API and intermediate facility

2 Bengaluru
Research and innovation centre

8 Cuddalore
Multi-purpose API and intermediate facility

Distinct features

- 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, and polymer chemistry, lyophilisation among others
- Globally compliant API facilities with necessary regulatory approvals and adherence to highest quality standards
- Capacity created to ensure minimised concentration risk
- Flexible manufacturing can cater to both large volume APIs as well as small volume APIs
- Industry-leading talent pool capable of handling a broad array of manufacturing requirements

Megatrends in the pharmaceutical industry

Scouting opportunities. Staying sharp.

The demand for APIs is expected to expand steadily. The industry is also undergoing fast-paced transformations, fronted by technology, and changing market dynamics. With substantial skills and capacities, we plan on leveraging emerging trends to grow our business and create long-term value for our stakeholders.

Artificial intelligence

Artificial intelligence (AI) is helping accelerate the drug discovery and development process. Start-ups are experimenting with technologies to address numerous challenges in the pharmaceutical sector, including manufacturing processes, automation, and optimisation, as well as developing successful marketing and post-launch tactics. Patient identification is critical in drug discovery and development, particularly for clinical trials. AI makes identifying eligibility criteria and including patients easier, making the cohort identification process faster and less expensive.

Big data and analytics

The pharmaceutical industry requires high-performance technologies to examine the vast volumes of data generated during drug discovery and development. Data management is a critical concern for pharmaceutical businesses because they need third parties to share data with collaborators. As analytical tools evolve, historical and real-time data held by pharmaceutical businesses are becoming significant assets for predictive, diagnostic, prescriptive, and descriptive analytics. These analytics techniques are used for a wide range of medical data, including patient records, medical imaging, and hospital data, to name a few examples.

Flexible production

Due to shifting market dynamics, the pharmaceutical sector is experimenting with innovative manufacturing methods, such as small batches for precision medicine. This is accomplished by obviating the need for sophisticated activities such as cleaning and validation between production phases. Continuous manufacturing reduces energy consumption, productivity, and waste, in addition to reducing downtime.

China + 1 strategy

Globally, China is the leader in API production and export, covering ~20 percent of the world's API production. Given the current geopolitical tensions between China and the rest of the world, few countries have incentivised companies to diversify and undertake measures to de-risk their supply chain from China to other countries such as India, Bangladesh, and Vietnam, which also offer more competitive costs of production and labour than China.

Top 10 Pharma Industry Trends & Innovations in 2022, Indian Pharma Industry on the China Plus One Strategy

"During FY 2021-22, our new products contributed 5%, and CRAMS contributed 8% of our revenues. We added new customers to our CRAMS business, focus on strengthening our base business by way of market extensions for 22 products in 13 countries. We will continue to focus on operational and manufacturing parameters.

Strengthening our core **in an outlier year**

Dear Stakeholders,

I am pleased to present to you the FY 2021-22 Annual Report of Solara Active Pharma. The year started on a challenging note with the devastating second Covid-19 wave, affecting lives and businesses at a large scale. But through all of it, our organisational resilience was strengthened, and we became better prepared to combat challenges. I would also take this opportunity to express my delight at being back as Managing Director and confident that we will successfully manoeuvre our reset strategy.

Encapsulating our performance

As the fiscal began, our base business witnessed muted demand mainly due to the ongoing pandemic. The reduced demand in the regulated markets was majorly mitigated with growth in new products. Despite such challenges, we delivered our best quarterly financial performance. Moving into the second quarter, due to headwinds in the ibuprofen business, our performance was impacted. We faced volatility and cost pressures in raw material pricing and logistics costs, which affected the quarter. The third quarter was one of the most challenging times for us as we had to take serious measures to reset our commercial business strategy from distribution-led to direct sales to customers in less regulated markets. This move significantly impacted our performance numbers. Besides this, subdued regulated market demand and higher costs driven by volatile material pricing environment and increased logistics cost also became factors contributing to the slowdown. Our fourth-quarter performance saw us coming back to normalcy, with year-end revenues standing at ₹ 1,288 Crores and EBITDA at ₹ 92.22 Crores. For ease of understanding, we re-classified our business reporting into ., Ibuprofens, Non-Ibuprofen Base business, and CRAMS. Our strategic actions have yielded favourable results across these businesses.

Evolving business model

We have always operated as a high-margin, high-value long-term-oriented business and functioned as a dominant player in the global ibuprofen market, with relationships across all leading Rx and OTC brand and generic partners. Over the last few years, we increased our market share significantly in the regulated markets with a peak demand of >1,500MT/quarter.The demand for Ibuprofen was impacted due to the COVID-19 pandemic. To address this demand decline, we pursued new opportunities in less regulated markets, predominantly through our channel partners.

With an increased inventory level across our value chain and significant pricing pressure, this model led to lower price realisation, impacting our overall margins. Our reliance on our channel partners in less regulated markets was counterproductive for the business. But we were quick to implement a course-correction strategy to perform a commercial model reset aimed at reducing channel partners' sales in less regulated markets, enabling us to focus on direct customer sales and increasingly bounce back.

Key developments

During FY 2021-22, our new products contributed 5%, and CRAMS contributed 8% of our revenues. We added new customers to our CRAMS business while also getting 13 market extensions for 22 products. We also made good progress on operational and manufacturing parameters.

We repurposed Vizag Phase I into a multipurpose plant enabling new API launches. The capacity faced significant under-recovery due to COVID-related delays in obtaining regulatory approvals. The Vizag plant is a multi-purpose unit aimed at supporting new product validation for our holistic growth.

Re-evaluating priorities, strengthening the core

During Q4, we decided not to proceed with the proposed merger with Aurore Life Sciences (Aurore) due to certain headwinds and uncertainties. At Solara, we are focussing on strengthening our core business and effectively utilising capacities. Given this development, there were reappointments in the leadership team to streamline the business.

The way forward

As a business, we will continue to focus on developing new products and market extension filings, which can be serviced from the currently under-utilised multi-product facility at Vizag. We are also progressing on implementing continuous improvement programmes, leading to better utilisation and cost savings. We are in the process of navigating these challenges and are optimistic about delivering on Solara 2.0's strategic priorities.

I want to extend my gratitude to the entire team of Solara for their unrelenting efforts in keeping the ship sailing and to our shareholders and investors for reposing their continued trust in our vision.

Warmly,

Jitesh Devendra
Managing Director

Financial and operational review

Performing with a **steady momentum**

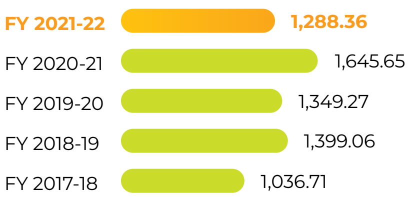
FY 2021-22 was characterised by a challenging macro-economic scenario, with subdued demand in regulated markets and raw material price risks, and price competition in lesser regulated markets. We are working to ensure a bounce back to profitability, supported by our agile business model and strategic interventions to cushioned further impact. It is also what enabled our significant recovery towards the year end. We consider this a good base to deliver improved performance and have already started realising the benefits of our strategy, coupled with a recovering macro environment.

Financial performance

Revenue from operations

(₹ in Crores)

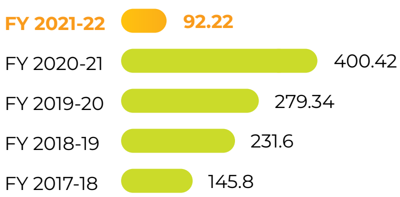
↓ 22%



EBITDA

(₹ in Crores)

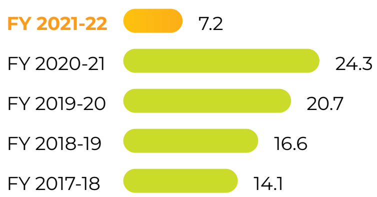
↓ 77%



EBITDA margin

(%)

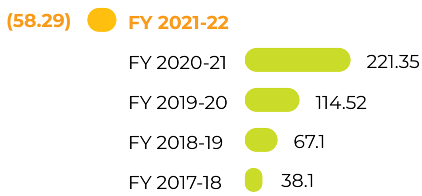
↓ 1,710 bps



Profit after tax

(₹ in Crores)

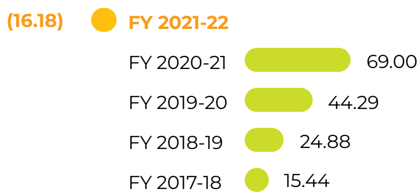
↓ 126%



Basic EPS

(₹)

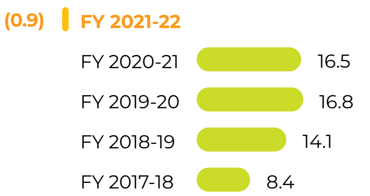
↓ 123%



Financial ratios

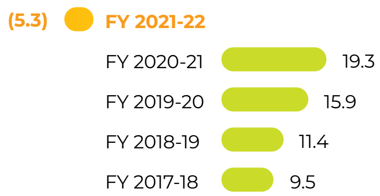
Return on capital employed (ROCE) (%)

↓ 22%

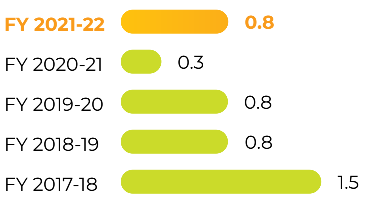


Return on equity (ROE) (%)

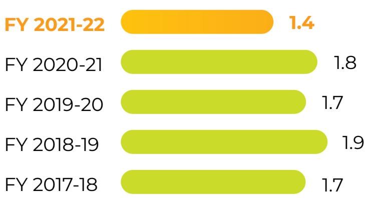
↓ 77%



Net Debt/Equity (X)



Fixed Asset Turnover (X)



Operational review

During the year, our commercial reset strategy, coupled with input cost pressures, volatility, and increasing logistics costs impacted margins and our overall performance.

Highlights

- **New products have contributed 5% of revenue during the year.**
- **Added new customers in CRAMS with significant increase in the opportunity pipeline**
- **Filed 13 market extensions for 22 products.**

Strategic pillars

Propelling growth with **resilience and forward-thinking**

Grow Base Business

Launch new products

Expand CRAMS business

With a solid framework in place, our goal is to double down on ensuring that we have the appropriate size and supply chain reliability to compete successfully within product categories, maximise our capacity to innovate and meet unmet market demands.

Pivots	Focus areas	Progress during FY 2021-22
• Anchor regulated market position • Backward integrated for better margin management	• Anchor customer partnerships especially in the regulated markets • Continued cost leadership via operational efficiencies and backward integration • Leverage market leadership in niche product variants	• Capacity for backward integration is under implementation at Vizag
• Increase R&D velocity • Refresh product selection process • Focus on speed and science	• 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	• New products from previous year contributed to 5% of revenue in FY 2021-22 • 5 US regulated market filings and 13 market extensions filed
• Transition from 'incubation' to fast growth business • Science based differentiation via additional capabilities on technology	• Positioning based on capability to solve 'tough' chemistry challenges via technology platform • Leverage existing innovator • customer base for rapid scaling	• New customers in FY 2021-22 • CRAMS contributed to 8% of FY 2021-22 revenues

Building on our **key enablers**

Our asset portfolio will be diversified and scaled across our manufacturing facilities. Our facilities are equipped with best-in-class technologies and capabilities such as catalytic hydrogenation, hydride reductions, organometallic reactions, and hazardous reactions.

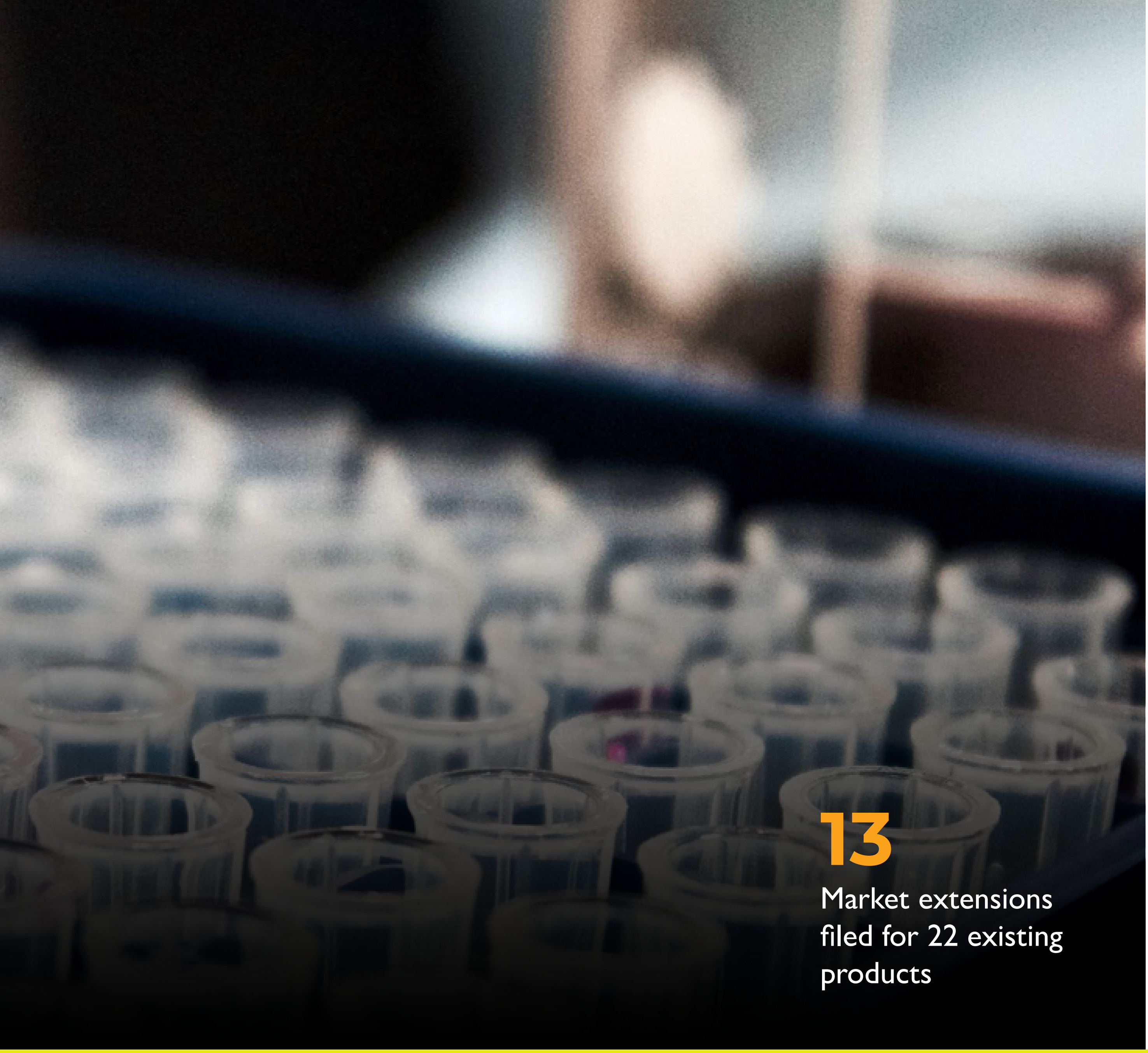
Given the subdued growth of our business, we have devised strategies to bounce back, remain competitive, and simplify operations across the gamut of our services. We have adopted a variety of proactive cost-cutting programmes.

Services we deliver

We provide contract development (lead analogs, building blocks), bespoke synthesis (pilot campaigns, clinical supplies), contract manufacturing (APIs and advanced intermediates), and analytical and regulatory assistance throughout the development chain.

Diverse and agile offerings

Out of our six API facilities, four facilities are internationally compliant and have received regulatory clearance . We have a reactor capacity of 2,078 KL Phase 1 (2,866 KL Phase 2) and a variety of reactor sizes, demonstrating our versatility and adaptability. Our manufacturing network includes everything from large-scale, specialised factories to small-scale, specialty APIs and everything in between.



13

Market extensions filed for 22 existing products

Robust compliance

We have attained regulatory approvals from the US Food and Drug Administration (FDA); the European Directorate for the Quality of Medicines (EDQM); the Korea Food and Drug Administration (KFDA) – South Korea; the Euro Zone – Good Manufacturing Practice(EUGMP) – Denmark; the World Health Organisation (WHO) – Geneva; the Medicines and Healthcare Products Regulatory Agency (MHRA); the Federal Commission for the Protection against Sanitary Risk (Cofepris) – Mexico; and the Therapeutic Goods Administration (TGA) – Australia.

Backed by cutting-edgefacilities

We have finished the construction of our facility in Vizag and commissioned phase 1 during the previous year and capacity for backward integration was being implemented during the year at Vizag. Due to the reduction in demand for base products, our growth was muted as production was minimised. Additionally, due to COVID-19 restrictions, the facility is yet to get regulatory approvals, which we are working to trigger the inspections in second half of FY 2022-23.

Key business enablers - Scientific excellence

Accelerating breakthroughs **with R&D excellence**

Our asset portfolio will be diversified and scaled across our manufacturing facilities. Our facilities are equipped with best-in-class technologies and capabilities such as catalytic hydrogenation, hydride reductions, organometallic reactions, and hazardous reactions.

R&D strength

Technical expertise
Our strong technical leadership helps generate high-quality pharmaceutical products that provide strategic value to our partners and customers.

Product selection
We focus on distinct medicines with sophisticated formulations in a variety of therapeutic areas.

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

Regulatory filings
Strong intellectual property assessment skills and worldwide regulatory expertise.

Steadying momentum
During the year, we had one new API validations. However, we managed to get five US market filings and 13 extensions for 22 of our products. We also have 10+ new products under development.

Polymers
Therapeutic polymers that are insoluble are a limited subset of polymers. These therapeutic polymers work in the gastrointestinal (GI) tract by sequestering specific toxic inorganic ions, bile acids, and other substances. As a result, they differ from most small-molecule medications and their metabolites, mostly removed via urine by the kidneys. Polymer medicines function by absorption in the body, and since they are not absorbed in the GI tract or the bloodstream, they are eventually removed via faeces.

As a result, insoluble polymer medicines lessen the burden on the kidneys. We have emphasised the intriguing chemistry/engineering issues involved in polymer-drug characterisation and manufacturing while providing examples of first and second-generation polymer medications.

We have a strong polymer product development/ commercial portfolio and are a polymer medicine provider. We have already submitted DMFs for compounds, including Sevelamer Carbonate, Sevelamer HCl, Patiromer, Colesevelam, and Colestipol, and are working on a few more. Our facilities are intended to meet efficient small/large volume polymer needs across several locations, and we keep a close eye on regulated markets. We collaborate with innovator firms in the CRAMS segment to create new polymers.

Our Chennai location has a Kilo-Lab where we can evaluate the scalability of goods from the lab size to the commercial scale. The Kilo-Lab can perform reactions over a broad range of temperatures in SS, GLR, and Hastelloy reactors. It also features hydrogenation capabilities, which may be employed for various intermediates under both homogeneous and heterogeneous circumstances.

Key business enablers – Product

A diversified
suite of offerings

We have created a strong presence in major regulated areas and other significant global markets, which will allow us to recover in the coming year. We are using our current client base, our robust foundations, and investing in new technologies in the CRAMS industry.

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Good portfolio mix

We offer a distinct set of core items that serve as a solid foundation, allowing us to get through this rough patch. New API releases and an R&D pipeline customised to increase client demands will provide growth momentum. We offer an appealing API portfolio with expertise in complicated APIs, 60+ commercialised products, and 95 US DMF filings. In several of our high-volume items, we have a cost advantage.

Our basic items serve as customer 'door openers,' providing a solid basis. Some of our new product pipeline highlights include Sapropterin, Sodium Zirconium,Sugammadex and others. Our product selection strategy is categorised into three buckets ie. New Products where we have the first move advantage; market specific opportunity and possible quick to launch due to scarcity of reliable suppliers.. We are also concentrating on selecting higher margin compounds in the near to long term, emphasising strong chemical, technical, and infrastructural skills.

Product strategy

- **Core portfolio:** Leadership position backed by strong moats
- **R&D pipeline:** Multi-pronged new product development
- **Recently filed products:** Strong growth with commercialisation/scale-up

Geography-wise Filing

90	FDA
26	edqm
09	Pmda
16	Health Canada
11	World Health Organization
16	Ministry of Food and Drug Safety
09	EUROPEAN MEDICINES AGENCY SCIENCE MEDICINES HEALTH
07	

CRAMS business approach

Confidentiality
Customer confidentiality guaranteed

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

Performance
Delivery performance is a KPI, even at the proposal stage

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

Transparency
High level of communication, visibility, and customer involvement

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

Drawing strength from **well-founded, sustainable process**

Our development processes are reliable and scalable while adhering to best global practices and standards in terms of health, safety, and sustainability. Our cost-cutting initiatives, which include supply-cost reductions and operational improvements, are bearing improved business outcomes.

Making us a partner of choice

- Assured supply to customers
- Diversified manufacturing base
- Integrated Quality Management System (QMS) from supply chain to product delivery processes

World-class quality control laboratories

Our quality control facilities comply with US FDA 21CFR Part 11 regulations as well as Computer System Validation Guidance. Our analytical testing laboratories have high-end and advanced tools for testing and releasing raw materials, in-process samples, intermediates and drug substances (API), as well as microbiological samples.

Globally, numerous regulatory bodies have recognised the GxP Software and application platforms as well as the analytical equipment, which have been implemented at our sites. Chromeleon (for Chromatographic instruments such as HPLC, GC, ICP, LC HRMS, and so on), Lab Solutions (UV Spectrophotometer), Ally Soft (Stability Chambers), Tiamo software (Titrator & pH meter), Spectrum ES (Infrared Spectrophotometer), and Master Sizer 3000 (Particle Size Distribution Analyzer) are among these applications.

E-QMS systems accredited by global regulatory authorities

Our Quality Management System (QMS) is intended to comply with cGMP requirements established by several national and international regulatory bodies, as well as the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use regulations (ICH). We leverage the globally recognised GxP solutions to manage QMS requirements electronically as e-docs/e-records.

We implemented several electronic GxP solutions that are internationally approved across our facilities. These include a track-wise system to handle the quality elements of the QMS (such as change control, deviations, customer complaints, OOS, CAPAs, and so on), an SAP Hana version to handle material management systems, a LIMS - Laboratory Information Management System (Labware Solutions) at quality control laboratories for cGLP compliances, a statistical tool (MiniTab) to evaluate GxP data trends, a document management system application (New Gen) to establish procedures, and learning management system (compliance-wire) to handle the training activities and documentation.

Environmental health & safety (EHS)

At Solara, we strive to proactively achieve high environmental, health, and safety standards, (EHS) systems and procedures. We have established an EHS framework to ensure that our workers, contractors, and the communities where we operate remain safe and healthy. We are devoted to producing goods in a safe and ecologically responsible way.

Responsible corporate

Harbouring mature **social impact goals**

As a purpose-driven enterprise invested in making positive difference, we have taken on several community participation efforts. They are founded on the needs of our stakeholders, including employees, the communities in our circle, and the planet at large while being focused on education, healthcare, safety and sanitation.

People-centric engagement

Our aim is to create a differentiator in the form of our talent pool. Considering active engagement and a purpose-driven culture as key factors in promoting and retaining talent, we have undertaken measures as detailed below.

Robust core skill sets

We hire talent based on their core skills and technical expertise. We place great emphasis on agility to accelerate the creation of solutions that take into cognisance client demands. We have 150+ R&D chemists working on breakthrough processes and technologies to meet the ever-changing market demands. Our engineers are committed to bringing experimental R&D concepts at a commercial scale. Our quality-oriented staff and in-depth product and industry expertise further strengthen our offerings.

Bringing domain experts together

We understand that the API sector is a knowledge-based industry and thus, employ the finest and most qualified candidates. We train them further on the job to always ensure the deployment of proactive personnel to maintain our competitive advantage while pioneering solutions.

Accelerating access to quality healthcare

Under our CSR Initiatives arm, we have funded medical treatment for ~700 patients/month. Our efforts have positively touched the lives of 8,500+ households through Our dispensaries in Pondicherry and Cuddalore.

Ensuring better standards of living

Sanitation – Safe drinking water

- Puducherry facility provides clean drinking water to the surrounding communities.
- We are operating 6 RO water plants in various locations around Puducherry (₹ 14.53 Lakhs)
- Kudikadu village, near our Cuddalore unit, is experiencing extreme water shortage and to alleviate the concern, we committed to provide clean drinking water to these two villages at a cost of ₹12.65 Lakhs

Pandemic support

- In cooperation with Strides and the Puducherry government, a 30-bed COVID-19 Care Centre was established on the Pondicherry University Campus.
- Donated 2 Hemo Dialysis M/c to Indira Gandhi Medical College and Research Institute Puducherry
- Provided 15 oxygen concentrators, 25 oximeters, 10,000 surgical masks, and 1,000 100-gram packets of Kabasura Kudineer choornam to government PHCs and government hospitals through Cuddalore District Collectorate.
- Ambernath initiative, which included distribution of survival kits and groceries to flood victims in Maharashtra's Konkan area, benefiting 300 households
- Through the Ambernath initiative, we distributed 2,000 isolation kits to Kulgaon Badlapur Municipal Hospital

- Tahsildar of Nanjangud, Mysore, received 1,000 home isolation kits. Through DySP - Nanjangud, 5,000 reusable cotton masks were distributed to COVID-19 front-line personnel. Sanitisers and masks were supplied in Mysore's K S Hundi, Hallididdi, Nanjangud, and nearby villages.
- SRC Chennai initiative saw the Thalambur Police Station distribute 3,000 masks and 10.5 litres of sanitiser to the underprivileged

Enabling quality education

Best student award

To recognise and reward the academic performance of government school students we have begun been awarding cash prizes to school-level toppers of the SSLC and HSC of government girls' and boys' schools in and around Pondicherry. We supported creation of Digital library in Dr. Ambedkar Government Law School Puducherry which included Interior Work, AC, Lighting & Furniture for the benefit of 400 Law students. To facilitate the education of Para medic Students at SVRCC campus – we supported creation of Nursing lab facility to complete their Nursing training and enhance youth employability. Over one lakh rupees were donated to students from various departments at Puducherry University.

Infrastructure enhancement at institutions

To support enhancement of infrastructure facilities in education institutions, various projects were completed across site. For example:

- Ambernath Govt ITI Smart Class provided desktop computers, printers, and a UPS system to ITI Ambernath, helping 1,700 students.
- Infrastructure improvement of Government Primary school at Panruti, Cuddalore - Better the learning environment for 65 students
- Education Facility support by providing Nali kali tables and chairs at Government school Hallididdi, Mysore - Benefited – 70 students
- In Mangaluru – to enhance learning experience
- Provided water purifier to Govt Higher primary School – Jokette - 180 students benefitted
- Provided Computer, printer and Photocopier to Govt Higher primary school Borugudde. - 120 students benefitted
- Provided learning materials, interactive toys, chairs and cupboard for storage to Anganwadi at Bangra Kulur - 25 children benefitted

Environmental initiatives

- During the Azadi Ka Amrut Mahotsav, i.e., the 75th Independence Day Celebration, we provided the Puducherry Government with 10,000 seedlings
- Undertook tree plantation across 6,133 sq.ft., planting 2,000+ plants at the Ambernath unit
- Tree plantation and social forestry conducted in partnership with our NGO partner Thuvakkam
- Campaign against plastic - Created awareness to School Children on usage of Plastic @ Pondicherry
- Solar Paneling @ Panambur Police station – Mangaluru – Promoting Energy Conservation & Alternate Source of Energy

Guiding
our vision

Mr. Aditya Puri
Chairman

Mr. Puri, a pillar of the Indian banking and financial services sector, was the renowned Founder-Managing Director and Chief Executive Officer of HDFC Bank since its founding in 1994, until his retirement in October 2020, making him the longest serving head of a private bank in India.

Mr. Puri's visionary leadership was essential in HDFC Bank's exceptional development and wealth creation for all stakeholders and has paved the path for multiple milestones for Indian private sector banking in general. Prior to establishing HDFC Bank, he was the Chief Executive Officer of Citibank Malaysia, and had over two decades of total banking expertise with Citibank throughout geographies. Mr. Puri received several distinguished honours, medals, and titles for his outstanding contributions to Indian business, including multiple appearances on Barron's World's 30 Best CEOs lists.

The Institute of Chartered Accountants of India (ICAI) admitted Mr. Puri into the Chartered Accountants Hall of Fame, making him the first ICAI member to receive this accolade. The Economist's portrayal of Mr. Puri as the world's top banker in October 2020 added to his towering worldwide image.

Ms. Vineeta Rai
Independent Director

Ms. Rai is a former Indian Administrative Service officer and Revenue Secretary in the Government of India. She has a B.A. in History from Delhi University, a B.A. in American History and Politics from Brandeis University in the United States, and is a visiting Fellow in Public Administration at Queen Elizabeth House, Oxford University. In 2004, she was named one of India's 25 Most Powerful Women in Business. She comes with extensive experience in Public Administration, particularly in Health Administration and Finance, having worked in the Ministry of Health and Family Welfare, Government of India, where she was responsible for Drugs and Food Adulteration Prevention, and as Secretary Banking, Insurance, and Revenue in the Ministry of Finance, Government of India. She has also served on the boards of various banks and insurance companies.

Ms. Rai is the first woman to occupy the position of Revenue Secretary in the Ministry of Finance. She is an officer of the 1968 IAS batch of the Union Territories cadre. She was assigned by WHO to the Global Vaccine Initiative between 1990 and October 1993. During this time, she was also the Mission Director for Immunisation. She worked for the UNFPA for five years, from November 1993 to March 1999, as the Regional Advisor for Gender, Population, and Development for South and Central Asia, Iran, and Afghanistan. She was named Member Secretary of the Second Administrative Reforms Commission after retiring, and thereafter became a member of the National Consumer Disputes Redressal Commission (2010-2014).

Dr. Kausalya Santhanam

Independent Director

Dr. Santhanam, the founder of SciVista IP & Communication (www.scivistaip.com), is a patent attorney registered with both the Indian Patent Office and the United States Patent as well as the Trademark Office. She graduated from Chandigarh's Post Graduate Institute of Medical Education and Research (PGIMER) with a Ph.D. in Cell Biology and Immunology. Her post-doctoral study in Cancer Biology was completed at the Center for Cellular and Molecular Biology (CCMB) in Hyderabad, where she published her research in peer-reviewed publications. She moved on to the Walter Reed Army Institute of Research in Washington, DC, as a National Research Council (NRC) Fellow, where she studied molecular processes of inflammation. She then worked at Albert Einstein College of Medicine in New York to learn more about the processes of an apoptotic molecule. Her study was published in several reputable publications. She went on to work at CuraGen Corporation, a biopharmaceutical business in Connecticut, for five years in the Intellectual Property Department.

Mr. Ramakrishnan R

Independent Director and Audit Committee Chairman

Mr. Ramakrishnan has a law degree from Bangalore University and is a Fellow Member of the Institute of Chartered Accountants of India. He is a Chartered Accountant in Bangalore who has over four decades of expertise in Direct Tax, Audit, and Assurances. For over three decades, he has served as an independent director in publicly traded corporations and on the boards of reputable firms.

He is the Managing Trustee of the RRK Foundation, which financially supports numerous students in upper secondary schools from economically disadvantaged backgrounds, as well as a variety of social projects. He is the Chairman of the Company's Audit Committee and an Independent Director.

Mr. Nirmal Bhogilal

Independent Director

Mr. Bhogilal is the Chairman of the Batliboi Group. He served as President of the Indian Machine Tool Manufacturers Association and is presently a member of its Committee (IMTMA). He has headed numerous Confederation of Indian Industry (CII) committees at the national and regional levels, and he is now a member of the CII National Council. He is a member of the Indo German Chamber of Commerce's Committee and a former President. He is also a member of the Forum of Free Enterprise's Committee and the National Centre for Performing Arts' Council (NCPA). He serves on the boards of Chowgule Industries Pvt. Ltd. and Eimco Elecon (I) Ltd. as an independent director.

Board of Directors

Mr. Arun Kumar
Founder & Non-Executive Director

Mr. Kumar is a first-generation entrepreneur and is known for his intellect of picking 'difficult-to-operate domains with high scarcity value. He founded Strides Pharma Science Limited (Strides) in 1990 and has since led the company in building a global reputation with a differentiated business model and delivering value for its stakeholders. He is credited to have co-founded and built India's largest fully integrated Animal Health Company – SeQuent Scientific Limited in less than five years of its major investments. His ownership in SeQuent was divested to the Carlyle Group in May 2020 in a strategic transaction.

He is the promoter of Solara Active Pharma Sciences, a pure-play API company on course to becoming India's second largest API business in under four years. He was a recipient of E&Y Entrepreneur of the year award in the Healthcare sector in 2000. He was also awarded the Business Today 'India Best CEO Award (Mid-Sized Companies Category)' and the 'Best CEO in the Pharma & Healthcare Industry' in 2014.

Mr. Ankur Thadani
Non-Executive Director

Mr. Thadani is a Mumbai-based Principal with TPG Growth. He joined TPG in 2013 and has worked on several projects in the healthcare, energy, and consumer sectors in India and across South Asia. CTSI, Rhea Healthcare, Fourth Partner Energy, and Asiri Hospitals are among the companies where he is a Board member. Prior to joining TPG, he worked for India Equity Partners, an Indian private equity firm focused on consumer and healthcare assets. He earned his MBA from IIFT, where he was honoured with a Gold Medal for overall excellence.

Mr. Kartheek Raju
Non-Executive Director

Mr. Raju has over ten years of experience in Investment and Consulting. At iLabs, he focuses on investments across pharma, power, and commercial real estate sectors. He is passionate about identifying opportunities and has worked closely with the Founders in scaling the operations and putting the enterprise on a higher growth trajectory.

Under Special Situations Platform of iLabs, he played a pivotal role in acquiring distressed assets in power, pharma, real estate and defense sectors, and worked with the management in transforming them into profitable ventures. He holds a Bachelor of Business Administration Degree in Economics, Accounts and Finance from Claremont McKenna College. Prior to iLabs Group, he was a Business Analyst at McKinsey & Company's Dubai Office.

Mr. Jitesh Devendra
Managing Director

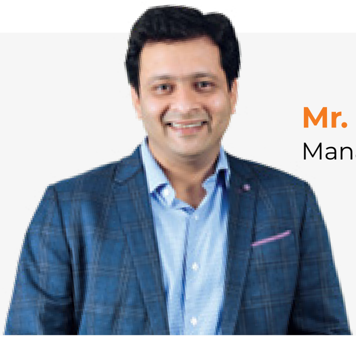
Mr. Devendra has an MBA with a specialty in International Business and Buyer Behavior from the University of Madras, a Bachelor's degree in Commerce from Loyola College in Chennai, and a Diploma in Sales and Marketing from the National Institute of Sales in Chennai. Jitesh has over 22 years of expertise in the pharmaceutical industry, specialising in API and formulations. He had the chance to head a B2B as well as a B2C firm. He oversaw the North America API business as well as the Formulations P&L of the former Shasun Pharmaceuticals Limited, which subsequently became Strides Shasun and is now Strides Pharma Science. His efforts have led the division into new markets in North America, as well as the maintenance of commercial connections and the introduction of new products for out-licencing and collaboration. Jitesh was named Managing Director of Solara Active Pharma Sciences Limited after the demerger of Strides. He later left Solara on August 3, 2020.

Mr. S. Hariharan
Executive Director & CFO

Mr. Hariharan is a Cost Accountant with over 30 years of expertise in Corporate Finance, Accounts, and Strategic Planning. He played an instrumental role during the 2014 and 2015 merger of Shasun and Strides. Strides, Sequent, and Solara were also in the process of merging in 2017 and 2018. He has extensive expertise in finance, accounting, secretarial, taxation, legal, and information technology responsibilities. He has substantial M&A expertise.

Leadership Team

Leading with foresight **and experience**



Mr. Jitesh Devendra
Managing Director

Mr. S. Hariharan
Executive Director & CFO

Mr. M. Mohan
Chief Operating Officer

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

Mr. Sundara Moorthy V
Chief Quality Officer

Mr. Rajeev Singh
Chief Human Resource Officer

Corporate information

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Keelakottaiyur Village, Melakottaiyur (PO),
Chennai – 600 127.

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

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08816, USA.

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Prestige Trade Tower, Level 19, 46, Palace Road
High Grounds, Bengaluru – 560 001.

Internal Auditors
PricewaterhouseCoopers
8th Floor, Prestige Palladium Bayan,
129-140, Greams 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, Periakalapet,
Puducherry – 605 014.

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

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

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

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

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

Management Discussion and Analysis

GLOBAL ECONOMIC REVIEW

FY 2021-22 began with the detrimental second COVID-19 wave, followed by the short-lived third wave, which caused significant disruptions across countries and continents. Global growth rose from 3.4% in 2020 to an estimated 6.1% in 2021, projected to slow down to 3.6% in 2022 and 2023.

In 2021, as the number of COVID-19 cases dropped, given higher vaccination rates, the market demand and consumption increased. All major trade economies' exports and imports exceeded the pre-pandemic levels. Moreover, a range of fiscal and monetary policies that improved market liquidity and stimulated infrastructure development propelled growth in 2021. Despite a supply chain bottleneck created by ports and factories, which were not operating at full capacity, global trade increased.

As we approached 2022, the geopolitical tension between Ukraine and Russia erupted into a full-fledged conflict. This resulted in inflation spike across many countries and disrupted global supply chains. Inflation in developed countries is expected to rise by 5.7%, while in emerging markets and developing economies; it is likely to increase by 8.7%. We are already witnessing social unrest over food and fuel inflation in emerging nations.

China's Zero COVID-19 policy restricts access to key towns with significant manufacturing hubs and further straining an already tight global supply chain. Despite the volatility and unpredictability, global economic growth is expected to settle around 3.6% in 2022.

Advanced economies are predicted to grow at a slower rate of 3.3% in 2022, down from 5.2% in 2021. Emerging markets and emerging economies (EMDE) are recovering faster than developed economies, with a growth rate of 6.8% in 2021 expected to dip to 3.8% in 2022.

The significance of a solid global health policy is more crucial than ever, as attested by the impact of the pandemic. Global access to vaccines, testing, and medicines is important to reducing the risk of more COVID-19 variants. Increased supply production, stronger in-country delivery networks, and enhanced equal worldwide distribution are required to achieve this target. To keep inflation at bay, monetary policies will need to be tightened, while fiscal policy will have to prioritise health and social expenditure, focusing support on the most vulnerable.

GLOBAL EXPAND GROWTH AND OUTLOOK

Particulars	FY 2021-22	FY 2022-23	FY 2023-24
World Output	6.1	3.6	3.6
Advanced Economies	5.2	3.3	2.4
United States	5.7	2.7	3.3
Euro Area	5.3	2.8	3.3
Emerging Market and Developing economies	6.8	3.8	4.4
China	8.1	5.4	5.1
India	8.9	8.2	6.9
Japan	1.62	2.39	2.32
Brazil	4.6	0.8	1.4

Source: World Economic Outlook, April 2022

INDIAN ECONOMIC REVIEW

India has again emerged as the world's fastest-growing major economy, and it is expected to be one of the top three economic powers in the next 10-15 years, thanks to its strong democratic positioning. As India dealt with the pandemic in the first half of 2021, the government began to plan supply-side reforms to ensure the economy's long-term viability. According to the IMF's most recent World Economic Outlook, India's real GDP will grow at 8.2% in FY 2022-23 and 6.9% in FY 2023-2024, making it the world's fastest-growing major economy for all three years.

India's economy is recovering after a second wave of COVID-19 in 2021, which hampered activity and took a toll on the Country's overall situation. India's response to the crisis included a wide range of fiscal, monetary, and health policies that supported recovery. Combined with economic reforms, these policies are intended to help mitigate the longer-term detrimental impacts of the crisis. Vaccination played a crucial role in managing the perilous aftermath of the pandemic, lowering the overall death toll, restoring economic confidence, and mitigating the economic consequences of India's COVID-19 second wave.

Despite the short-term volatility, India's underlying economic fundamentals remain strong, and the impact on the long-term outlook will be minor. Growth-enhancing policies and schemes (such as production-linked incentives and the government's push toward self-reliance) and increased infrastructure spending will start to take effect in 2023, resulting in a stronger multiplier effect on jobs and income, higher productivity, and increased efficiency, all of which will lead to faster economic growth. Furthermore, due to global digitisation and technology transformation, India's focus on manufacturing, government incentives such as lower taxes, and higher services exports will likely drive overall growth.

GLOBAL PHARMACEUTICAL INDUSTRY

With a CAGR of 9.10%, the worldwide pharmaceuticals market is anticipated to increase from $ 1,454.66 billion in 2021 to $ 1,587.05 billion in 2022. The growth is on account of the companies' restructuring operations and recovery from the COVID-19 impact, which had earlier resulted in strict containment measures involving social distancing, remote work, and the closure of commercial activities that produced several operational challenges. At a CAGR of 7.70%, the market is anticipated to reach $ 2,135.18 billion in 2026.

(Source:https://www.globenewswire.com/news-release/2022/03/04/2396935/0/en/Pharmaceuticals-Global-Market-Report-2022.html

https://www.tribecaknowledge.com/blog/8-pharma-trends-for-2022-towards-a-more-holistic-understanding-of-value)

The global medicine market is expected to grow at a 3-6% CAGR from 2022 through 2026. It is likely that a total of 300 new drugs will be launched over the next five years to 2026, significantly higher than the level seen on average during the past decade. These are expected to skew towards special, niche, and orphan drugs. These new product launches are expected to increase global medicine spending by $ 196.00 billion, which is primarily offset by reductions in brand spending, with $ 188 billion due to losses of exclusivity. Overall, oncology and immunology are the two key areas of focus for the industry and are forecasted to grow 9-12% and 6-9% CAGR, respectively, through 2026, lifted by significant increases in new treatments and medicine use and offset by the impact of biosimilars. Moreover, global spending, including COVID-19 vaccines and therapeutics, is expected to exceed the pre-pandemic outlook by $ 133 billion by 2026.

(Source: https://www.iqvia.com/insights/the-iqvia-institute/reports/the-global-use-of-medicines-2022)

API INDUSTRY

Over the last few decades, the demand for APIs has grown steadily. By the end of 2030, the global pharma market is expected to generate revenues of ~ $ 330 billion, up from around $ 185 billion in 2020. From 2021 to 2030, it is projected that the global active pharmaceutical ingredients (API) market is expected to develop at a CAGR of 6.08%.

The market is divided into communicable illness, oncology, diabetes, cardiovascular disease, musculoskeletal disorders, respiratory disorders, and other therapeutic applications based on therapeutic applications. Among all the segments, the cardiovascular disease segment is expected to generate over $ 70 billion in revenue by the end of 2030.

(Source: https://www.prnewswire.com/news-releases/global-active-pharmaceutical-ingredients-api-market-report-2022-2030-increasing-number-of-generic-drug-approvals--growing-demand-for-generic-and-biosimilar-drugs-301525706.html)

CHINESE API DOMINATION AND THE MARGIN SQUEEZE

With exports of $ 34 billion in 2019, or 46% of the entire sector, China dominates the global API/Intermediate market. China's competitiveness is fuelled by lower manufacturing costs and large capacities that can meet the domestic and foreign demand. The top destinations for Chinese APIs were India, USA, and Japan, as they sourced the raw material to convert into finished dosage formulations.

Between 2013 and 2017, when fierce competition among the companies caused erosion, Chinese API prices fell. The Chinese government started a crackdown on industrial pollution in 2015 in response to environmental concerns, which intensified between 2017 and 2018, leading to a considerable reduction and pullback in supply and plants. As a result, Chinese API prices began to rise in 2018 and 2019.

CONTRACT RESEARCH AND MANUFACTURING SERVICES (CRAMS)

The Global Pharmaceutical Contract Manufacturing Organisation (CMO) Market, valued at $ 134.12 billion in 2021, is anticipated to grow and reach $ 204.14 billion by 2027, registering a CAGR of 6.64% from 2022 to 2027.

Many pharmaceutical companies have recognised the potential profitability of working for both clinical and commercial stage manufacturing due to the rising demand for generic medications and biologics, the capital-intensive nature of the industry, and the complex manufacturing requirements.

- **A disadvantage of finished dosage players:** Companies that have diversified into being marketers and exporters of finished dosages have a lower hand in the market, as there is a risk of IP safety in their business. In such a scenario, pure-play API companies with the additional capacity of strong scientific talent pools and partnerships in developing new molecules have been able to emerge as successful CRAMS vendors.
- **Long business development cycles:** Given the IP factors involved, acquiring customers is a time-

consuming process. Hence, the CRAMS market is characterised by long gestation periods for customer attraction and project execution.

- **A lagged and unpredictable ramp-up in margins:** Margins for CRAMS companies also improve only when more customer R&D projects move to Phase 3 / commercialisation from Phase 1 or 2.

STRUCTURAL TAILWINDS FOR THE CRAMS INDUSTRY

Today, large pharmaceutical and chemical companies are moving away from manufacturing and are focusing on developing new active ingredients as well as being focussed on increased speed to market, simultaneously reducing development and manufacturing costs. CRAMS analysts estimate that large pharma companies currently outsource ~25% of their manufacturing, and emerging Biotech firms outsource 100% of their manufacturing. Geographically, US-based pharma companies tend to outsource (~50% of manufacturing) more than Europe-based Pharma companies (~15% of manufacturing).

- **Driving innovation in pharmaceuticals, lack of manufacturing infrastructure:** Many specialty and biotech firms today rely on service providers to avoid the high fixed costs of in-house development, expenditures in building manufacturing capabilities required to drive clinical growth, and potential commercial manufacturing.
- **Focus on manufacturing efficiency:** Contract manufacturers for generic and innovator pharma customers are expected to benefit from increased outsourcing over this cycle, with fewer branded drugs coming off patent in the foreseeable future.
- **Reducing the risk of USFDA non-compliance:** CRAMS undergo regular manufacturing compliance audits by quality teams of various global innovator pharma companies. These audits have helped CRAMS foster a more robust culture of cGMP compliance and help them to emerge with a better regulatory track record.

INDIAN PHARMACEUTICAL INDUSTRY

Globally, India ranks 3rd in terms of pharmaceutical manufacturing by volume and 14th in value. The domestic pharmaceutical sector comprises around 3,000 drug businesses and ~10,500 production units. India also happens to be the largest supplier of generic drugs.

API INDUSTRY

The Indian government, after a decade, has announced plans to localise manufacturing of 53 critical APIs and intermediates. This move can potentially accelerate domestic API manufacturers' top-line growth by 400 bps. We predict that the move will take significant time to localise fully, given the over-reliance on pharma raw material imports, i.e., ~0.8 million tons from China.

With globalisation, firms got access to cheaper raw materials spread across the globe. Developing economies with lower labor costs and less strict regulatory regimes evolved into factories for the world. However, the pandemic disrupted the global pharma supply chains and the overreliance on sourcing key starting materials/ APIs from emerging markets, especially China, proved to be a ripple effect worldwide.

As governments across the world tried to secure their supplies of essential drugs, two key points of discussion emerged.

- **Emphasis on localised manufacturing:** Globally, governments believed that they could incentivise essential proportion locally, bringing imports home, but this had the undesired consequence of increasing healthcare costs in the developed world.
- **Diversification of suppliers:** Working towards 'dual sourcing' in the medium term, preferably from a different low-income country, would help keep prices under control while providing an offset from a risk mitigation perspective.

ABOUT SOLARA ACTIVE PHARMA

Solara Active Pharma Sciences is a young, dynamic, entrepreneurial, and customer-oriented API manufacturer. We have a legacy of over three decades and trace our origins to the API expertise and technical know-how from Strides Shasun Ltd. and Sequent Scientific Limited (Human API Business)

We are poised to bridge the industry gap by delivering value-based products while focusing on customer needs. We have 140 + scientists working at our R&D center supported with 6 API manufacturing facilities. We stand by our vision to Respect our partners by maintaining the integrity and operational transparency, which we intend to achieve through developing utmost efficiency across the organisation.

GROWTH PILL

API and Intermediates

We develop and manufacture APIs for various niche therapeutic categories, with demonstrated expertise in complicated products such as polymer-based APIs and injectables.

CRAMS

Our clients benefit from our specialised API services, which include contract development and manufacturing, analytical services, impurity synthesis, and regulatory support. Our contract development and manufacturing business (on a full-time basis) cover the entire value chain of a new chemical entity, from pre-clinical to commercial phases, and include lead analogs, building blocks, reference studies, and custom synthesis for pilot campaigns, and clinical supply, among other things.

Outlook

By overcoming the consecutive pandemic waves, India has shown its resilience and capability in dealing with such a crisis. It also highlighted the strength of its pharmaceutical supply chain. This scenario has led to project India as a reliable source for the purchase of more pharmaceutical products. Moreover, the growing impetus towards the 'China +1' strategy is expected to work in favor of India. Solara will capitalise on both of the above factors to grow further as a 'Pure play API company.'

We are navigating through our short-term challenges and expect our business to return to normalcy by the second half of FY 2022-23. We are optimistic about leveraging the industry trends and are geared to accelerate our strategy, delivering value to our stakeholders.

FINANCIAL PERFORMANCE

KPI	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	YoY change
Revenue from operations	1,036.71	1,399.06	1,349.27	1,645.65	1288.36	(22)%
EBITDA	145.80	231.60	279.34	400.42	92.22	(77)%
EBITDA margin (%)	14.10	16.60	20.70	24.30	7.20	(1710) bps
Profit after tax	38.10	67.10	114.52	221.35	(58.29)	(126)%
Basic EPS (₹)	15.44	24.88	44.29	69.00	(16.18)	(123)%

All Values are in ₹ Cr. unless mentioned otherwise

FINANCIAL RATIOS

KPI	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Return on capital employed (ROCE) (%)	8.4	14.1	16.8	16.5	-0.9%
Return on equity (ROE) (%)	9.5	11.4	15.9	19.3	-5.3%
Net Debt/Equity	1.5	0.8	0.8	0.3	0.8
Fixed Asset Turnover	1.7	1.9	1.7	1.8	1.4

HUMAN ASSETS

We have a workforce of over 2,185 employees as of March 31, 2022. Solara Leadership Council (SLC) and a highly competent senior management team aids our capacity to successfully pursue our growth objectives. In-depth topic expertise of our people as well as their strong drive to stay current on industry trends and market developments, are critical in supporting us in transforming on-the-ground opportunities into concrete and intangible value for stakeholders.

RISK MANAGEMENT

Business success necessitates the identification and assessment of both opportunities and associated risks. Our risk-mitigation plan is aimed at ensuring the Company's long-term profitability and viability. We want to raise risk awareness across all organisational levels and develop a value-driven risk culture. As a result, risks are clearly assessed and systematically included into business decisions. We've outlined the risks that are likely to harm our business in the near future, as well as some mitigation strategies.

We have a risk management framework for the identification and management of risks. In line with the requirement under the SEBI Listing Regulations, we have 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.

Principal risk	What it means	How we mitigate it
External environment risk	Volatility in India's macroeconomic statistics, negative global market dynamics, and geopolitical events can all have a significant impact on business.	• Consistent investments are needed to improve supply chain resilience. • Diverse segments and locations help to lessen reliance on a single product or market.
Operational risk	Any manufacturing or quality control issues could harm our reputation, which would have a negative impact on our business, operating results, and financial position.	• Inspection of manufacturing facilities on a regular basis for quality and environmental compliance. • Audit methods are updated on a regular basis to keep up with any changes in international regulatory requirements. • A regular assessment procedure is in place to ensure that operational facilities are being used to their full potential.
Research and Development risk	The risk of new APIs not being developed or commercialised in a timely manner.	• R&D efforts are focused on the development of new goods and the expansion of the product line. • Robust product selection process to avoid reliance on a single approach.
Suppliers risk	If raw material prices and operational costs, among other things, vary significantly, our profitability and margins may be impacted.	• Long-term contracts with approved suppliers (local and international) ensure raw material supply after a thorough vendor audit. • Manufacturing of critical intermediates in-house. • Cost-cutting programmes for major APIs are being implemented to maintain profits as raw material prices rise.
Competition risk	The pharmaceutical sector is fiercely competitive, and our failure to compete in real time might have a negative impact on our business, operating results, and financial position.	• Business continues to be elevated and evaluated in accordance with global standards. • Cost-cutting programmes are carried out by in-house teams. • APIs are being expanded across the globe. • Portfolio reorganisation to promote greater capacity use.
Safety risk	Any unforeseen incidents could harm our reputation, which could have a negative impact on our business, operating results, and financial situation.	• Inspection of facilities on a regular basis for compliance with both safety and environmental requirements. • Risk-based process safety management systems are being implemented. • Through the Risk Buckets programme, significant risks are identified and preventative steps are implemented. • Regular evaluation of safety performance to track progress toward operational facility safety improvement initiatives. • Corrective Action Preventive Action (CAPA) of external third-party audit results is being implemented.

Other risks we foresee are as follows:

- **Patent compliance:** In the process of active ingredient development, patent protection and compliance are critical to continuity of business relationships in the custom synthesis segment. A patent non-compliance can also cause reputational damage as well as contract cancellations and loss of business form existing customers.
- **Concentration risk:** Currently, our top 10 molecules contribute to 73% of total sales with particularly large contribution from ibuprofen and its line extensions. We are actively adding new products in our pipeline and have a target to file new DMF's this FY. We are also penetrating newer markets for existing products there by reducing the risk of concentration on specific customers and markets.
- **USFDA Regulatory Compliance:** Adverse observations following cGMP compliance inspections by the USFDA or other regulatory authorities, represent risks of escalation into Warning Letter or Import Alert status, which could delay sales / pipeline commercialisation / trigger supply penalties till outstanding issues are resolved.
- **API market Pricing risk:** As companies are looking to diversify their supplier base away from China, there is a risk that Chinese companies backed with low cost suppliers might lower their price, creating pressure on Indian companies can be a potential threat to the API business margins.
- **Currency volatility:** Our export sales contribute about 50% of our overall sales, which is vulnerable to sharp currency fluctuations given the external environment.

INTERNAL CONTROLS

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

Board's Report

Dear Members,

On behalf of the Board of Directors of the Company, it gives us immense pleasure in presenting the Fifth Board's Report along with the audited financial statements (standalone and consolidated) for the financial year ended March 31, 2022.

1. FINANCIAL PERFORMANCE

The Company has prepared the Standalone and Consolidated financial statements for the financial year ended March 31, 2022, in accordance with the Indian Accounting Standards (Ind AS) as prescribed under the Companies Act, 2013. Key highlights of financial performance of the Company for the financial year ended March 31, 2022 as compared to previous year is provided below:

(₹ In Crores)

Financial Results	Standalone		Consolidated	
	2021-22	2020-21	2021-22	2020-21
Gross Revenue	1,287.10	1,645.29	1,288.36	1,645.65
Profit before interest, depreciation and tax	91.19	399.35	92.22	400.42
Profit before tax	(91.66)	220.96	(91.11)	221.50
Profit after tax	(58.56)	220.96	(58.29)	221.35
EPS (basic) on the basis of ₹ 10/- per share	(16.29)	68.86	(16.18)	69.00
EPS (diluted) on the basis of ₹ 10/- per share	(16.29)	64.40	(16.18)	64.53

2. BUSINESS OVERVIEW

We are a global, R&D focused, pureplay Active Pharmaceutical Ingredients (API) company engaged in the manufacturing and development of APIs and offering Contract Manufacturing and Development Services for global companies. We have a highly compliant manufacturing footprint spread over six large scale multi-product facilities supported by a team of 2200+ employees. Our business is spread across 75 countries with extensive operations in the key markets of North America, Europe, Japan, South Korea and the Middle East and North Africa. We are poised to create strategic value in the B2B space with a basket of high-value products, compliant manufacturing base, long term supply assurance and strong customer advocacy. New programmes were introduced for cost improvement, better site utilisation and operating cost savings. The Company remains optimistic about accelerating all the levers of its strategy and is confident in delivering long term value to our stakeholders. A detailed analysis of the operations of the company for the year gone by is provided in the management discussion and analysis report, which forms a part of this annual report.

3. COVID-19

The fiscal year 2021-22 was challenging in many ways. There was an exponential surge in the Covid-19 during second and third wave cases in many countries, forcing the Government to impose national lockdown in India. The safety of employees was paramount in all the decisions taken by your company to continue or restart operations. The company used 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.

4. DIVIDEND

The Board of Directors of the company has not recommended dividend for the financial year 2021-22. During the year under review, your Company has not made any transfer to the Reserves.

In terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), the Company has adopted a Dividend Distribution Policy. The said Policy is available on the Company's website and can be accessed at investor page of our company's website https://solara.co.in/wp-content/uploads/2020/10/Dividend_Distribution_Policy.pdf

5. SHARE CAPITAL

The Authorised Share Capital of the Company as on March 31, 2022, stood at ₹ 120,00,00,000/- divided into 12,00,00,000 equity shares of ₹ 10/- each.

There has been an increase in the Paid-up share capital of the Company during the financial year on account of allotment of 66,500 equity shares consequent to exercise of stock options by the employees.

The Issued, Subscribed and Paid-up Equity share capital of the Company as on March 31, 2022, stood at ₹ 35,99,62,670/- divided into 3,59,96,267 equity shares of ₹ 10/- each.

6. EMPLOYEES STOCK OPTION PLAN

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

During the year under review, Nomination and Remuneration Committee of the Board (NRC) has granted 35,000 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 November 11, 2021 had approved the revised Scheme of Amalgamation (Scheme) for merger of Aurore Life Science Private Limited (Aurore), Empyrean 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 was subject to necessary statutory and regulatory approvals including the approvals of National Company Law Tribunal, the shareholders and creditors of each of the companies.

However, on April 29, 2022, the Board of Directors of the Company decided to withdraw the Scheme as Aurore has not been able to achieve its financial goals set for FY22 due to weak demand for covid products and tactical opportunities. Consequently, the assumption considered in the valuation for the scheme has undergone significant changes. The Board is of the view that it is not financially viable to proceed with the merger scheme with Aurore. The Board believes that the Company should reflect on the course-correction strategy and deliver targeted outcomes with organic growth.

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.

The detailed report on Corporate Governance as per the format prescribed by Securities and Exchange Board of India under Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 along with a certificate from M/s. Mohan Kumar and Associates, Practicing Company Secretaries, confirming compliance with the requirements of Corporate Governance is attached with this report. There are no observations or adverse remarks in the said certificate.

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

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

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 2021-22, the Directors met eight times i.e., on April 9, 2021; May 6, 2021; August 4, 2021; August 25, 2021; November 11, 2021; November 26, 2021; February 9, 2022 and March 9, 2022.

13. DIRECTORS & KEY MANAGERIAL PERSONNEL

As on date of this report, the Board has 10 directors comprising of 2 Executive Directors, 4 Non-Executive Directors and 4 Independent Directors. The Chairman of the Board is a Non-Executive Director. The details of each member of the Board as on the date of this report forms part of Corporate Governance Report.

Retire by Rotation:

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

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

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

Change in directors and key managerial personnel during the year:

1. Mr. Aditya Puri was appointed as Non-Executive Director and Chairman of the Company on August 4, 2021.

2. Mr. Arun Kumar Pillai was appointed as Non-Executive Director of the Company on August 4, 2021.

3. Mr. Kartheek Raju Chintalapati was appointed as Non-Executive Director of the Company on August 4, 2021.

4. Ms. Vineeta Rai was appointed as Independent Director of the Company on October 17, 2021.

   The Company had sought and received approval from the shareholders through postal ballot on October 17, 2021 for the above appointments.

5. Mr. S. Hariharan was appointed as Executive Director & CFO of the Company on March 9, 2022 and he has been designated as Key Managerial Personnel

6. Mr. Deepak C Vaidya resigned from the directorship of the Company on August 4, 2021.

7. Mr. Ronald Tjeerd de Vries resigned from the directorship of the Company on August 4, 2021.

8. Mr. Bharat R Sesha resigned from the post of Managing Director & CEO and directorship of the company on February 28, 2022.

9. Mr. Subhash C Anand resigned from the post of Executive Director & CFO and directorship of the Company on March 9, 2022.

10. Mr. Rajesh Salwan, who was designated as one of the Key Managerial Person resigned from the post of Chief Operating Officer of the Company on March 10, 2022.

Mr. Rajender Rao Juvvadi who joined the Board on August 4, 2021 ceased to be a director consequent to his resignation from the post of MD & CEO of the Company on April 28, 2022.

Mr. Jitesh Devendra was appointed as Managing Director of the Company on April 29, 2022 and he has been designated as Key Managerial Personnel.

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

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

14. DECLARATION BY INDEPENDENT DIRECTORS

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

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 2021-22 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), comprising of members of the Board and Senior Management personnel. Composition of RMC is provided in the Corporate Governance Report, which forms part of this Report.

RMC is entrusted with the responsibility of overseeing strategic, operational and financial risks that the 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. 47 to the Standalone Financial Statements in the Annual Report.

20. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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

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

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

22. AUDITORS AND AUDIT REPORTS

Statutory Auditors

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No.117366W/W-100018) was appointed as Statutory Auditors of the Company at the first Annual general meeting of the company for a period of 5 years and will hold the office till the conclusion of the 6th AGM of the Company. The Auditor's report to the shareholders on the standalone and consolidated financial statement for the year ended March 31, 2022 does not contain any qualification, observation or adverse comment.

Secretarial Audit Report

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

The Secretarial Audit for the financial year 2021-22, inter-alia, included audit of compliance with the Companies Act, 2013, and the Rules made under the Act, Listing Regulations and applicable Regulations prescribed by SEBI amongst others.

The Secretarial Audit Report is enclosed as Annexure 4 to the Board's Report. The Secretarial Audit Report does not contain any qualifications, reservations or adverse remarks.

Internal Auditors

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

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

Cost Auditors and Cost Records

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

Pursuant to the provisions of Section 148(3) of the Companies Act, 2013, the Board of Directors had appointed Mr. K. Suryanarayanan, Cost Accountant (Membership No.24946) as Cost Auditor of the Company for the financial year 2021-22. 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

Pursuant to Section 92 of the Companies Act, 2013 and the rules made thereunder, Annual Returns filed by the Company for the prior financial years has been uploaded on the website of the Company and can be accessed at https://solara.co.in/investor-relations/annual-return/

Draft Annual Return for the financial year ended March 31, 2022 is also uploaded in the above section. Upon filing the same with Registrar of Companies, filed return shall be uploaded.

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

The Directors state that the applicable Secretarial Standards have been followed during the Financial Year 2021-22.

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

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 134 of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is attached as Annexure 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 2021-22.

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

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

27. CAUTIONARY STATEMENT

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

28. ACKNOWLEDGEMENT

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

For and on behalf of Board of Directors

	Jitesh Devendra	**S. Hariharan**
Place: Bengaluru	Managing Director	Executive Director
Date: April 29, 2022		& CFO

Annexure I to the Board's Report

FORM AOC-1

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

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

PART "A" : Subsidiaries

(₹ in Crores)

S. No	Subsidiary Name	Reporting period	Reporting Currency	Share capital (including share application money pending allotment)	Reserves and surplus	Total liabilities	Total assets	Investments (except in case of Investments in Subsidiaries)	Turnover	Profit / (Loss) before taxation	Tax Expenses (credit)	Profit / (Loss) after taxation	Proposed dividend equity	% Share holding
1	Chemsynth Laboratories Pvt Ltd	Apr-Mar	INR	6.86	(1.95)	2.10	6.61	-	0.00	(0.21)	-	(0.21)	-	49%
2	Sequent Penems Private Limited	Apr-Mar	INR	4.53	(0.76)	13.04	16.81	-	0.46	0.07	0.08	(0.01)	-	100%
3	Shasun USA Inc	Apr-Mar	USD	0.05	(3.56)	4.34	0.83	-	2.97	0.71	0.15	0.56	-	100%

Part "B": Associates and Joint Ventures

(₹ In Crores)

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

For and on behalf of Board of Directors

Place: Bengaluru
Date: April 29, 2022

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director & CFO

Annexure 2 to the Board's Report

Annual Report on Corporate Social Responsbility (Csr) Activities

1. Brief outline on CSR policy of the Company

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

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

Vision:

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

Mission:

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

2. Composition of CSR Committee:

Name of the Director	Designation / Nature of directorship	No. of Meetings of CSR Committee held during the period in which the said member was on the Committee	Meetings attended
Dr. Kausalya Santhanam	Chairperson - Independent Director	1	1
Mr. R. Ramakrishnan	Member – Independent Director	1	1
Mr. Ankur Thadani	Member – Non-Executive Director	1	1
Ms. Vineeta Rai Appointed w.e.f. October 17, 2021	Member – Independent Director	-	-
Mr. Jitesh Devendra Appointed w.e.f. April 29, 2022	Member – Executive Director	-	-
Mr. Bharath R Sesha Ceased to be a Member on February 28, 2022	Member – Executive Director	1	1
Mr. Rajender Rao Juvvadi Ceased to be a Member on April 28, 2022	Member – Executive Director	-	-

3. Web-link relating to composition of CSR Committee, CSR Policy and CSR projects approved by the Board and disclosed on the Company's website:www.solara.co.in

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

Not applicable

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

Amount set-off from the preceding financial year 2020-21: ₹ 0.02 crores

6. Average net profit of the Company as per Section 135(5) – ₹ 130.03 crores

7. (a) Two percent of average net profit of the company – ₹ 2.60 crores

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

(c) Amount required to set-off for the financial year, if any – ₹ 0.02 crores

(d) Total CSR obligation for the financial year (7a+7b-7c) – ₹ 2.60 crores

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

(₹ In Crores)

Total Amount Spent for the Financial Year.	Amount Unspent			
	Total Amount Transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per proviso to section 135(5)	
	Amount.	Date of Transfer	Name of the fund	Amount Date of transfer
₹ 2.60	....	....	....	....

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

(₹ In Crores)

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

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

(₹ In Crores)

S. No.	CSR project or activity identified	Sector in which the project is covered	Location (Unit)	Amount Spent on the Project or Programmes	Cumulative Expenditure upto reporting period	Amount spent: Direct or through implementing agency
1	Primary Health Centre	Health	Pondicherry and Cuddalore	0.28	0.28	Direct by the Company
2	Awareness program on Personal Hygiene, Waste Management & Health Camps	Health & Hygiene	Pondicherry and Ambernath	0.28	0.26	Direct by the Company
3	Providing sanitation and drinking water facilities	Health & Hygiene	Pondicherry Cuddalore Mangalore Mysore Ambernath and Bangalore	0.32	0.32	Direct by the Company
4	Infrastructure and sponsorship support for Education	Education	Pondicherry Cuddalore Mangalore Mysore Ambernath and Chennai	0.52	0.52	Direct by the Company
5	COVID-19 Support	Livelihood	Pondicherry Cuddalore, Mangalore and Mysore	0.86	0.86	Direct by the Company
6	Environment and Others	Livelihood	Pondicherry Cuddalore, Mangalore and Ambernath	0.21	0.21	Direct by the Company
7	Administrative cost		Chennai	0.13	0.13	Direct by the Company
	Total			**2.60**	**2.58**	

(d) **Amount spent in Administrative Overheads -** ₹ 0.13 crores

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

(f) **Total amount spent for the Financial Year (8b+8c+8d-8e) –** ₹ 2.60 crores

(g) **Excess amount for set off, if any –** Nil

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

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

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

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

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

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

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

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

The company was required to spend ₹ 2.60 crores towards CSR activities in financial year 2021-22 in terms of Section 135 of the Companies Act, 2013. The company has spent ₹ 2.58 crores towards CSR activities in the Financial Year 2021-22 and set off ₹ 0.02 crores from the preceding financial year.

Place: Bengaluru
Date: April 29, 2022

Jitesh Devendra
Managing Director

Dr. Kausalya Santhanam
Chairperson

Annexure 3 to the Board's Report

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

A. POWER & FUEL CONSUMPTION

		Year ended 31.03.2022	Year ended 31.03.2021
Electricity			
a. Purchased Units	in 000's	57,221	49,286
Total amount paid	₹ in Cr	48.88	43.37
Rate per Unit	Rupees	8.54	8.80
b. Own generation by			
I. Diesel Generators (Units)	in 000's	1,221	957
Unit per Ltr. of Diesel Oil		2.49	1.90
Rate per unit	Rupees	29.96	28.02
II. Windmills (Units)	in 000's	15,251	14,436
Amount adjusted	₹ in Cr	7.69	7.32
Rate per Unit	Rupees	5.04	5.07
III. Third Party (IEX)	in 000's	6,948	11,766
Amount Adjusted	₹ in Cr	2.33	4.22
Rate per Unit	Rupees	3.35	3.59
IV. Solar (Units)	in 000's	9,087	9,171
Amount Adjusted	₹ in Cr	4.00	4.36
Rate per Unit	Rupees	4.41	4.75
Others			
Fuel Briquittees/Furnace Oil	Kgs in 000's	39,581	44,215
Total amount paid	₹ in Cr	26.59	21.85

(B) TECHNOLOGY ABSORPTION:

Efforts are being made to absorb the technology.

(C) BEST EHS PRACTICES:

(i) Cuddalore site accredited with Responsible Care certification.

(ii) Received 4-star rating for committing to EHS practices in the CII-EHS Excellence awards for the year 2018 for Cuddalore and Puducherry units.

(iii) Received IGBC green interior – platinum award at SRB – Bengaluru from Indian green building council.

(iv) National Safety Council – Maharashtra Chapter has consecutive 8th time awarded Solara Active Pharma Sciences Ltd., '1st Prize' for its meritorious performance in industrial safety.

(D) EXPENDITURE ON RESEARCH AND DEVELOPMENT:

	Total as at 31st March 2022 ₹ in Cr	Total As at 31st March 2021 ₹ in Cr
Capital	4.03	2.40
Recurring	53.81	52.91

(E) FOREIGN EXCHANGE EARNINGS AND OUTGO:

	Total As at 31st March 2022 ₹ in Cr
Foreign exchange earned in terms of actual inflows	940.44
Foreign exchange outgo in terms of actual outflows	676.06

For and on behalf of Board of Directors

Place: Bengaluru
Date: April 29, 2022

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director & CFO

Annexure 4 to the Board's Report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022
[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 31st March 2022. 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 31st March, 2022, 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, 2022 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.

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 generally at least seven days in advance and notice were given at a shorter period, the same were ratified by the Independent Directors of the Company. Also, 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. Subhash Chand Anand was appointed as the Additional Director by the Board of Directors of the Company with effect from 1st April 2021.

2. (i) The Board of Directors approved the Composite Scheme of Amalgamation (subject to necessary approvals) of M/s. Aurore Life Sciences Private Limited and M/s. Empyrean Lifesciences Private Limited and M/s. Hydra Active Pharma Sciences Private Limited with M/s. Solara Active Pharma Sciences Limited vide the Board Meeting dated 9th April, 2021 and subsequently filed with the Stock Exchanges on 25th June, 2021.

   (ii) The Board of Directors withdrew the existing Composite Scheme of Amalgamation due to an outstanding issue with the minority shareholder of M/s. Aurore Pharmaceuticals Private Limited and approved the new Composite Scheme of Amalgamation excluding the investments held in M/s. Aurore Pharmaceuticals Private Limited by M/s. Aurore Life Sciences Private Limited vide the Board Meeting dated 11th November, 2021.

3. The following personnel were appointed as Additional Directors of the Company with effect from 04th August 2021 until the ensuing AGM (which was held on 25th August 2021) by the Board of Directors and vacated their office on 25th August 2021:

   a. Mr. Aditya Puri

   b. Mr. Arun Kumar Pillai

   c. Mr. Rajendra Juvvadi Rao

   d. Mr. Kartheek Chintalapati Raju

4. The following Directors resigned with effect from 4th August 2021:

   a. Mr. Deepak Calian Vaidya, Non – Executive Director

   b. Mr. Ronald Tjeered De Vries, Independent Director

5. The members, at the Annual general Meeting held on 25th August 2021, approved the following:

   a. Appointment of Mr. Bharath Ramraman Sesha for the position of Managing Director and Chief Executive Officer of the Company for a period of three years effective from 3rd August, 2020.

   b. Appointment of Mr. Subhash Chand Anand for the position of Executive Director and Chief Financial Officer of the Company for a period of three years effective from 1st April, 2021.

6. The following were appointed as Additional Director of the Company with effect from 25th August, 2021 by the Board of Directors:

   a. Mr. Aditya Puri

   b. Mr. Arun Kumar Pillai

   c. Mr. Rajendra Juvvadi Rao

   d. Mr. Kartheek Chintalapati Raju

7. The Company has obtained the approval of Shareholders by way of Ordinary Resolution through Annual General Meeting held on 25th August, 2021 for declaration of dividend of ₹ 3/- per equity share of face value of ₹ 10/- each for the Financial Year ended 31st March, 2021.

8. The appointment of following Directors were approved by the shareholders via postal ballot dated 17th October 2021:

   a. Ms. Vineeta Rai (DIN: 07013113), Independent Director

   b. Mr. Aditya Puri (DIN: 00062650), Non-Executive (Non-Independent) Director

   c. Mr. Arun Kumar Pillai (DIN: 00084845), as a Non-Executive (Non-Independent) Director

   d. Mr. Kartheek Chintalapati Raju (DIN: 02921819), as a Non-Executive (Non-Independent) Director

   e. Mr. Rajendra Juvvadi Rao (DIN: 00083540), as an Executive Director

9. The application made by the Company on 8th April 2021 for reclassification of M/s. Sequent Scientific Limited from "Promoter Group" to "Public Category" was approved by the BSE and NSE on 7th October, 2021.

10. The Company has granted ESOP options to the following employees during the financial year under review as per Solara ESOP Scheme, 2018 vide Nomination and Remuneration Committee Meeting dated 11th November, 2021:

    a) 20,000 stock options convertible into equity shares upon exercise of the options were granted to Mr. Rajeev Singh, Chief Human Resource Officer of the Company.

    b) 15,000 stock options convertible into equity shares upon exercise of the options were granted to Mr. Ganesh Mopidevi, Chief Business Officer of the Company.

11. The Company has granted ESOP options to the following employees during the financial year under review as per Solara ESOP Scheme, 2018 vide Circular Resolution dated 15th March, 2022:

    a) 50,000 stock options convertible into equity shares upon exercise of the options were granted to Mr. S. Hariharan, Executive Director & Chief Financial Officer of the Company.

12. The Company has made the following allotment of equity shares under the ESOP Scheme, 2018 during the financial year under review:

    a) 10,000 Equity Shares of ₹ 10/- each at a premium of ₹ 827 per share to Mr. Subhash Anand bearing distinctive numbers from 35929768 to 35939767 vide the Board Meeting dated 11th November, 2021.

    b) 6,500 Equity Shares of ₹ 10/- each at a premium of ₹ 827 per share to Mr. Rajesh Salwan bearing distinctive numbers from 35939768 to 35946267 vide the Board Meeting dated 11th November, 2021.

    c) 20,000 Equity Shares of ₹ 10/- each at a premium of ₹ 195 per share to Mr. Sundara Moorthy bearing distinctive numbers from

35946268 to 35966267 vide the Board Meeting dated 9th February, 2022.

d) 30,000 Equity Shares of ₹ 10/- each at a premium of ₹ 364 per share to Mr. Bharath R Sesha bearing distinctive numbers from 35966268 to 35996267 vide the Board Meeting dated 9th March, 2022.

13. Mr. Bharath Ramraman Sesha resigned from the position of Managing Director and Chief Executive officer of the Company with effect from 28th February, 2022. Subsequently, Mr. Rajender Juvvadi Rao was appointed as Managing Director and Chief Executive officer of the Company with effect from 1st March, 2022.

14. Mr. Subhash Chand Anand resigned from the position of Executive Director and Chief Financial Officer of the Company with effect from 9th March, 2022. Subsequently, Mr. Subramanian Hariharan was appointed as Executive Director and Chief Financial Officer of the Company with effect from 9th March, 2022.

For **Mohan Kumar & Associates**

A. Mohan Kumar
Practicing Company Secretary
Membership Number: FCS 4347
Certificate of Practice Number: 19145
UDIN: F004347D000235182

Place: Chennai.
Date: 29-04-2022

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: F004347D000235182

Place: Chennai.
Date: 29-04-2022

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	Name : Mr. Arun Kumar Pillai (DIN 00084845) Age: 61 years DoB: 25.03.1961 Qualification: Graduate in Commerce. Terms and Conditions of appointment: As per the resolution at Item No. 2 of the Notice convening Fifth Annual General Meeting. Date of first appointment on the Board: 04.08.2021 Shareholding in the Company as on March 31, 2022: 31,68,463 shares Beneficial Shareholding in the Company as on March 31, 2022: 64,44,053 shares Relationship between directors inter-se and other KMPs of the Company - None	Mr. Arun is Promoter of the Company. His leadership / ownership have a presence in 100+ countries with 7000+ employees with over 30 global manufacturing facilities. Mr. Arun Kumar is a recipient of E&Y Entrepreneur of the year award in the Healthcare sector in 2000. He has also been awarded the Business Today "India Best CEO Award (Mid- Sized Companies Category)" and the "Best CEO in the Pharma & Healthcare Industry" in 2014. Hailing from Kerala and brought up in Ooty, Mr. Arun Kumar graduated in Commerce and began his career in 1981 at the exports department of Bombay Drug House Limited, one of the earliest exporters of pharmaceuticals products from India. He later worked as General Manager-Exports with British Pharmaceuticals Limited, a Mumbai based Company.	Information provided in Corporate Governance report.	
2	Name : Mr. Kartheek Chintalapati Raju (DIN 02921819) Age: 35 years DoB: 16.05.1987 Qualification : Bachelor of Business Administration Terms and Conditions of appointment: As per the resolution at Item No. 3 of the Notice convening Fifth Annual General Meeting. Date of first appointment on the Board: 04.08.2021 Shareholding in the Company as on March 31, 2022: Nil Relationship between directors inter-se and other KMPs of the Company - None	Mr. Kartheek Chintalapati Raju holds a Bachelor of Business Administration Degree in Economics, Accounts and Finance from Claremont McKenna College. Prior to iLabs Group, Mr. Kartheek Chintalapati Raju was a Business Analyst at McKinsey & Company's Dubai Office. He has over ten years of experience in Investment and Consulting. At iLabs, he focuses on investments across Pharma, Power, and Commercial Real Estate sectors. He is passionate about identifying opportunities and has worked closely with the Founders in scaling up the operations and putting the companies on a higher growth trajectory. Under Special Situations Platform of iLabs, he has played a pivotal role in acquiring distressed assets in Power, Pharma, Real Estate and Defence sectors, and worked with the Management in transforming them into profitable ventures.		

Notes:

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

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

For and on behalf of Board of Directors

Place: Bengaluru
Date: April 29, 2022

Jitesh Devendra
Managing Director

S. Hariharan
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

<table>
<tr><th>S No</th><th>Particulars</th><th colspan="2">Disclosure</th></tr>
<tr><td>1</td><td>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, 2022</td><td colspan="2">As at March 31, 2022 the Board comprised of 10 Directors - comprising of two Executive Directors, four Independent Directors and four Non-Executive Directors.

The Non-Executive & Independent Directors receive sitting fees of ₹ 100,000/- for attending each meeting of the Board and Audit Committee.

The ratio of remuneration of the Executive Directors of the Company to the median remuneration of the employees of the Company for the financial year ended March 31, 2022 are as below:

Mr Bharath R Sesha, Managing Director & CEO – 1: 35.4

Mr Subash Anand, Executive Director and Chief Financial Officer – 1:34.8

Mr S Hariharan, Executive Director and Chief Financial Officer – 1:2.30

The median remuneration for the period under review is ₹ 6,29,836/- per annum (without considering the Sitting Fees paid to Non-Executive & Independent Directors of the Company).</td></tr>
<tr><td rowspan="6">2</td><td rowspan="6">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, 2022</td><td>Name</td><td>% of Increase</td></tr>
<tr><td>Bharath R Sesha</td><td>8.88%</td></tr>
<tr><td>Subash Anand</td><td>13.16%</td></tr>
<tr><td>S Hariharan</td><td>NA</td></tr>
<tr><td>Rajesh Salwan</td><td>4.35%</td></tr>
<tr><td>S Murali Krishna</td><td>4.55%</td></tr>
<tr><td>3</td><td>The percentage increase in the median remuneration of employees in the financial year ending March 31, 2022</td><td colspan="2">7.37%</td></tr>
<tr><td>4</td><td>The number of permanent employees on the rolls of Company as at March 31, 2022</td><td colspan="2">2,254 Employees</td></tr>
<tr><td>5</td><td>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</td><td colspan="2">The average annual increase across the organisation was around 7.73 %.</td></tr>
</table>

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: April 29, 2022

Jitesh Devendra
Managing Director

S. Hariharan
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 M/s. 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 31st March, 2022 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. Aditya Puri	00062650	17-10-2021	04-08-2021
2.	Mr. Rajender Juvvadi Rao	00083540	17-10-2021	04-08-2021
3.	Mr. Arun Kumar Pillai	00084845	17-10-2021	04-08-2021
4.	Mr. Ramakrishnan Rajagopal	00161542	28-09-2018	11-04-2018
5.	Mr. Nirmal Pratap Bhogilal	00173168	28-09-2018	11-04-2018
6.	Mr. Kartheek Chintalapati Raju	02921819	17-10-2021	04-08-2021
7.	Mr. Ankur Nand Thadani	03566737	14-08-2019	16-05-2019
8.	Ms. Kausalya Santhanam	06999168	28-09-2018	11-04-2018
9.	Ms. Vineeta Rai	07013113	17-10-2021	17-10-2021
10.	Mr. Subramanian Hariharan	05297969	09-03-2022	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: F004347D000235413

Place: Chennai.
Date: 29-04-2022

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	3,51,278
6	Options granted during the year under review	35,000
7	Options vested during the year under review	NIL
8	Options exercised during the year under review	66,500
9	Total number of shares arising as a result of exercise of options	66,500
10	Options lapsed / surrendered during the year under review	3,03,500
11	Variation of terms of options	vesting schedule has been varied in certain cases.
12	Money realised by exercise of options	₹ 5.76 crores
13	Total number of options in force at the end of the period ending March 31, 2022	55,000
14	Available for further grant	3,51,778
15	Employee-wise details of options granted during the year under review	Nil
	(i) Key Management Personnel	
	(ii) Any other employee who received grant in any one year of option amounts to 5% or more of options during the year	
	(iii) Identified employees who were granted options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversion) of the Company at the time of grant	
16	Diluted Earnings Per Share (DEPS) pursuant to issue of shares on exercise of option calculated in accordance with Indian Accounting Standard (IND AS) - 33 – Earnings Per Share	
	(i) Continuing Operations	₹ (16.29)
	(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	₹ 1,024.58/-
19	A description of the method and significant assumptions used during the year to estimate the fair value of options, including the following weighted average information:	The fair value of options granted were estimated on the grant date using the Black Scholes method.

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

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

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

Scheme	ESOP 2018		
	Lot 18	Lot 19	Lot 20
Grant date	11-Nov-21	11-Nov-21	11-Nov-21
Exercise Price	₹ 1030.00	₹ 1030.00	₹ 1030.00
Risk free interest rate	4.33%	4.55%	5.09%
Expected life	1 Years	2 Years	3 Years
Expected annual volatility of shares	42.74%	54.76%	52.10%
Expected dividend/ yield	22.00%	22.00%	22.00%
The price of the underlying share in market at the time of option grant	₹ 473.4	₹ 624.02	₹ 692.07

For and on behalf of Board of Directors

Place: Bengaluru
Date: April 29, 2022

Jitesh Devendra
Managing Director

S. Hariharan
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 Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

   All the contracts or arrangements or transactions entered into by the Company with related parties during the financial year 2021-22 were at arm's length basis.

2. Details of material contracts or arrangements or transactions at arm's length basis for the financial year ended March 31, 2022 are as under:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions	Monetary Value (₹ in crores)	Date of approval by the Board / Audit Committee	Amount paid as advances, if any
Strides Pharma Science Ltd (Strides) – Enterprise owned by common promoters	Sale of API products, rendering / receiving of services, reimbursement of expenses and leasing of properties as per prevailing market prices	On going	The Company has entered into specific arrangements with Strides for long term API supplies. Transactions are in line with such arrangements.	120.74	Appropriate approvals have been taken for related party transactions.	Nil

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

For and on behalf of Board of Directors

Place: Bengaluru
Date: April 29, 2022

Jitesh Devendra
Managing Director

S. Hariharan
Executive Director & CFO

Corporate Governance Report

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

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

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

2. BOARD OF DIRECTORS:

Composition of Board as on date of this report

As on the date of this Report, the Board comprises of 10 Directors - Two Executive Directors, Four Independent Directors and Four Non-Executive Directors. The Chairman of the Board is a Non-Executive Director. All the directors on the Board are highly experienced in their respective fields.

1. Mr. Aditya Puri, Non-Executive Director and Chairman of the Company
2. Mr. Nirmal P Bhogilal, Independent Director
3. Ms. Vineeta Rai, Independent Director
4. Mr. R. Ramakrishnan, Independent Director
5. Dr. Kausalya Santhanam, Independent Director
6. Mr. Ankur Nand Thadani, Non-Executive Director
7. Mr. Arun Kumar Pillai, Non-Executive Director
8. Mr. Kartheek Raju Chintalapati, Non-Executive Director
9. Mr. Jitesh Devendra, Managing Director
10. Mr. S. Hariharan, Executive Director & CFO

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

Appointment / Cessation of Directors

- Mr. Aditya Puri (DIN: 00062650), Mr. Arun Kumar Pillai (DIN: 00084845), Mr. Kartheek Raju Chintalapati (DIN: 02921819) who were appointed as Additional Directors (Non Executive Non Independent) and Mr. Rajender Rao Juvvadi (DIN: 00083540) who was appointed as Additional Executive Director & Vice Chairman of the Company w.e.f. August 4, 2021 automatically ceased to be directors on the conclusion of Fourth Annual General Meeting held on August 25, 2021. They were again appointed as Additional Directors by the Board of Directors w.e.f. August 25, 2021.
- Ms. Vineeta Rai (DIN: 07013113) was inducted as Non Executive Independent Director of the Company with effect from October 17, 2021.
- Mr. Deepak Vaidya (DIN: 00337276) and Mr. Ronald Tjeerd De Vries (DIN: 08265610) resigned from the directorship of the Company w.e.f. August 4, 2021. Mr. Ronald Tjeerd De Vries had in his resignation confirmed that he has stepped down due to personal reasons and there is no other material reason other than that.
- Mr. Bharath R Sesha, MD & CEO (DIN: 01983066) resigned from the Company on February 28, 2022; Mr. Subhash Anand, ED & CFO (DIN: 07348933) resigned from the Company on March 9, 2022.
- Mr. Rajender Rao Juvvadi (DIN: 00083540), who was redesignated as Managing Director & Chief Executive Officer of the Company for a period from March 1, 2022 ceased to be a director on April 28, 2022 consequent to his resignation.
- Mr. S. Hariharan (DIN: 05297969), was appointed as Additional Director (Executive Director & Chief

Financial Officer) of the Company w.e.f. March 9, 2022 subject to shareholders approval.

- Mr. Jitesh Devendra (DIN: 06469234), was appointed as Additional Director (Managing Director) of the Company w.e.f. April 29, 2022 subject to shareholders approval.

The Independent Directors of the Company fulfil the criteria of independence as specified in Section 149 (6) of the Companies Act, 2013 and Rules framed thereunder and Regulation 16 (1) (b) of the Listing Regulations. The Company has received necessary declaration from each of the Independent Director that he/ she meets the criteria of independence as laid down in Section 149 (6) of the Companies Act, 2013 and Regulation 25 of Listing Regulations as at March 31, 2022. All the Independent Directors of the Company have enrolled with Indian Institute of Corporate Affairs.

A formal letter of appointment as provided in the Companies Act, 2013 ("Act") and the Listing Regulations has been issued to Independent Directors of the Company. Terms and Conditions of appointment of Independent Directors and the profile of Directors are disclosed on the website of the Company i.e. www.solara.co.in

Board Meetings held during the year

During the financial year 2021-22, the Directors met eight times i.e., on April 9, 2021; May 6, 2021; August 4, 2021; August 25, 2021; November 11, 2021; November 26, 2021; February 9, 2022 and March 9, 2022.

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 2021-22		No. of shares held	Whether attended last AGM held on August 25, 2021
				Membership	Chairmanship	Held	Attended		
Mr. Aditya Puri	Chairman & Non-Executive Director	2	-	1	-	6	5	-	Yes
Mr. Nirmal P Bhogilal	Independent Director	2	Eimco Elecon (India) Limited – Independent Director Batliboi Limited – Whole-time Director	2	-	8	8	139508	Yes
Ms. Vineeta Rai	Independent Director	3	Indraprastha Medical Corporation Limited – Independent Director	3	-	4	4	-	NA
Mr R. Ramakrishnan	Independent Director		-	-	-	8	8	21,000	Yes
Dr. Kausalya Santhanam	Independent Director	2	Sequent Scientific Limited – Independent Director Strides Pharma Science Limited – Independent Director	1	-	8	8	-	Yes
Mr. Ankur Nand Thadani	Non-Executive Director	2	-	1	1	8	8	-	Yes
Mr. Arun Kumar Pillai	Non-Executive Director	2	Strides Pharma Science Limited – Executive Director	1	-	6	5	31,68,463	No
Mr. Kartheek Raju Chintalapati	Non-Executive Director	-	-	-	-	6	5	-	Yes
Mr. S. Hariharan	Executive Director & CFO	-	-	-	-	-	-	51,641	NA
Mr. Jitesh Devendra	Managing Director	-	-	-	-	-	-	309000	NA

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

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, analyze the fit of a target with the Company's strategy and culture, accurately value transactions, and evaluate operational integration plans
Board service and Governance	Service on a public company board to develop insights about maintaining board and management accountability, protecting shareholder interests, and observing appropriate governance practices
Sales and marketing	Experience in developing strategies to grow sales and market share, build brand awareness and equity, and enhance enterprise reputation

Key Board Qualifications

Directors	Area of Expertise							
	Financial	Gender, ethnic, national, or other diversity	Global business	Leadership	Pharma	Strategy, Mergers and acquisitions	Board service and Governance	Sales and marketing
Mr. Aditya Puri	#	#	#	#		#	#	
Mr. Nirmal P Bhogilal		#	#	#		#	#	
Ms. Vineeta Rai	#	#	#	#		#	#	
Mr. R. Ramakrishnan	#		#	#		#	#	
Dr. Kausalya Santhanam		#		#	#	#	#	
Mr. Ankur Nand Thadani	#	#	#			#	#	
Mr. Arun Kumar Pillai		#	#	#	#	#	#	#
Mr. Kartheek Raju Chintalapati		#	#	#	#	#	#	#
Mr. Jitesh Devendra		#	#	#	#	#	#	#
Mr. S. Hariharan	#	#	#	#	#	#	#	

Meetings of Independent Directors

Independent Directors of the Company met on November 26, 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.

Board Evaluation

As a part of the annual Board evaluation, detailed questionnaires were circulated to all the directors. The chairperson of the Board and the chairman of the Nomination and Remuneration Committee (NRC) evaluated the Board's performance and that of its committees. The Board conducted evaluation of independent directors which included performance of directors and fulfilment of criteria as specified in SEBI (LODR) (Amendment) Regulations, 2018, and their independence from the management, where the independent directors did not participate.

Details of Remuneration to directors:

Remuneration to Non-Executive Directors

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

Details of remuneration paid / payable to Executive Directors during FY 2021-22 is as under:

S. No	Particulars of Remuneration	Name of MD / WTD / Manager			
		Bharat Sesha#	Subhash Anand##	S Hariharan*	Total
		April 1, 2021 to Feb 28, 2022 (₹ in Cr)	April 1, 2021 to March 9, 2022 (₹ in Cr)	March 9, 2022 to Mar 31, 2022 (₹ in Cr)	₹ In Cr
1	Gross Salary				
	Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961*	2.24	2.23	0.12	4.59
	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	(2.30)	(0.02)	-	(2.31)
3	Sweat Equity	-	-	-	-
4	Commission as percentage of profit	-	-	-	-
5	Others (Bonus)**	0.26	0.15	0.02	0.43
	Total	**0.20**	**2.36**	**0.14**	**2.71**

* includes Company's contribution towards Provident Fund.
**includes previous year bonus paid during the year.
*Appointed with effect from March 9, 2022.
Resigned with effect from February 28, 2022.
Resigned with effect from March 9, 2022.

Details of remuneration paid / payable to Non-Executive Directors during FY 2021-22 is as under:

S. No	Name of Directors	Particulars of Remuneration			
		Fee for attending board / committee meetings	Commission	Others	Total
		₹ Cr	₹ Cr	₹ Cr	₹ Cr
1	Aditya Puri	0.06	-	-	0.06
2	Nirmal P Bhogilal	0.16	-	-	0.16
3	Vineeta Rai	0.07	-	-	0.07
4	R. Ramakrishnan	0.16	-	-	0.16
5	Kausalya Santhanam	0. 16	-	-	0.16
6	Deepak C Vaidya	0.07	-	-	0.07
7	Ronald Tjeerd De Vries	0.07	-	-	0.07
	Total	**0.75**	**-**	**-**	**0.75**

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:

a) Audit Committee

b) Nomination and Remuneration Committee

c) Stakeholders' Relationship Committee

d) Corporate Social Responsibility Committee

e) Risk Management Committee

3. A. AUDIT COMMITTEE

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

Name	Designation	Category of Directorship	No. of Meetings held during the period in which the said member was on the Committee	Meetings attended
Mr. R. Ramakrishnan	Chairman	Independent Director	9	9
Mr. Nirmal P Bhogilal	Member	Independent Director	9	9
Dr. Kausalya Santhanam	Member	Independent Director	9	9
Ms. Vineeta Rai	Member	Independent Director	4	4
Mr. Ankur Nand Thadani	Member	Non-Executive Director	9	9
Mr. Deepak Vaidya Ceased to be a Member on August 4, 2021	Member	Non-Executive Director	4	4
Mr. Ronald Tjeerd De Vries ceased to be a Member on August 4, 2021	Member	Independent Director	4	4

The Committee met nine times during the period under review i.e., on April 9, 2021, May 6, 2021; July 22, 2021 August 4, 2021, August 25, 2021; November 11, 2021; November 26, 2021; February 9, 2022 and March 9, 2022. Attendance of members at the Committee Meeting is provided at above table. The meetings of the Audit Committee are also attended by Managing Director, Executive Director & Chief Financial Officer, Statutory Auditors and Internal Auditors. Mr. S. Murali Krishna, Company Secretary is the Secretary of Audit Committee.

Terms of reference of the Audit Committee:

Terms of reference of the Audit Committee covers the areas mentioned in Section 177 of the Companies Act, 2013 and Regulation 18 read with Part C of Schedule II to the SEBI Listing Regulations.

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

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Examination of the Company's financial statement and the Auditor's Report on the same.
- Discuss and review, with the management and auditors, the annual / quarterly financial statements before submission to the Board for approval.
- Review of Management Discussion and Analysis of financial condition and results of operations.
- Recommend to the Board the appointment, reappointment, removal of the Statutory Auditors, fixation of audit fee and approval for payment for any non-audit services rendered by the Statutory Auditors.
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- Review on regular basis the adequacy of internal audit function, the structure of the internal audit department, approval of the internal audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

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

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

3.B. NOMINATION AND REMUNERATION COMMITTEE

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

Name	Designation	Category of Directorship	No. of Meetings held during the period in which the said member was on the Committee	Meetings attended
Mr. Nirmal P Bhogilal	Chairman	Independent Director	5	5
Mr. R. Ramakrishnan	Member	Independent Director	5	5
Mr. Aditya Puri	Member	Non-Executive Director	3	3
Mr. Ankur Thadani	Member	Non-Executive Director	5	5
Ms. Vineeta Rai	Member	Independent Director	2	2
Dr. Kausalya Santhanam	Member	Independent Director	2	2
Mr. Deepak Vaidya Ceased to be a Member on August 4, 2021	Member	Non-Executive Director	1	1

The Committee met five times during the period under review i.e., on August 4, 2021, August 25, 2021, November 11, 2021, February 9, 2022 and March 9, 2022. Attendance of members at the Committee Meeting is provided at above table. Mr. S. Murali Krishna, Company Secretary is the Secretary of the Committee.

Terms of reference of the Nomination and Remuneration Committee:

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

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

- To periodically review the size and composition of the Board to ensure that it is structured to make appropriate decisions, with a variety of perspectives and skills, in the best interests of the company as a whole.
- To formulate a criteria for determining qualifications, positive attributes and independence of a director
- To formulate a criteria for evaluation of performance of independent directors and the Board.
- Committee to carry out evaluation of every director's performance
- Committee to determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- To formulate a criteria and evaluate the performance of various committees of the Board.
- To devise a policy on Board diversity and assist the Board in ensuring Board nomination process addresses diversity of gender, knowledge, experience and perspective.
- Identify persons who are qualified to become directors and who may be appointed as senior management personnel in accordance with the criteria laid down in the policy.

- To recommend to the Board the appointment and removal of directors and senior management personnel, in accordance with the criteria laid down in the policy.
- To recommend to the Board, a policy relating to remuneration of directors, key managerial personnel and senior management personnel.
- To establish and review plans relating to orderly succession for appointment of the Board, key managerial personnel and senior management personnel.
- To assist the Board of Directors in the Board's overall responsibility relating to Employee Stock Options Plans, including the administration of the company's ESOP and other incentive plans and the interpretation and adoption of rules for the operation thereof.
- To carry out any other function as may be mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

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

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	No. of Meetings held during the period in which the said member was on the Committee	Meetings attended
Mr. Nirmal P Bhogilal	Chairman	Independent Director	1	1
Dr. Kausalya Santhanam	Member	Independent Director	1	1
Mr. S. Hariharan	Member	Executive Director	-	-
Mr. Subhash Anand Ceased to be a Member on March 9, 2022	Member	Executive Director	1	1

The Committee met once during the period under review i.e., on November 26, 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 covers the areas mentioned in Section 178(5) of the Companies Act, 2013 and Regulation 20 read with Part D (B) of the Schedule II to the SEBI Listing Regulations.

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

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

- To act as delegated authority of the Board of Directors to approve issue of duplicate share certificates / other certificate of documents issued in respect of any other securities of the Company.
- To note the issue of share certificates or any other certificates issued in respect of any securities of the Company, in relation to dematerialisation, re-materialisation, splitting and consolidation of shareholding.
- Printing of share certificates or any other certificate of documents issued in respect of any other securities of the Company.
- To seek information from Share Transfer Agent from time to time.

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

Shareholder Complaint details: No complaints were received from shareholders of the Company during the year ended March 31, 2022.

3.D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

Name	Designation	Category of Directorship	No. of Meetings held during the period in which the said member was on the Committee	Meetings attended
Dr. Kausalya Santhanam	Chairperson	Independent Director	1	1
Mr. R. Ramakrishnan	Member	Independent Director	1	1
Mr. Ankur Thadani	Member	Non-Executive Director	1	1
Ms. Vineeta Rai	Member	Independent Director	-	-
Mr. Jitesh Devendra	Member	Executive Director	-	-
Mr. Bharath R Sesha Ceased to be a Member on February 28, 2022	Member	Executive Director	1	1
Mr. Rajender Rao Juvvadi Ceased to be a Member on April 28, 2022	Member	Executive Director	-	-

The Committee met one time during the period under review i.e., on May 6, 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:

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

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

3.E. RISK MANAGEMENT COMMITTEE

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

The Composition of the Committee is as follows: -

Name	Designation	Category of Directorship	No. of Meetings held during the period in which the said member was on the Committee	Meetings attended
Mr. Nirmal Bhogilal	Chairman	Independent Director	2	2
Mr. Ankur Thadani	Member	Non-ExecutiveDirector	3	3
Mr. Jitesh Devendra	Member	Executive Director	-	-
Mr. Ronald Tjeerd de Vries Ceased to be a Member on August 4, 2021	Member	Independent Director	1	1
Mr. Bharath R Sesha Ceased to be a Member on February 28, 2022	Member	Executive Director	3	3
Mr. Rajender Rao Juvvadi Ceased to be a Member on April 28, 2022	Member	Executive Director	-	-

The Committee met three times during the period under review i.e., on May 6, 2021; August 4, 2021 and November 11, 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:

- To advise the Board in identification and managing the full range of risks the enterprise faces.
- Provide oversight during the design and implementation of a comprehensive risk management framework and common-sense approach to manage risks across the entire organisation.
- Establish and communicate risk vision and philosophy, approve risk strategy and establish risk appetite.
- Review and approve the Enterprise Risk Management framework of company on a periodic basis. The Committee shall review and approve the risk management culture, processes and practices of the company.
- Monitor and review the exposures of the material risks and assess management preparedness to deal with the risk and associated events.
- Review and approve the enterprise risk management (ERM) working plan and utilise risk for the enterprise's competitive advantage.
- Overseeing key risks, including strategic, financial, operational, cyber and compliance risks.
- Oversee and guide the development and implementation of ERM policies, procedures, guidelines.
- Advice the Board on all matters related to ERM. Engage other stakeholders in the risk management process when the need is identified. Facilitate communication of ERM information.
- Disseminate to the enterprise the upside of risk and the opportunities it can present, rather than the traditional perspective of "risk as hazard".
- Risk Management Committee may form and delegate authority to a sub-committee, which shall assist the Committee to project manage the ERM.
- To carry out any other functions as prescribed under the SEBI Listing Regulations and other Applicable Laws.

4. 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, 2019	August 14, 2019 at 10.30 a.m.	Hotel Regenza By Tunga, Plot No. 37, Sector 30A, Vashi, Navi Mumbai – 400 703	Approval for continuation of Mr. Deepak C Vaidya as Non-Executive Director of the Company
2.	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
3.	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
4.	AGM for FY ending March 31, 2021	August 25, 2021 at 10.30 am	Video Conference	Appointment of Mr. Bharath R Sesha as Managing Director and CEO. Appointment of Mr. Subhash Anand as Executive Director and CFO.

5. POSTAL BALLOT AND E-VOTING

During the year under review i.e. FY 2021-22, the Company conducted one Postal Ballot in which 3 (Three) Special Resolutions and 4 (Four) Ordinary Resolutions were approved by the members of the Company.

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

Notice of Postal Ballot was dated August 25, 2021 and the consolidated results of the same was announced on October 17, 2021.

S No	Particulars of the Resolution	Type of Resolution	No. of votes polled	Votes Cast in Favor (% to total votes polled)	Votes Cast against (% to total votes polled)	Invalid Votes (% to total votes polled)
1	Appointment of Ms. Vineeta Rai as Independent Director of the Company	Special	24853063	24852307 constituting 99.9970 %	756 constituting 0.0030	-
2	Appointment of Mr. Aditya Puri as Non Executive (Non-Independent) Director of the Company	Ordinary	24853018	24400566 constituting 98.1795 %	452452 constituting 1.8205 %	-
3	Appointment of Mr. Arun Kumar as Non Executive (Non-Independent) Director of the Company	Ordinary	24853066	24752478 constituting 99.5953 %	100588 constituting 0.4047 %	-
4	Appointment of Mr. Kartheek Chintalapati Raju as Non-Executive (Non-Independent) Director of the Company	Ordinary	24853066	24243060 constituting 97.5456 %	610006 constituting 2.4544 %	-
5	Appointment of Mr. Rajender Juvvadi Rao as Executive Director of the Company	Ordinary	24853010	22666461 constituting 91.2021 %	2186549 constituting 8.7979 %	-
6	Increase in the limits for borrowings under Section 180(1)(c) of the Companies Act, 2013	Special	24874470	24771782 constituting 99.5872 %	102688 constituting 0.4128 %	-
7	Creation of charges, mortgages and hypothecations on the immovable and movable properties of the company under Section 180(1)(a) of the Companies Act, 2013	Special	24874480	24771619 constituting 99.5865 %	102861 constituting 0.4135 %	-

6. RECONCILIATION OF SHARE CAPITAL AUDIT

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

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

7. SECRETARIAL COMPLIANCE CERTIFICATE

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

8. OTHER AFFIRMATIONS AND DISCLOSURES

a) The Company has complied with all the mandatory requirements as prescribed under Listing Regulations including regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Listing Regulations and also a few non-mandatory requirements, as prescribed under Regulation 27(1) of the Listing Regulations like unmodified audit opinion on financial statements and appointment of separate persons to the post of Chairperson and Managing Director.

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

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

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

d) The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on matters relating to capital markets during the last 3 years. No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any statutory authorities relating to the above.

e) The company has formulated the policy for determining "Material Subsidiaries" which is uploaded on the website of the company. The Policy is available at the following link: https://solara.co.in/wp-content/uploads/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 2021-22.

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

9. MEANS OF COMMUNICATION

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

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

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

(d) The official news releases are intimated to Stock Exchanges (BSE and NSE) and also displayed on the website of the Company. i.e. https://solara.co.in/investor-relations/

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

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

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

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

(i) In view of continuing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA), Government of India and the Securities Exchange Board of India (SEBI) have permitted companies to conduct Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means (OAVM), subject to compliance of various conditions mentioned therein. Further, Companies are also permitted to share notices and reports only through electronic mode to those Members whose email ids are available with the Company/ Depositories/ RTA.

In compliance with the provisions of MCA and SEBI Circulars, Notice of the Fifth AGM along with the Annual Report for FY 2021-22, are being sent only through electronic mode to those Members whose email ids are registered with the Company/ Depositories/ RTA. Solara's annual report is also available at www.solara.co.in.

General Shareholder's information

1. Annual General Meeting 2022

The Fifth Annual General Meeting of the Shareholders of the company will be held on August 25, 2022 at 9.30 a.m. through Video Conferencing (VC) / Other Audio Visual Means as prescribed by the Ministry of Corporate Affairs and SEBI Listing Regulations. The details for participation in the meeting 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 18, 2022 to August 25, 2022 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2021-22.

3. Financial Calendar for the year 2022-23

Financial reporting for	Month / year
Quarter ending June 30, 2022	August 2022
Quarter ending September 30, 2022	November 2022
Quarter ending December 31, 2022	February 2023
Quarter ending, March 31, 2023	May 2023

4. Unpaid / Unclaimed Dividends

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

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

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

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

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

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

5. Registered Office:

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

6. Corporate Office & Address for Correspondence:

2nd Floor, Admin Block, No. 27, Vandaloor Kelambakkam Road Keelakottaiyur Village, Melakottaiyur PO, Chennai 600 127,
Tel/Fax : 91-44-4740 6200 / 91-44-47406190

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

E- mail : investors@solara.co.in
Website : www.solara.co.in

8. Company Secretary & Compliance Officer:

S. Murali Krishna
2nd Floor, Admin Block, No. 27, Vandaloor Kelambakkam Road Keelakottaiyur Village, Melakottaiyur PO, Chennai 600 127
Tel/Fax : 91-44-4740 6200 / 91-44-47406190 E-mail: muralikrishna@solara.co.in / investors@solara.co.in

9. Registrars & Share Transfer Agents:

Cameo Corporate Services Limited
Subramaniam Building, No.1 Club House Road, Chennai – 600 002
Tel/Fax : 91-44-28460390
E- mail : investor@cameoindia.com
Contact Persons:
Mrs. Sreepriya K, Head-RTA & Company Secretary / Mrs. R. Komala, Senior Manager

10. Share Transfer System

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

11. Dematerialisation of Shares

The Company has established connectivity with both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through the Registrar: Cameo Corporate Services Limited.

As on the date of this report, 99.93% of the paid-up share capital of the Company representing 3,59,70,124 shares is in dematerialised form and balance 0.07% representing 26,143 shares of the Company is in physical form.

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

12. Shareholding Pattern

Category	No. of Shares	% to total shareholding
Promoters	1,42,94,183	39.71
Mutual Funds	11,83,370	3.29
Banks, Financial Institutions, Insurance Companies	36,528	0.10
Foreign Portfolio Investors / FIIs	69,91,843	19.42
Non-resident Indians/Foreign Nationals/OCBs	44,96,593	12.49
Bodies Corporates / NBFC	21,38,806	5.94
Directors	2,12,149	0.59
Others (including Indian Public, Clearing Members, Trusts, Funds - IEPF, AIF, Central & State Govt., etc.)	66,42,795	18.45
Total	**3,59,96,267**	**100.00**

13. Distribution of shareholding

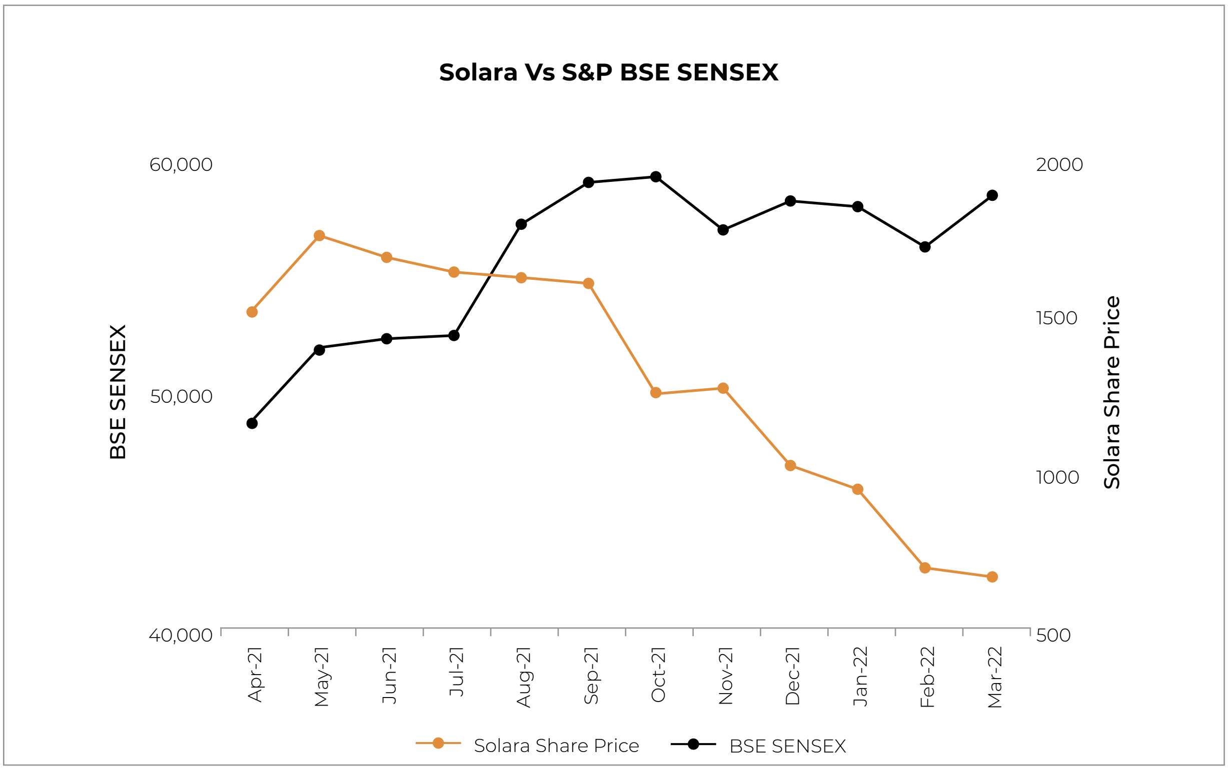
S No	CATEGORY	No. of Holders	% of Total Holders	Shares	Amount (₹)	% On Amount
1	Between 10 - 5000	75,720	98.05	24,06,746	2,40,67,460	6.69
2	Between 5001 - 10000	680	0.88	4,94,498	49,44,980	1.37
3	Between 10001 - 20000	376	0.49	5,29,128	52,91,280	1.47
4	Between 20001 - 30000	121	0.15	3,02,276	30,22,760	0.84
5	Between 30001 - 40000	54	0.07	1,91,604	19,16,040	0.53
6	Between 40001 - 50000	36	0.05	1,68,350	16,83,500	0.47
7	Between 50001 -100000	105	0.13	7,65,690	76,56,900	2.13
8	> 100000	136	0.18	3,11,37,975	31,13,79,750	86.50
	Total:	**77,228**	**100.00**	**3,59,96,267**	**35,99,62,670**	**100.00**

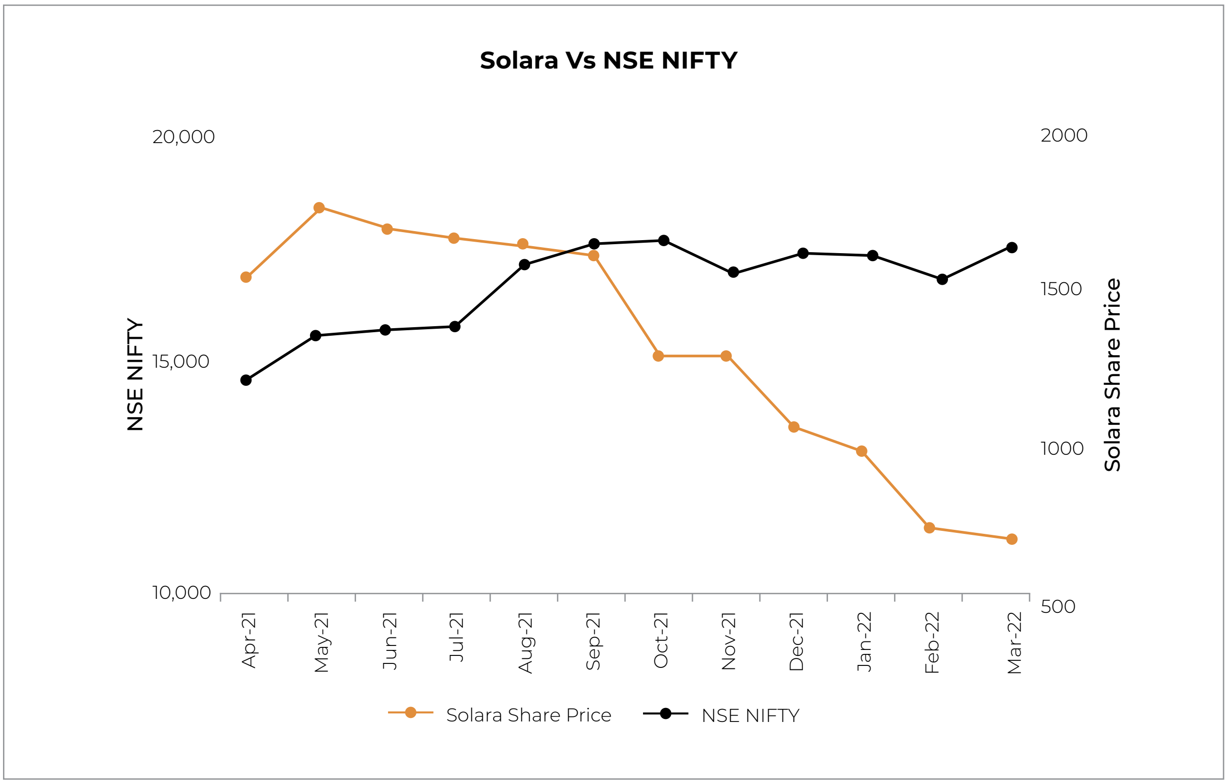
14. Market Price Data

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

Month	NSE			BSE		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2021	1,559.00	1,295.00	32,98,758	1,558.50	1,305.00	2,06,392
May 2021	1,859.95	1,503.00	47,90,458	1,859.30	1,502.00	18,38,247
June 2021	1,819.90	1,645.00	18,68,383	1,823.85	1,622.00	2,09,513
July 2021	1,796.00	1,581.00	16,18,781	1,795.15	1,583.50	1,13,036
August 2021	1,827.00	1,533.15	36,01,811	1,830.00	1,534.85	1,95,478
September 2021	1,749.00	1,595.00	15,01,131	1,749.10	1,595.20	83,991
October 2021	1,635.50	1,217.00	18,49,792	1,633.05	1,217.55	1,46,507
November 2021	1,384.00	1,001.10	54,73,293	1,385.00	994.90	5,92,835
December 2021	1,300.00	980.00	16,82,620	1,300.50	981.90	3,77,442
January 2022	1,215.00	933.15	42,15,465	1,212.70	933.55	3,73,906
February 2022	976.20	606.00	65,15,528	976.00	605.40	6,77,363
March 2022	758.00	663.00	22,94,675	757.80	662.60	2,44,625

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





15. Details on Location of Factories:

Active Pharmaceutical Ingredient (API)

Puducherry	:	Mathur Road, Periakalapet, Puducherry – 605 014.
Cuddalore	:	A 1/B SIPCOT Industrial Complex, Kudikadu, Cuddalore – 607 005.
Mangalore	:	Plot No.120 A & B, 36, 120P & 121, Industrial Area, Baikampady, New Mangalore - 575011
Mysore	:	Plot Nos. 253 & 254, Thandya Industrial Area, Thandavapura, Mysore – 571 302
Ambernath	:	Plot No. N-39/ N-39-1, Anand Nagar, MIDC, Additional Ambernath, Ambernath (East), Mumbai – 421506.
Vizag	:	Plot No.3B & 3C, APIIC, APSEZ, Atchutapuram, Vishakapatnam - 531011

Research & Development Centres

Chennai	:	2nd Floor, Admin Block, No. 27, Vandaloor Kelambakkam Road, Keelakottaiyur Village, Melakottaiyur PO, Chennai 600 127
Bangalore	:	No 11, KIADB Industrial area, Phase I, Jigani, Anekal Taluk, Bangalore - 560105

16. Listing on Stock Exchanges and Stock Codes

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

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

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

17. Details of total Fees paid to Statutory Auditor

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

Type of Service	Fees paid for the year 2021-22 (₹ in Crores)	Fees paid for the year 2020-21 (₹ in Crores)
Statutory audit fees	0.66	0.66
Others	0.16	0.20
Total	**0.82**	**0.86**

18. Certification from practicing Company Secretary

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

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

This to inform that for the financial year ended March 31, 2022 all members of the Board and the Senior Management Personnel have affirmed in writing their adherence to the Code of Conduct adopted by the Company.

Place: Bengaluru
Date: April 29, 2022

Jitesh Devendra
Managing Director

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, 2022 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: F004347D000235358

Place: Chennai
Date: 29.04.2022

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, 2021 to March 31, 2022

7. Sector(s) that the Company is engaged with (Industrial activity code-wise):

NIC CODE	PRODUCT DESCRIPTION
21001	Active Pharmaceutical Ingredients

8. List key three products/services that the Company manufactures/provides (as in balance sheet):
   a. Active Pharmaceutical Ingredients
   b. Intermediates for Active Pharmaceutical Ingredients
   c. Contract Research and Manufacturing Services (CRAMS)

9. The number of locations where the Company conducts business activities
   a. The number of international locations: USA, Japan marketing office & Korea marketing office
   b. The number of national locations:
      i. Registered Office: Vashi, Navi Mumbai, Maharashtra
      ii. Corporate Office: Chennai, Tamil Nadu
   c. The number of manufacturing facilities
      i. Ambernath, Maharashtra
      ii. Mangalore, Karnataka
      iii. Mysore, Karnataka
      iv. Vishakhapatnam, Andhra Pradesh
      v. Cuddalore, Tamil Nadu
      vi. Puducherry
   d. List the R& D centres:
      i. Bengaluru, Karnataka
      ii. Chennai, Tamil Nadu

10. Markets served by the Company: The Company sells its products in over 75 countries globally

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up capital (₹ in Crores): 35.99

2. Total Turnover (₹ in Crores): 1287.10

3. Total Profit / (Loss) after Taxes (₹ in Crores): (58.56)

4. Total CSR spending as a percentage of Profit after Tax (₹ in Crores): 2.60

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 its several stakeholders.

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: 05297969
   - Name: Mr. S. Hariharan
   - Designation: Executive Director & CFO

(b) Details of BR Head

- DIN: NA
- Name: Mr. M. Mohan
- Designation: Sr. Vice President
- Telephone: +91 44 4740 6200
- E-Mail id: mohan.m@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	Annually
2.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this Report? How frequently is it published?	The BR Report is published annually as part of the Annual Report, which is made available on the Company's website each year

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

Business should Conduct and govern themselves 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 2022, There were no concerns received from stakeholders across the ethics channels.

Principle 2

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

We are focused on manufacturing products that are socially beneficial and ecologically sustainable throughout their life cycle. We have implemented a robust IT-led system for all our key operations. The product suite, in addition to aggregation of development data for our DMFs, is prepared for regulatory filing, which helps us track the lifecycle of development until the product is launched.

With a vision to contribute meaningfully in the healthcare space, we are focused on delivering value to our stakeholders, and community

The Company runs a multi-product business with several manufacturing facilities. It monitors resource consumption during the production stage, and the processes have been optimised to the extent possible. We extend significant importance to adopting the highest standards of environmental, social and governance practices across our manufacturing locations.

Sustainable sourcing

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

Sourcing from local and small producers

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

As part of the supply chain strategy management of the Company, we facilitate local economic growth by encouraging and supporting local suppliers around our areas of operation. Local sourcing also helps us in reducing air emissions from vehicular movement. During FY22, 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

Business should 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: 2254
- Employees hired on temporary/contractual and casual basis: 1044
- Permanent women employees: 103
- Permanent employees with disabilities: 7

1. **Do you have an employee association that is recognised by the management?**
   Yes

2. **What percentage of permanent employees are members of this employee association?**
   33%

3. **Please indicate the number of complaints registered on a child, forced or involuntary labour and sexual harassment in the last financial year and pending as on the end of the financial year**
   During the year there were no reported cases of labour mishandling or that of sexual harassment within the organisation

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

   Risk Training:
   During the year The average training man hour per employee was : 6.69 man hour per employee

   Total Training man hours : 23340

   Total Number of employees to whom training was given: 2887

   Skill Training :
   During the year The average training man hour per employee was : 9.08 man hour per employee

   Total Training man hours : 2361.5

   Total Number of employees to whom training was given: 260

Principle 4

Business should 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

Business should respect 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

Business should respect, protect 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

Businesses when engaged in influencing public and regulatory policy, should do so 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

Businesses should 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

Businesses should engage with and provide value to their customers and consumers in a responsible manner

Customer centricity is among our core priorities, and we work to strengthen our purpose of offering consistent value to them, across functions and among our employees.

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

2. **Does the Company display product information on the product label, over and above what is mandated by local laws?**
   No, our product disclosures comply with mandated laws.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising, and/or anti-competitive behaviour during the last five years and pending as on the end of the financial year? If so, provide the details thereof in about 50 words or so:**
   No, there were no cases filed by stakeholders against unethical trade practices or irresponsible marketing of products during the financial year

4. **Did the Company carry out any consumer survey/consumer satisfaction trends?**
   No

For and on behalf of Board of Directors

Place: Bengaluru	**Jitesh Devendra**	**S. Hariharan**
Date: April 29, 2022	Managing Director	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 2022, 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 2022, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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

Sl.No.	Key Audit Matter	Response to Key Audit Matter
2	**Carrying Value of Goodwill relating to Human API Business** Refer note 7 of the financial statements The Company carries goodwill of ₹ 364.90 crores as at March 31, 2022 arising from past acquisition of the Human API business. As indicated in note 2.1(xvi) to the financial statements, the management of the Company assesses the impairment of goodwill annually. The carrying value of goodwill will be recovered through future cash flows and there is a risk of impairment loss where the actual future cash flows are less than expected. The impairment assessment performed by the Management contained a number of significant judgements and estimates including short and long-term growth rates and discount rate. We focused on this area because of the significance of the balance and the significant judgements and assumptions involved in impairment assessment by the Management about the future results of the Human API business	**Principal audit procedures performed:** We assessed the management's process for impairment assessment of goodwill. We performed testing of design and operating effectiveness of internal controls and substantive testing as follows: • Evaluated the design of the management's internal control around the impairment assessment process. • Understood the key assumptions considered in the management's estimates of future cash flows. • Involving our valuation specialists, we evaluated the short-term and long-term growth rates considered in the estimates of future cash flows and the discount rate used in the calculations. • Compared the historical cash flows (including for current year) against past projections of the management for the same periods and gained understanding of the rationale for the changes. • Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes, such as – revenue growth and profitability during the forecast period, the terminal growth rate and the discount rate applied to the future cash flows. • We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in impairment, and considered the likelihood of such events occurring. • We further assessed the adequacy of the disclosures made in the financial statements for the year ended March 31, 2022.

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 loss, 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, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

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

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

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

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

   iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to accounts, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (c) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that cause us to believe that the representation given by the Management under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

   v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

   The company has not declared or paid any dividend during the year and has not proposed final dividend for the year.

2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Sathya P. Koushik
(Partner)
(Membership No. 206920)
(UDIN: 22206920AIBDVY2549)

Place: Bengaluru
Date:29 April 2022

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 2022 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 2022, 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: 22206920AIBDVY2549)

Place: Bengaluru
Date:29 April 2022

Business Overview
Statutory Reports
Financial Statements

Annexure "B" to the Independent Auditor's Report

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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, (Capital work-in-progress, investment properties and relevant details of right-of-use assets).

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) The Company has a program of verification of 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 size of the Company and nature of its assets. In accordance with the program, fixed assets were physically verified by the Management. According to information and explanation given to us, no material discrepancies were noticed on such verification.

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

Description of the property	As at the Balance Sheet Date		Held in the name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of company
	Gross carrying value	Carrying value in the financial statements				
Freehold Land	0.21	0.21	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	1-Oct-17	The title deeds of land and building capitalised in the books of the Company, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal, are in the name of transferor Companies.
Freehold Land	0.33	0.33	Shasun Chemicals and Drugs Limited	No	1-Oct-17	
Freehold Land	2.09	2.09	Strides Shasun Limited	No	1-Oct-17	
Freehold Land	52.18	52.18	Sequent Scientific Limited	No	1-Oct-17	
Freehold Land	0.16	0.16	Shasun Pharmaceuticals Limited	No	1-Oct-17	
Buildings	83.00	69.54	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	1-Oct-17	
Buildings	33.11	24.71	Sequent Scientific Limited	No	1-Oct-17	
Investment Property-Building	3.02	2.59	Sequent Scientific Limited	No	1-Oct-17	
Freehold Land	0.04	0.04	C. Baskar Rao	No	1-Oct-17	The title deeds are in the name of the erstwhile employee of the Company. The Company is in the process of transferring in its name
	174.14	**151.85**				

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

(d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

(b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising stock statements, working capital position and statements on ageing analysis of the debtors/other receivables filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters.

(iii) The Company has made investments in and granted unsecured loans or advances in the nature of loans, to companies or any other parties during the year, in respect of which:

(a) The Company has provided loans during the year and details of which are given below:

Amount ₹ In Crores

	Loans
A. Aggregate amount granted / provided during the year:	
- Subsidiary	0.03
- Others	50.00
B. Balance outstanding as at Balance sheet date in respect of above cases:	
Subsidiary	0.03
Others	50.00

The Company has not provided any advances in the nature of loan or guarantee or security to any other entity during the year.

(b) The investments made and the terms and conditions of the grant of loans and advances in the nature of loans, are, in our opinion, prima facie, not prejudicial to the Company's interest.

(c) In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation and in respect of advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayments of principal amounts and payment of interest.

(d) According to the information and explanations given to us and based on the audit procedures performed, in respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue principal amount remaining outstanding as at the balance sheet date.

(e) No loan granted and advances in the nature of loans provided by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle overdues of existing loans given to the same parties.

(f) The Company has granted Loans or advances in the nature of loans which are repayable on demand or without specifying any terms or period of repayment details of which are given below:

Amount ₹ In Crores

	All Parties	Promoters	Related Parties
Aggregate of loans/ advances in the nature of loans			
Repayable on demand (A)	-	-	-
Agreement does not specify any terms or period of repayment (B)	8.87	-	8.87
Total (A + B)	**8.87**	**-**	**8.87**
Percentage of loans/ advances in nature of loans to the total loans	14.61%	-	14.61%

The amounts reported are at gross amounts, without considering provisions made.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of 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 or amounts which are deemed to be deposits, Hence, reporting under clause (v) of the Order is not applicable.

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

(vii) 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 2022 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 2022 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount involved (₹ in Crore)	Amount unpaid (₹ in Crore)
Central Excise Act, 1944	Central Excise	Commissioner of GST & Central Excise	F.Y. 2011-12 to F.Y. 2017-18	2.74	2.74
Central Excise Act, 1944	Central Excise	High Court of Madras	F.Y. 2003-04	0.34	0.31
Finance Act, 1994	Service Tax	Commissioner of GST & Central Excise	F.Y. 2017-18	0.17	0.17
Central Excise Act, 1944	Cenvat Credit	Custom, Excise & Service Tax Appellate Tribunal (CESTAT)	F.Y. 2017-18	0.08	-
Customs Act, 1962	Merchandise Exports from India Scheme	Commissioner of Customs	F.Y. 2018-19 to F.Y. 2020-21	0.86	0.28

(viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to bank. There are no borrowings from financial institutions and Government and the Company has not issued any debentures.

(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

(c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) The Company has not made any investment in or given any new loan or advances to any of its subsidiaries, associates or joint ventures during the year and hence, reporting under clause (ix) (e) of the Order is not applicable.

(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries or joint ventures or associate companies.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi) (a) To the best of our knowledge 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 31st March 2022.

(b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year and upto the date of this report.

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

(xiii) In our opinion 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) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports issued to the Company during the year and covering the period upto March 31, 2022.

(xv) In our opinion and according to the information and explanations given to us, during the year ended 31 March 2022 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) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.

(b) The Group ("Companies in the Group" as defined in the Core Investment Companies (Reserve Bank) Directions) does not have any CIC (Core Investment Company) as part of the group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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

Sathya P. Koushik
(Partner)
Place: Bengaluru (Membership No. 206920)
Date:29 April 2022 (UDIN: 22206920AIBDVY2549)

Standalone Balance Sheet

as at March 31, 2022

₹ in Crores

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
A ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	835.67	845.31
(b) Right-of-use assets	4(i)	56.49	59.30
(c) Capital work in progress	5	238.65	87.72
(d) Investment property	6	9.15	9.52
(e) Goodwill	7	364.90	364.90
(f) Other intangible assets	8	67.94	79.98
(g) Financial assets			
(i) Investments	9	18.13	18.13
(ii) Loans	10(i)	1.59	1.65
(iii) Other financial assets	11(i)	12.46	11.65
(h) Deferred tax assets (net)	12	55.14	25.55
(i) Income tax assets (net)	13	18.13	0.08
(j) Other non-current assets	14(i)	31.55	48.39
Total non-current assets		**1,709.80**	**1,552.18**
II Current assets			
(a) Inventories	15	575.55	294.97
(b) Financial assets			
(i) Trade receivables	16	489.67	483.81
(ii) Cash and cash equivalents	17	46.27	197.53
(iii) Bank balances other than (ii) above	18	0.87	0.85
(iv) Loans	10(ii)	51.58	1.65
(v) Other financial assets	11(ii)	10.26	28.36
(c) Other current assets	14(ii)	65.67	50.82
Total current assets		**1,239.87**	**1,057.99**
Total assets (I + II)		**2,949.67**	**2,610.17**
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	19	36.00	35.93
(b) Other equity	20	1,491.05	1,556.86
Equity attributable to the owners of the company		1,527.05	1,592.79
II Liabilities			
I Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21(i)	283.04	154.83
(ii) Lease liabilities	4(ii)	10.70	11.77
(iii) Other financial liabilities	22(i)	0.42	0.42
(b) Provisions	23	9.49	11.36
(d) Other non-current liabilities	24(i)	50.71	53.70
Total non-current liabilities		**354.36**	**232.08**
II Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21(ii)	741.53	452.08
(ii) Lease liabilities	4(ii)	2.10	2.05
(iii) Trade payables			
- Dues of micro and small enterprises	25	8.07	5.81
- Dues of other than micro and small enterprises	25	272.70	299.81
(iv) Other financial liabilities	22(ii)	18.22	4.62
(b) Provisions	23	3.44	1.83
(c) Other current liabilities	24(ii)	22.20	19.10
Total current liabilities		**1,068.26**	**785.30**
Total liabilities		**1,422.62**	**1,017.38**
Total equity and liabilities (I + II)		**2,949.67**	**2,610.17**

See accompanying notes forming part of the standalone financial statements

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

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : April 29, 2022

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

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

S Murali Krishna
Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : April 29, 2022

Standalone Statement of Profit and Loss

for the year ended March 31, 2022

₹ in Crores

	Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
1	**REVENUE FROM OPERATIONS**	26	1,268.34	1,616.88
2	Other income	27	18.76	28.41
3	**Total Income (1+2)**		**1,287.10**	**1,645.29**
4	**EXPENSES**			
	(a) Cost of materials consumed	28	858.86	683.76
	(b) Purchases of stock-in-trade	29	53.78	42.80
	(c) Changes in inventories of finished goods and work-in-progress	30	(258.75)	(2.15)
	(d) Employee benefits expense	31	234.20	227.63
	(e) Finance costs	32	75.27	84.47
	(f) Depreciation and amortisation expenses	33	112.01	108.31
	(g) Other expenses	34	299.90	279.51
	Total expenses (4)		**1,375.27**	**1,424.33**
5	**PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS (3-4)**		**(88.17)**	**220.96**
6	**EXCEPTIONAL ITEM GAIN/(LOSS) (NET)**	35	(3.49)	-
7	**PROFIT/(LOSS) BEFORE TAX (5 + 6)**		**(91.66)**	**220.96**
8	**TAX EXPENSE**	36		
	(a) Current tax		-	38.64
	(b) Deferred tax		(33.10)	(38.64)
	Total tax expense (8)		**(33.10)**	**-**
9	**PROFIT/LOSS FOR THE YEAR (7-8)**		**(58.56)**	**220.96**
10	**OTHER COMPREHENSIVE INCOME**			
A	**Items that will not be reclassified subsequently to profit or loss:**			
	(i) Remeasurement gains/(losses) of defined benefit plans		3.09	(2.53)
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss		(1.08)	-
B	**Items that may be reclassified to subsequently to profit or loss:**			
	(i) Exchange gain/(loss) on translation of financial statements of foreign subsidiary		-	-
	(ii) Income tax relating to items that may be reclassified to statement of profit and loss		-	-
	Total other comprehensive income/(loss) for the year (10)		**2.01**	**(2.53)**
11	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (9+10)**		**(56.55)**	**218.43**
12	**EARNINGS PER EQUITY SHARE (FACE VALUE OF ₹ 10/- EACH)**	41		
	- Basic (in ₹)		(16.29)	68.86
	- Diluted (in ₹)		(16.29)	64.40

See accompanying notes forming part of the standalone financial statements

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

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : April 29, 2022

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

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

S Murali Krishna
Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : April 29, 2022

Standalone Statement of Cash Flows

for the year ended March 31, 2022

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax for the year	**(91.66)**	**220.96**
Adjustments for:		
Depreciation and amortisation expense	112.01	108.31
Interest expense on borrowings	75.27	84.47
Share based compensation expense	(1.31)	5.14
Rental income from investment property	(5.59)	(5.59)
Interest income	(7.92)	(14.39)
Liabilities / provisions no longer required written back	(0.25)	(3.40)
Loss / (Gain) on sale of property, plant and equipment	0.77	(2.00)
Provision for doubtful trade and other receivables	8.82	-
Unrealised exchange (gain) / loss (net)	0.18	0.62
Operating profit before working capital changes	**90.32**	**394.12**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(280.58)	(15.24)
Trade receivables	(14.61)	(254.17)
Other assets (financial & non-financial)	(29.30)	(39.68)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(24.50)	92.99
Other liabilities (financial & non-financial)	34.95	8.99
Cash generated from operations	**(223.72)**	**187.01**
Net income tax (paid) / refunds	(18.05)	(32.57)
Net cash flow generated from operating activities (A)	**(241.77)**	**154.44**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure for property, plant and equipment and intangible assets, including capital advances	(208.87)	(173.49)
Proceeds from sale of property, plant and equipment	0.13	2.97
Investments in other entities	-	(0.10)
Intercorporate deposit (given) / received	(50.00)	50.00
Interest received	10.07	9.78
Rental income from investment property	5.59	5.59
Net cash flow utilised in investing activities (B)	**(243.08)**	**(105.25)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	2.91	298.16
Proceeds from non-current borrowings	262.40	155.82
Repayment of non-current borrowings	(93.76)	(262.79)
Net increase / (decrease) in current borrowings	248.67	6.82
Dividends paid (net of taxes)	(10.78)	(19.73)
Lease payments	(2.46)	(2.60)
Interest paid on borrowings	(73.39)	(83.18)

Standalone Statement of Cash Flows

for the year ended March 31, 2022

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Net cash flow generated from financing activities (C)	**333.59**	**92.50**
Net increase in cash and cash equivalents during the year (A+B+C)	**(151.26)**	**141.69**
Cash and cash equivalents at the beginning of the year	197.53	55.84
Cash and cash equivalents at the end of the year	**46.27**	**197.53**
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer note 17)	46.27	197.53
Cash and cash equivalents at the end of the year *	**46.27**	**197.53**
*** Comprises**		
Cash on hand	0.04	0.05
Balance with banks:		
- In current account	3.76	3.02
- In deposit account	42.47	194.46
Total	**46.27**	**197.53**

See accompanying notes forming part of the standalone financial statements

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

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : April 29, 2022

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

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

S Murali Krishna
Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : April 29, 2022

Standalone Statement of Changes in Equity

for the year ended March 31, 2022

A. EQUITY SHARE CAPITAL

₹ in Crores

Particulars	Amount
Balance as at April 01, 2020	26.86
Changes in equity share capital during the year	
- Shares issued pursuant to exercise of warrants (refer note 19 (vi))	8.60
- Shares issued pursuant to exercise of stock options (refer note 43)	0.47
Balance as at March 31, 2021	**35.93**
Changes in equity share capital during the year	
- Shares issued pursuant to exercise of stock options (refer note 43)	0.07
Balance as at March 31, 2022	**36.00**

B. OTHER EQUITY

₹ in Crores

Particulars	Share application money pending allotment	Reserves and Surplus				Total equity attributable to the owners of the company
		Capital reserve	Securities premium	Retained earnings	Share options outstanding account	
Balance as at April 01, 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 (vi))	288.00	-	-	-	-	288.00
Issue of equity shares pursuant to exercise of warrants (refer note 19 (vi))	(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**
Profit for the year	-	-	-	(58.56)	-	(58.56)
Other comprehensive income for the year	-	-	-	2.01	-	2.01
Issue of shares pursuant to exercise of share options (refer note 43)	-	-	4.31	-	(1.48)	2.83
Payment of dividends	-	-	-	(10.78)	-	(10.78)
Employee stock compensation expenses	-	-	-	-	(1.31)	(1.31)
Balance as at March 31, 2022	**-**	**0.01**	**1,216.03**	**274.01**	**1.00**	**1,491.05**

See accompanying notes forming part of the standalone financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration Number: 117366W/W-100018

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : April 29, 2022

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

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

S Murali Krishna
Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : April 29, 2022

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 April 29, 2022.

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

2.1 Significant accounting policies

(i) Statement of compliance

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

(ii) Basis of measurement

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

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

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

(iii) Business combinations

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

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

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

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

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.

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

(x) Borrowing costs

Borrowing costs include:

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

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

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

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

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

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

(xi) Employee benefits

Short term obligations

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

Retirement benefit costs and termination benefits

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

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

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

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

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

Defined contribution plan

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

Compensated absences

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

(xii) Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

Current and deferred tax for the period

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

(xiii) Property, plant and equipment

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

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

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

Building	: 10 - 60 years
Plant & Machinery	: 8 - 20 years
Vehicles	: 5 years
Office Equipment	: 3 - 5 years

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

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

(xiv) Investment property

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

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

(xv) Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

Useful lives of intangible assets

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

Product portfolio	: 10 years
Software Licenses	: 3 - 5 years
Registration and brands	: 5 - 10 years

(xvi) Impairment of assets

Impairment of financial assets:

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

Impairment of investment in subsidiaries

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

Impairment of goodwill

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

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

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

Impairment of non-financial assets other than goodwill

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

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

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

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

(xvii) Inventories

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

Raw materials, packing materials and consumables: weighted average basis

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

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

Stock-in trade: weighted average basis

(xviii) Provisions

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

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

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

Onerous contracts

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

(xix) Contingent liabilities

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

Notes

to the standalone financial statements for the year ended March 31, 2022

(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 collaterised borrowing for the proceeds received. Financial liabilities are derecognised when these are extinguished, that is when the obligation is discharged, cancelled or has expired.

Equity instruments

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

(xxi) Operating Cycle

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

(xxii) 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.

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.

NOTE NO. 3 PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

Particulars	Gross block					Accumulated depreciation					Net block	
	As at April 01, 2021	Additions	Disposals	Reclassification*	As at March 31, 2022	As at April 01, 2021	Depreciation for the year	Eliminated on disposal	Reclassification*	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Freehold Land	70.76	0.89	-	-	71.65	-	-	-	-	-	71.65	70.76
	(57.18)	(13.58)	-	-	(70.76)	-	-	-	-	-	(70.76)	(57.18)
Leasehold Improvements	14.44	0.33	-	-	14.77	9.03	2.60	-	-	11.63	3.14	5.41
	(14.33)	(0.11)	-	-	(14.44)	(6.37)	(2.66)	-	-	(9.03)	(5.41)	(7.96)
Buildings	272.73	19.25	0.22	-	291.76	31.57	12.07	0.05	-	43.59	248.17	241.16
	(247.71)	(22.21)	-	(2.81)	(272.73)	(20.35)	(10.99)	-	(0.23)	(31.57)	(241.16)	(227.36)
Plant and equipments	699.23	61.98	1.86	-	759.35	190.57	72.19	1.23	-	261.53	497.82	508.66
	(649.31)	(52.54)	(2.62)	-	(699.23)	(122.88)	(69.54)	(1.85)	-	(190.57)	(508.66)	(526.43)
Furniture and fixtures	6.84	0.25	-	-	7.09	2.43	0.81	-	-	3.24	3.85	4.41
	(6.77)	(0.08)	(0.01)	-	(6.84)	(1.59)	(0.84)	-	-	(2.43)	(4.41)	(5.18)
Vehicles	1.32	0.07	-	-	1.39	0.66	0.20	-	-	0.86	0.53	0.66
	(1.01)	(0.32)	(0.01)	-	(1.32)	(0.48)	(0.19)	(0.01)	-	(0.66)	(0.66)	(0.53)
Office equipments	36.65	1.96	0.03	-	38.58	22.40	5.69	0.02	-	28.07	10.51	14.25
	(33.37)	(3.38)	(0.10)	-	(36.65)	(15.87)	(6.60)	(0.07)	-	(22.40)	(14.25)	(17.50)
Total	**1,101.97**	**84.73**	**2.11**	**-**	**1,184.59**	**256.66**	**93.56**	**1.30**	**-**	**348.92**	**835.67**	**845.31**
Previous year	**(1,009.68)**	**(92.22)**	**(2.74)**	**(2.81)**	**(1,101.97)**	**(167.54)**	**(90.82)**	**(1.93)**	**(0.23)**	**(256.66)**	**(845.31)**	**(842.14)**

* Reclassified from investment property.

Notes:

(i) Figures in brackets relates to previous year.

(ii) All the assets are owned by the Company unless otherwise stated.

(iii) Refer note 21 for properties, plant and equipment pledged as security towards borrowings by the Company.

(iv) The title deeds of freehold land and building (as at March 31, 2022 gross block ₹ 171.12 Crores and net block of ₹ 149.27 Crores) (as at March 31, 2021: gross block ₹ 202.88 Crores and net block of ₹ 182.30 Crores) capitalised in the books of the Company are in the name of erstwhile Companies as given below. The Company is in the process transferring the title deeds of such properties in its name.

Notes

to the standalone financial statements for the year ended March 31, 2022

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property Plant and Equipment	Freehold Land	0.21 (0.21)	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Buildings	83.00 (78.34)	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	0.33 (0.33)	Shasun Chemicals and Drugs Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	2.09 (2.09)	Strides Shasun Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	52.18 (52.18)	Sequent Scientific Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Buildings	33.11 (42.89)	Sequent Scientific Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	0.16 (0.16)	Shasun Pharmaceuticals Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	0.04 (0.04)	C. Baskar Rao	No	October 1, 2017	The title deeds are in the name of erstwhile employee of the Company. The Company is in the process of transferring in its name.

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property Plant and Equipment	Buildings	- (26.64)	Strides Chemicals Private Limited	No	April 1, 2019	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. The title deeds have been transferred to the Company's name during the current financial year.
Total		**171.12**				
Previous year		**(202.88)**				

NOTE NO. 4 LEASES

(i) Right-of-use assets

₹ in Crores

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Depreciation for the year	Eliminated on disposal	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Leasehold Land	59.85	-	-	59.85	2.92	1.58	-	4.50	55.35	56.93
	(59.74)	(0.11)	-	(59.85)	(1.34)	(1.58)	-	(2.92)	(56.93)	(58.40)
Buildings	9.68	-	-	9.68	7.31	1.23		8.54	1.14	2.37
	(10.29)	-	(0.61)	(9.68)	(6.39)	(1.37)	(0.45)	(7.31)	(2.37)	(3.90)
Total	**69.53**	**-**	**-**	**69.53**	**10.23**	**2.81**	**-**	**13.04**	**56.49**	**59.30**
Previous year	**(70.03)**	**(0.11)**	**(0.61)**	**(69.53)**	**(7.73)**	**(2.95)**	**(0.45)**	**(10.23)**	**(59.30)**	**(62.30)**

Notes:

(i) Figures in brackets relates to previous year.

(ii) Lease liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	13.82	15.17
Addition	-	-
Accretion of interest	1.44	1.56
Payments	(2.46)	(2.60)
Deletion	-	(0.31)
Closing balance	**12.80**	**13.82**
Maturity analysis:		
- Year 1	2.43	2.47
- Year 2	0.87	2.43
- Year 3	0.92	0.87
- Year 4	0.96	0.92
- Year 5	1.01	0.96
- Year 6 onwards	51.30	52.30
- Less: Unmatured finance charges	(44.69)	(46.13)
Total	**12.80**	**13.82**
Non-current	10.70	11.77
Current	2.10	2.05

Notes

to the standalone financial statements for the year ended March 31, 2022

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation charge on Right-of-use asset	2.81	2.95
Finance cost: Interest expense	1.44	1.56
Short term lease payments (Refer Note (i) below)	2.94	3.43

Note:

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

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

₹ in Crores

Particulars	As at March 31, 2021	As at March 31, 2021
Cash outflows for lease payments	2.46	2.60

NOTE NO. 5 CAPITAL WORK IN PROGRESS

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	87.72	40.21
Add: Additions	238.98	141.71
Less: Capitalised	(88.05)	(94.20)
Closing balance	**238.65**	**87.72**

Notes:

(i) Ageing of Capital work in progress:

₹ in Crores

Particulars	Amount in Capital work in progress for a period of				As at 31st March, 2022	As at 31st March, 2021
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Project in progress	178.71	55.08	4.87	-	238.65	(87.72)
	(80.57)	(6.77)	(0.02)	(0.36)	(87.72)	
Total	**178.71**	**55.08**	**4.87**	**-**	**238.65**	**(87.72)**
Previous year	**(80.57)**	**(6.77)**	**(0.02)**	**(0.36)**	**(87.72)**	

As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost.

NOTE NO. 6 INVESTMENT PROPERTY

₹ in Crores

Particulars	Gross block					Accumulated depreciation					Net block	
	As at April 01, 2021	Additions	Disposals	Reclassification*	As at March 31, 2022	As at April 01, 2021	Depreciation for the year	Eliminated on disposal	Reclassification*	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Buildings	10.62	-	-	-	10.62	1.10	0.37	-	-	1.47	9.15	9.52
	(13.43)	-	-	(2.81)	(10.62)	(0.96)	(0.37)	-	(0.23)	(1.10)	(9.52)	(12.47)
Total	**10.62**	**-**	**-**	**-**	**10.62**	**1.10**	**0.37**	**-**	**-**	**1.47**	**9.15**	**9.52**
Previous year	**(13.43)**	**-**	**-**	**(2.81)**	**(10.62)**	**(0.96)**	**(0.37)**	**-**	**(0.23)**	**(1.10)**	**(9.52)**	**(12.47)**

* Reclassified to Property, plant and equipment.

Notes:

(i) Figures in brackets relates to previous year.

(ii) Refer note 21 for investment properties pledged as security towards borrowings by the Company.

(iii) The title deeds of investment property (as at March 31, 2022 gross block ₹ 3.02 Crores and net block of ₹ 2.58 Crores) (as at March 31, 2021: gross block ₹ 10.62 Crores and net block of ₹ 9.52 Crores) capitalised in the books of the Company are in the name of erstwhile Companies as given below. The Company is in the process transferring the title deeds of such properties in its name.

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Investment Property	Buildings	3.02 (3.02)	Sequent Scientific Limited	No	October 1, 2017	The title deeds of land and building are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring the title deeds of such properties in its name.
Investment Property	Buildings	- (7.60)	Strides Chemicals Private Limited	No	April 1, 2019	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. The title deeds have been transferred to the Company's name during the current financial year.
Total		**3.02**				
Previous year		**(10.62)**				

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

₹ in Crores

Particulars	Gross block		Net block	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Buildings	10.62	10.62	9.15	9.52

(vii) Fair value of investment properties:

The Company obtains independent valuations for its investment properties once in three years. The latest fair value of the Company's investment properties were carried out as at March 31, 2021 which indicated fair value of ₹ 63.78 Crores on the basis of a valuation carried out by independent valuers. The said valuers are registered with the authority which governs valuers in India and have appropriate qualifications and relevant experience in the valuation of properties in the relevant locations.

The inputs used are as follows:

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

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

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation charge on investment properties	0.37	0.37
Other income: Rental income	5.59	5.59

NOTE NO. 7 GOODWILL

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Goodwill	364.90	364.90
Total	**364.90**	**364.90**

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
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, 2022:
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 17.5% (March 31, 2021: 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 2.75% (March 31, 2021: 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 2.75% decrease	(5% decrease)
Post tax discount rate 3.7% increase	(3.8% increase)
Expected net revenue growth rates	3% decrease for short term and 1.5% decrease for long term (10% decrease for short term and 3% decrease for long term)

The details given in brackets relate to previous year

NOTE NO. 8 OTHER INTANGIBLE ASSETS

₹ in Crores

Particulars	Gross block				Accumulated amortisation				Net block	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Amortisation for the year	Eliminated on disposal	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Registrations and brands	4.33	-	-	4.33	1.17	0.44	-	1.61	2.72	3.16
	(4.33)	-	-	(4.33)	(0.73)	(0.44)	-	(1.17)	(3.16)	(3.60)
Product portfolio (Refer note (ii) below)	105.50	-	-	105.50	37.20	10.64	-	47.84	57.66	68.30
	(105.50)	-	-	(105.50)	(26.56)	(10.64)	-	(37.20)	(68.30)	(78.94)
Software and licenses	21.46	3.32	0.19	24.59	12.94	4.19	0.10	17.03	7.56	8.52
	(19.59)	(1.87)	-	(21.46)	(9.85)	(3.09)	-	(12.94)	(8.52)	(9.74)
Total	**131.29**	**3.32**	**0.19**	**134.42**	**51.31**	**15.27**	**0.10**	**66.48**	**67.94**	**79.98**
Previous year	**(129.42)**	**(1.87)**	**-**	**(131.29)**	**(37.14)**	**(14.17)**	**-**	**(51.31)**	**(79.98)**	**(92.28)**

Notes:

(i) Figures in brackets relates to previous year.

(ii) The remaining amortisation period of product portfolio as at March 31, 2022 is 5.5 years (March 31, 2021: 6.5 years).

NOTE NO. 9 INVESTMENTS

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
(A) Investments in subsidiaries (carried at cost less provision for impairment):		
Equity shares, unquoted		
Shasun USA Inc., USA		
- 15,000 (As at March 31, 2021 - 15,000) shares of USD 1 each fully paid up	0.05	0.05
Sequent Penems Private Limited, India		
- 4,525,826 (As at March 31, 2021 - 4,512,066) shares of ₹ 10 each fully paid up	14.30	14.30
Chemsynth Laboratories Private Limited, India		
- 3,262,745 (As at March 31, 2021 - 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		
Tulysan Nec Limited, India		
- 3,750 (As at March 31, 2021 - 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, 2021 - 3,68,694) shares of ₹ 10 each fully paid up	0.37	0.37
Vaayu Renewable Energy (Muthamalpuram) Pvt. Ltd.	0.00	-
- 2,600 (As at March 31, 2021 - Nil) shares of ₹ 10 each fully paid up		
SIPCOT Industrial Common Utilities Limited, India		
- 4,242 (As at March 31, 2021 - 4,242) shares of ₹ 100 each fully paid up	0.04	0.04
Total [B]	**0.42**	**0.42**
Total [A+B]	**18.13**	**18.13**
Aggregate amount of unquoted investments	18.13	18.13
Aggregate amount of investments carried at cost	17.71	17.71
Aggregate amount of financial assets carried at amortised cost	0.42	0.42

Note:

(i) The Board at its meeting held on February 3, 2021 has approved to acquire additional share capital in Sequent Penems Private Limited, subsidiary company of Solara. During the current 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, 2022

(ii) During the current year, the Company has invested in 2600 shares of ₹ 10 each of Vaayu Renewable Energy (Muthamalpuram) Pvt. Ltd.

NOTE NO. 10 LOANS

(i) Non-current loans

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Loans to employees	0.27	0.15
Loan to related party	1.32	1.50
Total	**1.59**	**1.65**

(ii) Current loans

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Loans to employees	1.58	1.65
Loan to related party	50.00	-
Total	**51.58**	**1.65**

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

Particulars	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Related Parties	51.32	97%

(iv) Loans to Promoters, Directors, KMP and Related Parties as at 31st March, 2021

Particulars	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Related Parties	1.50	45%

NOTE NO. 11 OTHER FINANCIAL ASSETS

(i) Non-current financial assets

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Security deposits	12.46	11.65
Total	**12.46**	**11.65**

(ii) Current financial assets

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Interest accrued on deposit	1.38	4.84
Interest accrued on loans given	1.90	0.59
Incentives receivables	6.94	15.76
Insurance claim receivables	0.04	7.17
Total	**10.26**	**28.36**

NOTE NO. 12 DEFERRED TAX BALANCES

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	135.99	108.24
Deferred tax liabilities	(80.85)	(82.69)
Deferred tax asset / (liability) (net)	**55.14**	**25.55**

₹ in Crores

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

₹ in Crores

2020-21	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Adjusted with Provision for tax	Closing balance
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	(0.04)	-	-	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 Credit entitlement	34.95	37.80	0.88	(1.25)	72.38
Total	**(11.83)**	**38.64**	**-**	**(1.25)**	**25.55**

Notes:

(i) The Company has presently, decided not to opt for the New Tax Regime inserted as section 115BAA of the Income-tax Act, 1961 and enacted by the Taxation Laws (Amendment) Ordinance, 2019 ('the Ordinance') which is applicable from Financial Year beginning April 1, 2019. The Company has accordingly applied the existing tax rates in the financial statements for the year ended March 31, 2022

(ii) Under the Indian Income Tax Act, 1961, the Company is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a certain period and can be set off against the future tax liabilities. MAT is recognised as deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefits associated with the asset will be realised.

(iii) During FY 2017-18, the Company acquired the Human API and Commodity API businesses vide a NCLT approved Scheme of demerger. For purposes of recognising tax expenses and deferred tax balances in the books of account, the Company has considered Goodwill as non-tax deductible and the Company continued to apply the initial recognition exemption under Ind AS 12 "Income taxes".

(iv) Based on legal advice received by the Company, the Company has claimed in its income tax returns, depreciation on Goodwill and Product Portfolios relating to both businesses acquired through the aforesaid demerger. These claims 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).

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, 2022, the potential unrecognised tax credits in respect of the above amount to ₹ 562.74 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, 2022	As at March 31, 2021
Advance income tax (net of provisions)	18.13	0.08
Total	**18.13**	**0.08**

NOTE NO. 14 OTHER ASSETS

(i) Other non-current assets

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Capital advances	22.70	39.67
Advances to others	7.55	7.55
Prepaid expenses	0.48	0.23
Balances with Government authorities:		
- VAT/CST refund receivable	0.82	0.94
Considered doubtful - unsecured:		
Capital advances	0.61	0.47
Less: Allowance for doubtful advances	(0.61)	(0.47)
	-	-
Total	**31.55**	**48.39**

(ii) Other current assets

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Advances to suppliers	4.38	5.51
Advances to employees	0.44	0.16
Prepaid expenses	8.41	15.65
Balances with Government authorities:		
- GST credit & other receivable	52.44	29.50
Considered doubtful - unsecured:		
Advances to suppliers	0.12	0.26
Less: Allowance for doubtful advances	(0.12)	(0.26)
	-	-
Total	**65.67**	**50.82**

NOTE NO. 15 INVENTORIES

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials	128.56	92.05
- Goods-in-transit	2.54	17.45
Work-in-progress	249.65	148.09
Finished goods	188.17	30.98
Stores and spares	6.63	6.40
Total	**575.55**	**294.97**

Note:

(i) As at March 31, 2022 inventories have been written down to net realisable value amounted to ₹ 6.83 Crores (As at March 31, 2021: ₹ 14.70 Crores)

NOTE NO. 16 TRADE RECEIVABLES

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables considered good - unsecured	489.67	483.81
Trade receivables - credit impaired	10.54	1.72
	500.21	**485.53**
Less: Allowance for credit loss	(10.54)	(1.72)
Total	**489.67**	**483.81**

Notes:

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

₹ in Crores

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

(ii) Outstanding for the following period from due date of payments as at March 31, 2021:

₹ in Crores

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
(i) Undisputed Trade Receivables - Considered Good	483.08	0.72	-	-	-	483.81
(ii) Undisputed Trade Receivables - credit impaired	-	0.10	0.29	1.05	0.28	1.72
Total	**483.08**	**0.82**	**0.29**	**1.05**	**0.28**	**485.53**

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

Notes

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(iv) Movement in expected credit loss allowance:

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	1.72	2.18
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	8.82	(0.46)
Closing balance	**10.54**	**1.72**

NOTE NO. 17 CASH AND CASH EQUIVALENTS

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	0.04	0.05
Balance with banks:		
- In current accounts	3.76	3.02
- In deposit accounts	42.47	194.46
Total	**46.27**	**197.53**

NOTE NO. 18 OTHER BALANCES WITH BANKS

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
In earmarked accounts:		
Unpaid dividend accounts	0.17	0.15
Balance held as margin money		
- against working capital facilities with banks	0.70	0.70
Total	**0.87**	**0.85**

NOTE NO. 19 EQUITY SHARE CAPITAL

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
120,000,000 equity shares of ₹ 10/- each with voting rights	120.00	120.00
(March 31, 2021: 120,000,000 equity shares of ₹ 10/- each)		
	120.00	**120.00**
Issued, subscribed and fully paid-up		
35,996,267 equity shares of ₹ 10/- each with voting rights	36.00	35.93
(March 31, 2021: 35,929,767 equity shares of ₹ 10/- each)		
Total	**36.00**	**35.93**

(i) Reconciliation of number of shares and amount outstanding

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Equity share capital				
Equity share of ₹ 10/- each				
Opening balance	**35,929,767**	**35.93**	**26,855,267**	**26.86**
Issue of shares pursuant to pursuant to exercise of warrants (Refer note 19 (vi))	-	-	8,600,000	8.60
Issue of shares pursuant to pursuant to exercise of stock options (Refer note 43)	66,500	0.07	474,500	0.47
Closing balance	**35,996,267**	**36.00**	**35,929,767**	**35.93**

(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, 2022		As at March 31, 2021	
	No. of shares	%	No. of shares	%
TPG Growth IV SF Pte. Ltd.	4,130,321	11.47%	5,466,816	15.22%
Arun Kumar Pillai	3,168,463	8.80%	3,168,463	8.82%
Karuna Business Solutions LLP	2,841,370	7.89%	2,812,121	7.83%
Pronomz Ventures LLP	2,121,243	5.89%	3,190,831	8.88%

(iv) Shares held by promoters at the end of the year:

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Arun Kumar Pillai	3,168,463	-	3,168,463	8.80%	0.00%
Karuna Business Solutions LLP	2,812,121	29,249	2,841,370	7.89%	1.04%
Pronomz Ventures LLP	3,190,831	(1,069,588)	2,121,243	5.89%	-33.52%
SRJR Enterprise LLP	1,700,100	-	1,700,100	4.72%	0.00%
K R Ravishankar	1,325,260	-	1,325,260	3.68%	0.00%
Chayadeep Ventures LLP	1,005,000	-	1,005,000	2.79%	0.00%
Agnus Capital LLP	849,635	-	849,635	2.36%	0.00%
Chayadeep Properties Private Limited	525,730	-	525,730	1.46%	0.00%
Devicam Capital LLP	151,546	-	151,546	0.42%	0.00%
Karuna Ventures Private Limited	103,333	-	103,333	0.29%	0.00%
Agnus Holdings Pvt Ltd	72,181	-	72,181	0.20%	0.00%
Deepa Arun Kumar	53,500	-	53,500	0.15%	0.00%
Tarini Arun Kumar	53,333	-	53,333	0.15%	0.00%
Aditya Arun Kumar	53,333	-	53,333	0.15%	0.00%
Vineetha Mohanakumar Pillai	49,166	-	49,166	0.14%	0.00%
Padmakumar Karunakaran Pillai	51,393	(10,000)	41,393	0.11%	-19.46%
Hemalatha Pillai	35,813	-	35,813	0.10%	0.00%
Sajitha Pillai	33,333	-	33,333	0.09%	0.00%
Rajitha Gopalakrishnan	27,500	-	27,500	0.08%	0.00%
K R Lakshmi	21,727	-	21,727	0.06%	0.00%
Yalavarthy Usha Rani	6,000	(6,000)	-	0.00%	-100.00%
Triumph Venture Holdings LLP	5,989	(5,989)	-	0.00%	-100.00%
Agraganya Private Trust	-	61,224	61,224	0.17%	
Total	**15,295,287**	**(1,001,104)**	**14,294,183**		

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Towards employee stock options	406,778	0.41	473,278	0.47

(vi) On February 27, 2019, pursuant to shareholders approval at the extraordinary general meeting held , 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 year ended 31st March 2020.

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 previous 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, 2022	As at March 31, 2021
Capital reserve	20 (i)	0.01	0.01
Securities premium account	20 (ii)	1,216.03	1,211.72
Retained earnings	20 (iii)	274.01	341.34
Share options outstanding account	20 (iv)	1.00	3.79
Share application money pending allotment (Refer note 19 vi)	20 (v)	-	-
Total		**1,491.05**	**1,556.86**

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Capital reserve		
Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.		
Opening balance	0.01	0.01
Closing balance	**0.01**	**0.01**
(ii) Securities premium account		
Amounts received on issue of shares in excess of the par value has been classified as securities premium.		
Opening balance	1,211.72	820.55
Add: Premium on shares issued during the year pursuant to exercise of warrants (Refer note 19 (vi))	-	375.40
Add: Premium on shares issued during the year pursuant to exercise of options (Refer note 43)	4.31	15.77
Closing balance	**1,216.03**	**1,211.72**
(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	341.34	142.65
Add: Net profit attributable to owners of the Company	(58.56)	220.96
Less: Dividend paid	(10.78)	(19.74)
Add: Other comprehensive income arising from measurement of defined benefit obligation (net of tax)	2.01	(2.53)
Closing balance	**274.01**	**341.34**
(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	3.79	4.73
Add: Employee stock compensation expenses (net) (Refer note below)	(1.31)	5.14

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Less: Transferred to securities premium account on exercise (net)	(1.48)	(6.08)
Closing balance	**1.00**	**3.79**
Note: Employee stock compensation expenses for the year ended March 31, 2022 is negative as it is net-off of stock options lapsed during the year.		
(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
Add: Share application money received on account of issue of warrants (Refer note 19 vi)	-	288.00
Less: Issue of shares pursuant to exercise of warrants (Refer note 19 vi)	-	(384.00)
Closing balance	**-**	**-**
Total Reserves and surplus	**1,491.05**	**1,556.86**

Notes:

Distributions made:

(i) The amount of per share dividend (aggregate of interim and final) recognised as distributions to equity shareholders for the year ended March 31, 2022 and March 31, 2021 was ₹ Nil and ₹ 7/- (interim dividend - ₹ 4/- and final dividend - ₹ 3/-) respectively

(ii) The Board of Directors at their meeting held on May 06, 2021 had recommended a final dividend of ₹ 3/- per equity share of ₹ 10/- each for the financial year ended March 31, 2021 which was approved by the shareholders at the Annual General Meeting held on August 25, 2021. The aforesaid dividend was paid during the 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 for the financial year ended March 31, 2021 which was approved by the shareholders at the Annual General Meeting held on August 25, 2021. The aforesaid dividend was paid during the previous year.

(iv) 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 4, 2020. The aforesaid dividend was paid during the previous year.

NOTE NO. 21 BORROWINGS

(i) Non-current borrowings

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Secured		
Term loans from banks (Refer note (i) to (vi) below)	245.81	154.83
Term loans from others (Refer note (vii) below)	37.23	-
Total	**283.04**	**154.83**

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

₹ in Crores

Terms of repayment and security	As at March 31, 2022	As at March 31, 2021
(i) Term loans from banks: Loan 1		
Non-current borrowings	118.10	21.51
Current maturities of non-current borrowings	47.45	3.95
Security: First paripassu charge on all the movable and immovable fixed Assets (except lease hold land) (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 1.65% p.a Repayment terms: ₹ 3.95 Cr per month starting from Mar 22		

Notes

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₹ in Crores

Terms of repayment and security	As at March 31, 2022	As at March 31, 2021
(ii) Term loans from banks: Loan 2		
Non-current borrowings	29.64	38.51
Current maturities of non-current borrowings	8.90	1.41
Security: First Paripassu Charge on the Movable and Immovable Fixed Assets (except lease hold land at Cuddalore , Vizag & Ambernath) of the Company and Second Charge on Current Assets of the Company. Rate of interest: - 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	63.51	-
Current maturities of non-current borrowings	6.25	-
Security: First paripassu charge on the movable and immovable fixed assets (except lease hold land at Cuddalore , Vizag & Ambernath) and second paripassu charge on current assets. Rate of interest: - 6 Months MCLR plus spread p.a - 8.35% p.a Repayment terms: ₹ 1.22 Cr per month starting from Nov 22		
(iv) Term loans from banks: Loan 4		
Non-current borrowings	-	12.11
Current maturities of non-current borrowings	12.50	37.50
Security: First paripassu charge on all moveable & immoveable fixed assets (except lease hold land at Cuddalore , Vizag & Ambernath) and second paripassu charge on all current assets. Rate of interest: - 9.70% p.a Repayment terms: ₹ 3.13 Cr per month		
(v) Term loans from banks: Loan 5		
Non-current borrowings	31.55	51.45
Current maturities of non-current borrowings	20.00	20.01
Security: First paripassu charge on all moveable & immoveable fixed assets (except lease hold land at Cuddalore , Vizag & Ambernath) and second paripassu charge on all current assets. Rate of interest: - 10.5% p.a Repayment terms: ₹ 1.67 Cr per month		
(vi) Term loans from banks: Loan 6		
Non-current borrowings	3.11	31.25
Current maturities of non-current borrowings	28.33	28.33
Security: First paripassu charge by way of mortgage on immoveable fixed Assets (except lease hold land at Cuddalore , Vizag & Ambernath) of the Company both present & future. First paripassu charge by way of hypothecation over moveable fixed assets of the Company both present & future. Second paripassu charge by way of hypothecation over entire current assets of the Company both present & future. Rate of interest: IDFC Bank MCLR plus Spread Repayment terms: ₹ 2.36 Cr per month		
(vii) Term loans from others: Loan 7		
Non-current borrowings	37.13	-
Current maturities of non-current borrowings	8.20	-
Security: First paripassu charge on all fixed assets (except lease hold land at Cuddalore, Vizag & Ambernath) of the Company present & future including intangible Assets, second paripassu on all current assets of the Company both present & future. Rate of interest: 9.00% p.a Repayment terms: ₹ 1.04 Cr per month		

During the financial year ended March 31, 2022, for non-current borrowings aggregating to ₹ 414.67 crores (including current maturities of non-current borrowings), some of the financial covenants have been breached mainly due to temporary softness in demand for some of the key products in the regulated markets. The Group has made representation to the lenders considering the special circumstances to waive from the testing of financial covenants for the year ended March 31, 2022.

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Disclosed under non-current borrowings	283.04	154.83
Disclosed under current borrowings		
- Current maturities of non-current borrowings	131.63	91.20

(ii) Current borrowings

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Secured loans repayable on demand from banks:		
Working capital loans	609.90	360.88
Current maturities of non-current borrowings (Refer note 21(i))	131.63	91.20
Total	**741.53**	**452.08**

Details of security for the current borrowings repayable on demand:

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

b) Rate of interest for INR borrowings ranges from 8.45% to 10.50%

c) Rate of interest for USD borrowings ranges from 1.71% to 3.26%

NOTE NO. 22 OTHER FINANCIAL LIABILITIES

(i) Other non-current financial liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	0.42	0.42
Total	**0.42**	**0.42**

(ii) Other current financial liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Advance from related party	0.40	0.40
Interest accrued but not due on borrowings	0.92	0.48
Unclaimed dividends*	0.17	0.15
Other payables:		
Payables on purchase of property, plant and equipment	16.73	3.59
Total	**18.22**	**4.62**

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

NOTE NO. 23 PROVISIONS

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits:		
Compensated absences	12.93	13.19
Total	**12.93**	**13.19**
Non-current	9.49	11.36
Current	3.44	1.83

Notes

to the standalone financial statements for the year ended March 31, 2022

NOTE NO. 24 OTHER LIABILITIES

(i) Other non-current liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Contract liability:		
Advance from customers	22.94	27.18
Income received in advance (unearned revenue)	0.19	1.32
Provision for employee benefits:		
Gratuity (Refer note 39)	27.58	25.20
Total	**50.71**	**53.70**

(ii) Other current liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Contract liability:		
Advance from customers	15.75	12.50
Income received in advance (unearned revenue)	1.06	1.60
Other payables:		
- Advance rentals	1.17	1.17
- Statutory liabilities	4.22	3.83
Total	**22.20**	**19.10**

Note:

(i) During the year ended March 31, 2022, the company recognised revenue of ₹ 8.43 Crores (As at March 31, 2021: ₹ 16.21 Crores) arising from opening contract liability as of April 1, 2021.

NOTE NO. 25 TRADE PAYABLES

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables:		
Dues of micro and small enterprises (Refer note (iii) below)	8.07	5.81
Dues of other than micro and small enterprises	272.70	299.81
Total	**280.77**	**305.62**

Note:

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

₹ in Crores

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
(i) MSME	-	8.07	-	-	-	8.07
(ii) Others	61.47	206.14	3.86	0.23	1.00	272.70
Total	**61.47**	**214.21**	**3.86**	**0.23**	**1.00**	**280.77**

(ii) Outstanding for the following period from due date of payments

₹ in Crores

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at 31st March, 2021
(i) MSME	-	5.81	-	-	-	5.81
(ii) Others	77.04	220.24	0.57	0.89	1.07	299.81
Total	**77.04**	**226.05**	**0.57**	**0.89**	**1.07**	**305.62**

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
(i) The principal amount due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	8.07	5.81
(ii) The interest due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(v) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductable expenditure under the MSMED Act, 2006	-	-

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

NOTE NO. 26 REVENUE FROM OPERATIONS

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of products	1,207.44	1,563.85
Sale of services	23.11	11.88
Other operating revenues (Refer note (i) below)	37.79	41.15
Total	**1,268.34**	**1,616.88**

Disaggregated revenue information

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

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from contracts with customers		
Asia Pacific	841.28	906.79
Europe	219.14	392.00
North America	33.89	150.59
South America	44.42	99.41
Rest of the World	91.82	26.94
Subtotal	**1,230.55**	**1,575.73**
Revenue from other sources		
Other operating revenues	37.79	41.15
Subtotal	37.79	41.15
Total	**1,268.34**	**1,616.88**

Notes

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

(b) Revenue from major customers

Revenue from one customer of the Company is Nil (March 31, 2021 - ₹ 220.23 Crores) which is individually more than 10 percent of the Company's total revenue.

(i) Other operating revenue comprises:

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Export incentives	5.06	20.08
Share of profit	1.60	2.09
Sale of by-products and scrap	29.31	16.39
Support service income	1.82	2.59
Total	**37.79**	**41.15**

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.

NOTE NO. 27 OTHER INCOME

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income (Refer note (i) below)	7.92	14.39
Rental income from investment properties	5.59	5.59
Other non-operating income		
- Liabilities / provisions no longer required written back	0.25	3.40
- Profit on sale of property, plant and equipment (net)	-	2.00
- Insurance claims	0.46	0.27
- Exchange fluctuation gain (net)	2.50	-
- Others	2.04	2.76
Total	**18.76**	**28.41**

Note:

(i) Interest income comprises:

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest from banks on deposits	3.42	12.36
Interest on loans and advances	4.10	0.16
Interest from others	0.40	1.87
Total	**7.92**	**14.39**

NOTE NO. 28 COST OF MATERIALS CONSUMED

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening stock	109.50	97.53
Add: Purchases	880.46	695.73
Less: Closing stock	(131.10)	(109.50)
Cost of materials consumed	**858.86**	**683.76**

NOTE NO. 29 PURCHASES OF STOCK-IN-TRADE

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Traded goods	53.78	42.80
Total	**53.78**	**42.80**

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

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories at the end of the year:		
- Finished goods	188.17	30.98
- Work-in-progress	249.65	148.09
	437.82	**179.07**
Inventories at the beginning of the year:		
- Finished goods	30.98	30.63
- Work-in-progress	148.09	146.29
	179.07	**176.92**
Net (increase) / decrease	**(258.75)**	**(2.15)**

NOTE NO. 31 EMPLOYEE BENEFITS EXPENSE

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	194.80	186.47
Contribution to provident and other funds (Refer note 39)	18.92	17.54
Share based payments (Refer note 43) (Refer note below)	(1.31)	5.14
Other employee benefits	21.79	18.48
Total	**234.20**	**227.63**

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

NOTE NO. 32 FINANCE COSTS

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest costs:		
- Interest on bank overdrafts and loans	72.01	77.89
- Delayed payment of income tax	0.34	0.01
- Other interest expense	3.24	3.90
- Less: Amounts included in the cost of qualifying assets	(8.31)	(1.56)
Exchange difference regarded as an adjustment to borrowing costs	5.14	0.10
Other finance costs	2.85	4.13
Total	**75.27**	**84.47**

NOTE NO. 33 DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer note 3)	93.56	90.82
Depreciation of investment properties (Refer note 6)	0.37	0.37
Depreciation of right-of-use assets (Refer note 4(i))	2.81	2.95
Amortisation of intangible assets (Refer note 8)	15.27	14.17
Total	**112.01**	**108.31**

Notes

to the standalone financial statements for the year ended March 31, 2022

NOTE NO. 34 OTHER EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Subcontracting	16.47	15.73
Power and fuel	92.12	84.06
Water	1.58	1.36
Rent including lease rentals	2.94	3.43
Repairs and maintenance:		
- Buildings	2.60	2.85
- Machinery	18.04	15.79
- Others	33.33	27.39
Insurance	13.33	8.59
Rates and taxes	1.84	1.45
Communication	1.87	2.34
Travelling and conveyance	2.91	2.27
Printing and stationery	2.22	2.19
Freight and forwarding	24.89	26.26
Sales commission	6.56	7.31
Business promotion	0.38	0.31
Donations and contributions	0.10	1.00
Expenditure on Corporate Social Responsibility (Refer note (i) below)	2.58	1.30
Analytical charges	2.70	4.63
Regulatory expenses	4.99	5.97
Legal and professional fees	18.63	21.06
Payments to statutory auditors (Refer note (ii) below)	0.82	0.86
Bad debts written off / Allowance for doubtful trade and other receivables	8.82	-
Loss on sale of property, plant and equipment (net)	0.77	-
Consumption of stores and spares	27.43	29.43
Exchange loss (net)	-	1.68
Provision for doubtful advances, net	-	0.03
Miscellaneous expenses	11.98	12.22
Total	**299.90**	**279.51**

Notes:

(i) Expenditure on Corporate Social Responsibility:

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) amount required to be spent by the company during the year,	2.60	1.15
(ii) amount of expenditure incurred,	2.58	1.30
(iii) set off from previous year excess spent	0.02	-
(iv) shortfall / (excess) at the end of the year,	-	(0.15)
(v) total of previous years shortfall,	-	-
(vi) reason for shortfall,	Not applicable	Not applicable
(vii) nature of CSR activities,	Drive socially inclusive and need-based interventions in the realms of health, hygiene, sanitation, education and support during pandemic.	
(viii) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard,	-	-
(ix) where a provision is made with respect to a liability incurred by entering into a contractual obligation,	-	-

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

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
- Audit of standalone and consolidated financial statements including limited review	0.66	0.66
- Other services	0.14	0.19
- Reimbursement of expenses	0.02	0.01
Total	**0.82**	**0.86**

NOTE NO. 35 EXCEPTIONAL ITEMS

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Merger/acquisition and restructing costs	3.49	-
Total	**3.49**	**-**

NOTE NO. 36 TAX EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax		
Current tax expenses	-	38.64
Deferred tax benefit		
Deferred tax (credit) / expenses	(33.10)	-
MAT credit availed	-	(38.64)
Net tax expense	**(33.10)**	**-**

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

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before income taxes:	(91.66)	220.96
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	**(32.03)**	**77.21**
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	0.81	0.91
Effect on additional tax allowance	(0.59)	(0.86)
Effect of unrecognised tax credits and deductible temporary differences now recognised as deferred tax assets	-	(58.38)
Effect of adjustment on account of depreciation claims in return of income as against depreciation claims considered for book purposes	-	(18.81)
Others (net)	(1.29)	(0.07)
Total income tax expenses / (credits)	**(33.10)**	**-**

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

Notes

to the standalone financial statements for the year ended March 31, 2022

NOTE NO. 37 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED (CHARGED TO STATEMENT OF PROFIT AND LOSS)

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inhouse:		
Salaries and wages	28.42	29.40
Depreciation and amortisation expense	11.53	11.44
Materials	0.48	0.42
Others	25.19	23.09
Total	**65.62**	**64.35**

In addition, the Company has also incurred capital expenditure in such facilities of ₹ 2.96 Crores (March 31, 2021: ₹ 0.64 Crores) which has been capitalised under respective heads in the financial statements.

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
a) Contingent liabilities - Pending Litigations		
(i) Indirect taxes	3.49	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
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
- Property, plant and equipment	63.10	96.76
- Intangible assets	0.29	1.52

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 ₹ 13.19 Crores (March 31, 2021: ₹ 12.49 Crores) for provident fund contributions, ₹ 0.23 Crores (March 31, 2021: ₹ 0.23 Crores) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plan

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

Composition of the plan assets

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

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

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

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

Particulars	Valuation as at	
	March 31, 2022	March 31, 2021
Discount rate	6.88%	6.57%
Expected rate of salary increase	Year 1- 7.50% thereafter- 6.50%	Year 1- 7.50% thereafter- 6.50%
Attrition rate	11.00%	11.00%
Mortality Rate	As per IALM (2012-14) ultimate	As per IALM (2012-14) ultimate
Retirement age (years)	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:

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Service cost:		
Current service cost	4.30	3.85
Net interest expense	1.43	1.20
Components of defined benefit costs recognised in statement of profit and loss	**5.73**	**5.05**
Remeasurement on the net defined benefit liability:		
Return on plan assets [excluding amounts included in net interest expense] (excess) / short return	0.20	0.19
Actuarial (gains) / losses arising from changes in financial assumptions	(0.77)	0.23
Actuarial (gains) / losses arising from experience adjustments	(2.52)	2.11
Components of defined benefit costs recognised in other comprehensive income	**(3.09)**	**2.53**
Total	**2.64**	**7.58**

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

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of funded defined benefit obligation	49.94	49.27
Fair value of plan assets	(22.36)	(24.07)
Funded status	**27.58**	**25.20**
Net liability arising from defined benefit obligation	**27.58**	**25.20**

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Opening defined benefit obligation	49.27	45.17
Expenses recognised in statement of profit and loss		
Current service cost	4.30	3.85
Interest cost	3.01	2.70
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(0.77)	0.23
Actuarial gains and losses arising from experience adjustments	(2.52)	2.11
Benefits paid	(3.35)	(4.79)
Closing defined benefit obligation	**49.94**	**49.27**

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Opening fair value of plan assets	24.07	23.08
Expected return on plan assets	1.58	1.50
Remeasurement gain (loss):		
Contributions from the employer	0.26	4.47
Actuarial (gains) / loss on plan assets	(0.20)	(0.19)
Benefits paid	(3.35)	(4.79)
Closing fair value of plan assets	**22.36**	**24.07**

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

If the discount rate increases (decrease) by 1%, the defined benefit obligation would be ₹ 47.61 Crores (₹ 52.49 Crores) as at March 31, 2022

If the expected salary growth increases (decrease) by 1%, the defined benefit obligation would be ₹ 52.18 Crores (₹ 47.85 Crores) as at March 31, 2022

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-

₹ in Crores

Financial Year	Amount
2022-23	7.48
2023-24	7.10
2024-25	7.25
2025-26	6.56
2026-27	5.53
2027-28 to 2031- 32	22.92

NOTE NO. 40 RELATED PARTY INFORMATION:

40AList of related parties:

Controlling parties

Arun Kumar Pillai

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 assessed the status of controlling parties for the entity. Considering the Controlling parties' absolute size of holding in the entity and the relative size of and dispersion of the shareholdings owned by the other shareholders, Managment concluded that the controlling parties have a sufficiently dominant voting interest to direct the relevant activities of the entity.

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

Agraganya Private Trust

Rajeswari Amma (Upto Oct 13, 2020)

Notes

to the standalone financial statements for the year ended March 31, 2022

Wholly owned subsidiary:

Shasun USA Inc., USA

Sequent Penems Private Limited

Other Subsidiaries:

Chemsynth Laboratories Private Limited

Director and Key Management Personnel:

Jitesh Devendra	Managing Director (Resigned wef August 03, 2020) (Appointed wef April 29, 2022)
Rajendra Juvvadi Rao	Managing Director and Chief Executive Officer (Appointed as Executive Director wef August 04, 2021 and as MD & CEO wef. March 01, 2022) (Resigned as MD & CEO wef. April 28, 2022)
Bharath R. Sesha	Managing Director and Chief Executive Officer (Appointed as CEO wef. Feb 06, 2020 & appointed as MD wef. Aug 03, 2020) (Resigned as MD & CEO wef. February 28, 2022)
S Hariharan	Executive Director and Chief Finance Officer (Resigned as CFO wef. Oct 30, 2020 and ED-Finance wef. Mar 31, 2021) (Appointed as Executive Director & CFO wef March 09, 2022)
Subhash Anand	Executive Director and Chief Finance Officer (Appointed as CFO wef. Oct 30, 2020 and Executive Director wef. Apr 01, 2021) (Resigned wef. March 09, 2022)
Aditya Puri	Non-Executive Director (Appointed wef. August 04, 2021)
Arun Kumar Pillai	Non-Executive Director (Appointed wef. August 04, 2021)
Kartheek Chintalapati Raju	Non-Executive Director (Appointed wef. August 04, 2021)
Vineeta Rai	Independent Director (Appointed wef. October 17, 2021)
R. Ramakrishnan	Independent Director
Nirmal P Bhogilal	Independent Director
Kausalya Santhanam	Independent Director
Deepak C Vaidya	Non-Executive Director (Resigned wef. August 04, 2021)
Ronald Tjeerd De Vries	Independent Director (Resigned wef. August 04, 2021)
Ankur Nand Thadani	Non-Executive Director
B Sreenivasa Reddy	Chief Operating Officer (Resigned wef. October 30, 2020)
Rajesh Salwan	Chief Operating Officer (Appointed wef. Oct 30, 2020) (Resigned wef. February 03, 2022)
S Murali Krishna	Company Secretary

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

Strides Pharma Science Limited, India

Shasun Enterprises LLP, India (formerly known as Devendra Estates LLP, India) (upto August 03, 2020 and from April 29, 2022)

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)

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, India

Karuna Ventures Private Limited, India

Agnus Holdings Pvt Ltd, India

Pronomz Ventures LLP, India

SRJR Enterprise LLP, India

Karuna Business Solutions LLP, India

Chayadeep Ventures LLP, India

Agnus Capital LLP, India

Devicam Capital LLP, India

Agraganya Private Trust, India

Triumph Venture Holdings LLP, India

Axxlent Pharma Sciences Private Limited, India

Amicus Formulations India Private Limited, India (upto April 28, 2022)

Genesys Biologics Private Limited, India (upto April 28, 2022)

RA Labels and Stickers Private Limited, India (upto April 28, 2022)

Ilabs Capital LLP, India (upto April 28, 2022)

* Company has filed an application with stock exchange for Reclassification of "Outgoing Promoters" from Promoter group to Public category on April 08, 2021. BSE and NSE has approved for reclassification on October 7, 2021.

Notes

to the standalone financial statements for the year ended March 31, 2022

40B Transactions during the year

₹ in Crores

Description	Related party	March 31, 2022	March 31, 2021
Sale of goods	Strides Pharma Science Limited	117.61	220.19
	Aurore Life Sciences Private Limited	33.96	3.29
	Aurore Pharmaceuticals Private Limited	89.71	-
	Axxlent Pharma Sciences Private Limited	0.01	-
	Steriscience Specialties Pvt Ltd	4.92	0.13
	Stelis Biopharma Private Limited	0.19	-
	Alivira Animal Health Limited	-	20.91
Sale of services	Strides Pharma Science Limited	0.01	0.04
Interest income	Chemsynth Laboratories Private Limited	0.16	0.16
	Aurore Life Sciences Private Limited	3.96	-
	Tenshi Life Sciences Private Limited	-	1.23
Commission income	Alivira Animal Health Limited	-	0.02
Other operating revenue	Strides Pharma Science Limited	1.60	2.09
Sale of property, plant and equipment	Strides Pharma Science Limited	0.01	-
	Stelis Biopharma Private Limited	-	0.02
Other income	Tenshi Kaizen Private Limited	-	0.21
Purchase of goods	Alivira Animal Health Limited	-	3.21
	Sequent Scientific Limited	-	0.32
	Aurore Pharmaceuticals Private Limited	-	0.02
	Aurore Life Sciences Private Limited	36.97	10.63
Purchase of services	Sequent Research Limited	-	4.15
	Tenshi Kaizen Private Limited	-	2.50
	Batliboi Impex Limited	1.20	0.27
Sales commission	Shasun USA Inc	1.48	2.00
Recovery of expenses from	Sequent Research Limited	-	0.93
	Karuna Business Solutions LLP	0.86	-
	Strides Pharma Science Limited	9.81	16.73
Reimbursement of expenses to	Shasun USA Inc	0.04	0.02
	Strides Pharma Science Limited	-	2.45
	Tenshi Life Sciences Private Limited	2.09	1.84
	Sequent Scientific Limited	-	0.05
	Sequent Research Limited	-	0.23
Rental Income	Sequent Research Limited	-	0.84
	Aurore Life Sciences Private Limited	0.03	-
Rent & Maintenance for leased property	Shasun Enterprises LLP	-	0.10
	Strides Pharma Science Limited	1.52	1.60
	Sequent Penems Private Limited	0.46	0.46
Advances given	Chemsynth Laboratories Private Limited	-	0.02
Loan given	Aurore Life Sciences Private Limited	50.00	-
Loan / Advances refund received	Tenshi Life Sciences Private Limited	-	50.00
	Chemsynth Laboratories Private Limited	0.19	-
	Tenshi Kaizen Private Limited	-	10.50
Dividend paid	Arun Kumar Pillai	0.95	1.60
	K R Ravishankar	0.40	0.80
	Deepa Arun Kumar	0.02	0.03
	Aditya Arun Kumar	0.02	0.03
	Tarini Arun Kumar	0.02	0.03
	Padmakumar Karunakaran Pillai	0.01	0.03
	Vineetha Mohanakumar Pillai	0.01	0.03
	Hemalatha Pillai	0.01	0.02
	Sajitha Pillai	0.01	0.02
	Rajitha Gopalakrishnan	0.01	0.02
	K R Lakshmi	0.01	0.01

₹ in Crores

Description	Related party	March 31, 2022	March 31, 2021
	Yalavarthy Usha Rani	-	0.00
	Chayadeep Properties Private Limited	0.16	0.32
	Karuna Ventures Private Limited	0.03	0.06
	Agnus Holdings Pvt Ltd	0.02	0.04
	Pronomz Ventures LLP	0.64	1.91
	SRJR Enterprise LLP	0.51	0.68
	Karuna Business Solutions LLP	0.84	1.41
	Chayadeep Ventures LLP	0.30	0.60
	Agnus Capital LLP	0.25	0.51
	Devicam Capital LLP	0.05	0.09
	Triumph Venture Holdings LLP	-	0.00
	Sequent Scientific Limited	-	0.33
	Rajeswari Amma	-	0.00
Sitting fees paid to directors	Aditya Puri	0.06	-
	Deepak C Vaidya	0.07	0.11
	Kausalya Santhanam	0.16	0.11
	Nirmal P Bhogilal	0.16	0.11
	Ronald Tjeerd De Vries	0.07	0.11
	R. Ramakrishnan	0.16	0.11
	Vineeta Rai	0.07	-
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
Short term employee benefits paid to (refer note (i) below)	Jitesh Devendra	-	3.30
	S Hariharan	0.14	1.82
	Bharat R Sesha	0.20	5.67
	Subhash Anand	2.36	1.35
	Rajesh Salwan	1.63	1.00
	B Sreenivasa Reddy	-	1.39
	S Murali Krishna	0.44	0.45

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

Notes

to the standalone financial statements for the year ended March 31, 2022

40C Balances as at March 31, 2022

₹ in Crores

Description	Related party	As at March 31, 2022	As at March 31, 2021
Trade payables	Shasun USA Inc.	0.74	0.38
	Sequent Scientific Limited	-	0.43
	Sequent Research Limited	-	0.28
	Sequent Penems Private Limited	0.70	0.31
	Strides Pharma Science Limited	-	0.17
	Tenshi Life Sciences Private Limited	4.42	1.94
	Aurore Life Sciences Private Limited	13.80	12.38
	Aurore Pharmaceuticals Private Limited	-	0.06
Security deposit received	Sequent Research Limited	-	0.42
Trade receivables	Alivira Animal Health Limited	-	3.59
	Aurore Life Sciences Private Limited	7.70	3.62
	Aurore Pharmaceuticals Private Limited	58.33	-
	Sequent Research Limited	-	0.16
	Strides Pharma Science Limited	78.22	56.23
	Steriscience Specialties Pvt Ltd	4.54	0.05
	Stelis Biopharma Private Limited	0.03	0.03
	Karuna Business Solutions LLP	0.81	-
Other receivables	Chemsynth Laboratories Private Limited	0.73	0.59
	Aurore Life Sciences Private Limited	1.17	-
Loan / Advances receivable / (payable)	Aurore Life Sciences Private Limited	50.00	-
	Chemsynth Laboratories Private Limited	1.32	1.50
	Sequent Penems Private Limited	(0.40)	(0.40)
Security deposit given	Strides Pharma Science Limited	0.72	0.72
	Shasun Enterprises LLP	-	0.20

NOTE NO. 41 EARNINGS PER SHARE:

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Basic earnings per share:	(16.29)	68.86
Diluted earnings per share:	(16.29)	64.40

Earnings used in computing basic and diluted earnings per share

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit attributable to the equity holders of the Company	(58.56)	220.96

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	**35,940,826**	**32,087,640**
Adjustments for calculation of diluted earnings per share:		
- share warrants	-	1,959,985
- employee stock options	1,348	264,167
Weighted average number of equity shares used as denominator in calculating diluted earnings per share*	**35,940,826**	**34,311,792**

* Diluted earnings per share for the year ended 31st March 2022 is antidilution since there is loss attributable to the equity holders of the company. Therefore, Diluted earnings per share is the same as Basic earnings per share for the year ended 31st March 2022.

NOTE NO. 42 SEGMENT REPORTING:

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

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

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

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
India	1,622.48	1,495.20
Total	**1,622.48**	**1,495.20**

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

NOTE NO. 43 SHARE-BASED PAYMENTS:

Details of the employee share option plan of the Company:

The ESOP titled “Solara Employee Stock Option Plan 2018” (ESOP 2018) was approved by the shareholders and stock exchanges. 1,228,778 options are covered under the plan which are convertible into equal number of equity shares of the Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of 120 days from the date of vesting. The Company has granted 35,000 options (March 31, 2021: 240,000 options) under this plan during the current year.

During the current year, employee compensation costs of ₹ (1.31) Crores (Previous year: ₹ 5.14 Crores) relating to the above referred Employee Stock Option Plan have been charged to the Statement of Profit and Loss. Employee stock compensation expenses for the year ended March 31, 2022 is negative as it is net-off of stock options lapsed during the year.

Notes

to the standalone financial statements for the year ended March 31, 2022

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: Nov 11, 2021 (ESOP 2018)		
	Vest 1 Nov 11, 2022	Vest 2 Nov 11, 2023	Vest 3 Nov 11, 2024
	23%	30%	47%
No. of options	8,000	10,500	16,500
Fair market value of option at grant date (₹)	473.44	624.02	692.07
Fair market value of share at grant date (₹)	1,317.00	1,317.00	1,317.00
Exercise price (₹)	1,030.00	1,030.00	1,030.00
Expected volatility	42.74%	54.76%	52.10%
Option life (Years)	1	2	3
Expected Dividend Yield	22.00%	22.00%	22.00%
Risk-free interest rate	4.33%	4.55%	5.09%

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: 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%

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

Assumptions	During the year 2021-22		During the year 2020-21	
	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	390,000	659.39	714,000	247.62
Granted during the year	35,000	1,030.00	240,000	851.83
Exercised during the year	66,500	438.05	474,500	214.26
Lapsed/ cancelled during the year	303,500	684.45	89,500	250.41
Options outstanding at the end of the year	55,000	1,024.58	390,000	659.39
Options available for grant	351,778	-	83,278	-

NOTE NO. 44 FINANCIAL INSTRUMENTS

44.1 Categories of financial instruments

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Financial assets:		
Measured at amortised cost		
(a) Cash and bank balances	47.14	198.38
(b) Investments	0.42	0.42
(c) Trade receivables	489.67	483.81
(d) Loans receivable	53.17	3.30
(e) Other financial assets at amortised cost	22.72	40.01
Financial liabilities:		
Measured at amortised cost		
(a) Borrowings including current maturities of non current borrowings	1,024.57	606.91
(b) Lease liabilities	12.80	13.82
(c) Trade payables	280.77	305.62
(d) Other financial liabilities	18.64	5.04

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:

₹ in Crores

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	1,024.57	1,025.58	606.91	607.88

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:

Notes

to the standalone financial statements for the year ended March 31, 2022

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:

₹ in Crores

Amount receivable/(payable)	As at March 31, 2022		As at March 31, 2021	
Exposure to the Currency	in foreign Currency	in ₹	in foreign Currency	in ₹
USD	0.53	40.62	(0.44)	(32.14)
EUR	0.08	6.97	0.09	7.90
JPY	1.88	1.17	0.03	0.02
NZD	-	-	(0.00)	(0.01)

Foreign currency sensitivity analysis

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

₹ in Crores

Exposure to the Currency	Increase / (Decrease) in Equity / Profit	
	March 31, 2022	March 31, 2021
Appreciation in the USD	2.03	(1.61)
Depreciation in the USD	(2.03)	1.61
Appreciation in the EUR	0.35	0.40
Depreciation in the EUR	(0.35)	(0.40)

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

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

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

44.4 Interest rate risk management

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

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed-rate instruments		
Financial assets		
Balance with banks held as margin money	0.70	0.70
Balance with banks held in deposit account	42.47	194.46
Financial liabilities		
Lease liabilities	12.80	13.82
	55.97	**208.98**
Variable-rate instruments		
Financial liabilities		
Borrowings from bank	1,024.57	606.91
	1,024.57	**606.91**

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include secured long term loans from banks and secured short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be ₹ 9.33 Crores (March 31, 2021: ₹ 8.01 Crores) assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

44.5 Credit risk management

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

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

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

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

44.6 Liquidity risk management

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

44.6.1 Liquidity analysis for Non-Derivative 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.

Notes

to the standalone financial statements for the year ended March 31, 2022

₹ in Crores

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
Bank & other borrowings								
- As on March 31, 2022	741.52	105.20	96.74	62.72	19.39	-	1,025.58	1,024.57
- As on March 31, 2021	452.08	91.25	32.87	22.20	9.48	-	607.88	606.91
Interest payable on borrowings								
- As on March 31, 2022	0.92	-	-	-	-	-	0.92	0.92
- As on March 31, 2021	0.48	-	-	-	-	-	0.48	0.48
Lease liabilities								
- As on March 31, 2022	2.43	0.87	0.92	0.96	1.01	51.30	57.49	12.80
- As on March 31, 2021	2.47	2.43	0.87	0.92	0.96	52.30	59.95	13.82
Trade and other payable								
- As on March 31, 2022	298.49	-	-	-	-	-	298.49	298.49
- As on March 31, 2021	310.18	-	-	-	-	-	310.18	310.18

NOTE NO. 45 CAPITAL MANAGEMENT

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

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

45.1 Gearing ratio

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

₹ in Crores

Particulars	March 31, 2022	March 31, 2021
Debt (i)	1,037.37	620.73
Less:		
Cash and bank balances	47.14	198.38
Net Debt (A)	**990.23**	**422.35**
Total Equity (B)	**1,527.05**	**1,592.79**
Net debt to equity ratio (A/B)	**0.65**	**0.27**

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

NOTE NO. 46 RATIO ANALYSIS

₹ in Crores

Particulars	Methodology	As at March 31, 2022	As at March 31, 2021
Current ratio	Current Assets over Current Liabilities	1.2	1.3
Debt-Equity ratio (refer note (a) below)	Debt over Equity	0.7	0.4
Debt Service Coverage ratio (refer note (b) below)	Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) over debt repayments and interest payments	0.5	1.2
Return on Equity ratio (refer note (c) below)	Net profit (PAT) over Tangible Equity	-5.4%	19.2%
Inventory turnover ratio (refer note (d) below)	Cost of goods sold over Average Inventory	1.5	2.5
Trade receivables turnover ratio (refer note (e) below)	Sales Turnover over Average Trade receivables	2.5	4.4
Trade payables turnover ratio	Cost of goods sold over Average Trade payables	2.2	2.8
Net capital turnover ratio (refer note (f) below)	Sales Turnover over Working capital	7.2	5.8
Net profit ratio (refer note (g) below)	Net profit (PAT) over Gross Revenue	-4.5%	13.4%
Return on capital employed (refer note (h) below)	Earnings Before Interest and Taxes (EBIT) over Tangible Capital Employed	-0.9%	15.7%
Return on investment	Interest income, net gain on sale of investments and net fair value gain over weighted Average Investments	Nil	Nil

Notes:

(i) Explanation for variances exceeding 25%:

(a) Increase in Debt-Equity ratio is on account of increase in Debt during the year.

(b) Reduction in Debt Service Coverage ratio is on account of decrease in Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)

(c) Reduction in Return on Equity ratio is on account of decrease in Net profit (PAT)

(d) Reduction in Inventory turnover ratio is on account of increase in Inventory due to inventory build-up planned for COVID related business and increase in inventory of key raw materials to offset market volatility.

(e) Reduction in Trade receivables turnover ratio is on account of increase in Trade receivables due to higher receivables days in less regulated markets.

(f) Reduction in Net capital turnover ratio is on account of increase in both Inventory, Trade receivables and decrease in Sales Turnover due to temporary softness in demand for some of the key products in the regulated markets.

(g) Reduction in Net profit ratio is on account of decrease in Net profit (PAT) and decrease in Gross Revenue.

(h) Reduction in Return on capital employed ratio is on account of increase in both Inventory and Trade receivables.

Definitions:

Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings and includes lease liabilities

Equity is defined as Equity share capital and Other equity.

Tangible Equity is defined as Equity share capital and Other equity less Goodwill less Intangible Assets

Earnings before interest,taxes, depreciation and amortisation (EBITDA) is defined as:

Profit for the year before exceptional items and taxes (add) Depreciation and Amortisation (add) Finance costs (less) interest income

Debt repayment is defined as actual non-current borrowings repaid during the year

Interest payments is defined as actual interest paid on borrowings during the year

Net profit (PAT) is defined as Profit for the year after tax

Cost of goods sold is defined as Cost of materials consumed, Purchases of stock-in-trade and Changes in inventories of finished goods and work-in-progress

Sales Turnover is defined as Sale of products and Sale of services

Earnings before interest and taxes (EBIT) is defined as: Profit for the year before exceptional items and taxes (add) Finance costs (less) interest income

Working capital is defined as Currents Assets less Current Liabilities

Tangible Capital employed is defined as Equity and Debt less Goodwill less Intangible Assets

Notes

to the standalone financial statements for the year ended March 31, 2022

NOTE NO. 47 DISCLOSURE AS PER REGULATION 34 (3) AND 53 (F) READ WITH PART A OF SCHEDULE V OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 IN RESPECT OF LOANS AND ADVANCES, THE AMOUNT IN THE NATURE OF LOANS OUTSTANDING AT YEAR END:

₹ in Crores

Name of borrower	Nature of relationship	Security	Rate of interest	As at April 01, 2022	Given during the year	Repayment during the year	As at March 31, 2022	Maximum amount outstanding during the year ended March 31, 2022
Chemsynth Laboratories Private Limited	Subsidiary	Unsecured	10.90%	1.50	0.04	0.22	1.31	1.52
Aurore Life Sciences Private Limited	Others	Unsecured	10.50%	-	50.00	-	50.00	50.00

NOTE NO. 48

The Board of Directors in its meeting held on 29th April 2022 have considered and approved the withdrawal of the Scheme of amalgamation of Empyrean Lifesciences Private Limited, Hydra Active Pharma Sciences Private Limited and demerger of pharma business of Aurore Life Science Private Limited ("Aurore") with the Company as the same is not financially viable. Aurore has not been able to achieve its financial goals set for FY22 due to weak demand for covid products and tactical opportunities. Further, there are uncertainties in the completion of the processes related to the Scheme due to disputes raised by one of the minority shareholder of the subsidiary of Aurore.

NOTE NO. 49

The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

NOTE NO. 50 OTHER STATUTORY INFORMATION

(a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(b) The Company does not have any transactions with companies struck off.

(c) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(e) The Company has no transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(f) The Company has borrowings from banks on the basis of security of current assets, the quarterly returns or statements of current assets has been filed by the Company with banks are in agreement with the books of accounts.

(g) The Company has not been declared willful defaulter by any bank or financial Institution or other lender.

(h) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(A) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(B) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(i) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(A) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(B) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

NOTE NO. 51 AMENDMENTS EFFECTIVE FROM APRIL 1, 2022 :

On March 23, 2022, the Ministry of Corporate Affairs (MCA) issued certain amendments and annual improvements to Ind AS. These amendments are applicable for accounting periods beginning on or after April 1, 2022:

- Ind AS 103 – Business Combinations –
- Reference to conceptual framework added
- Ind AS 16 – Property, Plant and Equipment – Accounting for proceeds before an asset's intended use
- Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – Assessing if the contract is onerous
- Annual improvements to Ind AS – Ind AS 109 (Financial Instruments) and Ind AS 116 (Leases) The Company will evaluate the impact of the above, where applicable, on the financial statements and give impact of the same in the relevant period.

NOTE NO. 52

The previous year's figures have been re-grouped/ reclassified, where necessary to confirm to current year's classification.

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

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

S Murali Krishna
Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : April 29, 2022

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 2022, 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 2022, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

BASIS FOR OPINION

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing 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	**Revenue recognition:** Refer note 2.1(vi) and note 28 of the Consolidated financial statements. The Group's sales revenue mainly arose from sale of pharmaceuticals products, which are in the nature of API (i.e. Active Pharmaceutical Ingredient). The Group recognizes sales revenue based on the terms and conditions of transactions, which vary with different customers. For sales transactions in a certain period around balance sheet date, it is essential to ensure whether the transfer of control of the goods by the Group to the customer occurs before the balance sheet date or otherwise. Considering that there are significant volume of sales transactions close to the year end, involving material amounts and such revenue recognition is subject to whether transfer of control to the customers has occurred before the balance sheet date or otherwise, we consider the risk of revenue from sale of goods being recognised in the incorrect period, a key audit matter.	**Principal audit procedures performed:** Principal audit procedure performed: We evaluated the design of internal controls over recognition of revenue in the appropriate period in accordance with the Group's accounting policy. On a sample basis, we tested the operating effectiveness of the internal control relating to determination of point in time at which the transfer of control of the goods occurs. We tested the relevant information technology systems used in recording revenue including company's system generated reports, based on which selection of samples was undertaken. On sample basis, we performed test of details of sales recorded close to the year-end through following procedures: • Analysed the terms and conditions of the underlying contract with the customer, and • Verified evidence for transfer of control of the goods prior to the balance sheet date or otherwise from relevant supporting documents.

Sl. No.	Key Audit Matter	Response to Key Audit Matter
2	**Carrying Value of Goodwill relating to Human API Business** Refer note 7 of the financial statements The Company carries goodwill of ₹ 365.09 crores as at March 31, 2022 arising from past acquisition of the Human API business. As indicated in note 2.1(xvii) to the financial statements, the management of the Company assesses the impairment of goodwill annually. The carrying value of goodwill will be recovered through future cash flows and there is a risk of impairment loss where the actual future cash flows are less than expected. The impairment assessment performed by the Management contained a number of significant judgements and estimates including short and long-term growth rates, profitability and discount rate. We focused on this area because of the significance of the balance and the significant judgements and assumptions involved in impairment assessment by the Management about the future results of the Human API business	**Principal audit procedures performed:** We assessed the management's process for impairment assessment of goodwill. We performed testing of design and operating effectiveness of internal controls and substantive testing as follows: • Evaluated the design of the management's internal control around the impairment assessment process. • Understood the key assumptions considered in the management's estimates of future cash flows. • Involving our valuation specialists, we evaluated the short-term and long-term growth rates considered in the estimates of future cash flows and the discount rate used in the calculations. • Compared the historical cash flows (including for current year) against past projections of the management for the same periods and gained understanding of the rationale for the changes. • Performed sensitivity analysis on the key assumptions within the forecast cash flows and focused our attention on those assumptions we considered most sensitive to the changes, such as – revenue growth and profitability during the forecast period, the terminal growth rate and the discount rate applied to the future cash flows. • We ascertained the extent to which a change in these assumptions, both individually or in aggregate, would result in impairment, and considered the likelihood of such events occurring. We further assessed the adequacy of the disclosures made in the financial statements for the year ended March 31, 2022.

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 ₹ 24.24 Crores as at 31 March 2022, total revenues of ₹ 2.20 Crores and net cash outflows amounting to ₹ 0.05 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

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, to the extent applicable that:

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

    b) In our opinion, proper books of account as required by law 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 2022 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, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

        i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

        ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

        iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

iv) (a) The respective Managements of the Parent Company and its subsidiary, which is incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of the subsidiary, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent Company or the subsidiary, to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent Company or the subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent Company and its subsidiary, which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of the subsidiary that, to the best of their knowledge and belief, no funds have been received by the Parent Company or the subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent Company or the subsidiary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The final dividend proposed in the previous year, declared and paid by the Parent during the year is in accordance with section 123 of the Act, as applicable.

The Parent Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have not declared or paid any dividend during the year and have not proposed final dividend for the year.

2. With respect to the matters specified in clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Parent, we report that there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements.

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

Sathya P. Koushik
(Partner)
(Membership No. 206920)
(UDIN: 22206920AIBEKJ1021)

Place: Bengaluru
Date:29 April 2022

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 2022, 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 2022, 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)
(Membership No. 206920)
(UDIN: 22206920AIBEKJ1021)

Place: Bengaluru
Date:29 April 2022

Consolidated Balance Sheet

as at March 31, 2022

₹ in Crores

Particulars		Note No.	As at March 31, 2022	As at March 31, 2021
A	**ASSETS**			
I	**Non-current assets**			
	(a) Property, plant and equipment	3	842.28	851.92
	(b) Right-of-use assets	4(i)	56.49	59.30
	(c) Capital work in progress	5	238.65	87.98
	(d) Investment property	6	24.61	25.29
	(e) Goodwill	7	365.09	365.09
	(f) Other intangible assets	8	67.94	79.98
	(g) Financial assets			
	(i) Investments	9	0.42	0.42
	(ii) Loans	10(i)	0.27	0.15
	(iii) Other financial assets	11(i)	12.52	11.66
	(h) Deferred tax assets (net)	12	55.14	25.61
	(i) Income tax assets (net)	13	18.29	0.17
	(j) Other non-current assets	14(i)	31.55	48.38
	Total non-current assets		**1,713.25**	**1,555.95**
II	**Current assets**			
	(a) Inventories	15	575.55	294.97
	(b) Financial assets			
	(i) Investments			
	(i) Trade receivables	16	489.67	483.87
	(ii) Cash and cash equivalents	17	46.38	197.69
	(iii) Bank balances other than (ii) above	18	0.87	0.85
	(iv) Loans	10(ii)	51.58	1.65
	(v) Other financial assets	11(ii)	9.53	27.77
	(c) Other current assets	14(ii)	65.70	50.83
	Total current assets		**1,239.28**	**1,057.63**
	Total assets (I + II)		**2,952.53**	**2,613.58**
B	**EQUITY AND LIABILITIES**			
I	**Equity**			
	(a) Equity share capital	19	36.00	35.93
	(b) Other equity	20	1,488.87	1,552.60
	Equity attributable to the owners of the company		**1,524.87**	**1,588.53**
	Non-controlling interests	21	2.31	4.24
	Total equity		**1,527.18**	**1,592.77**
II	**Liabilities**			
1	**Non-current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	22(i)	283.04	154.83
	(ii) Lease liabilities	4(ii)	10.70	11.77
	(iii) Other financial liabilities	23(i)	0.42	0.42
	(b) Provisions	24	9.49	11.36
	(c) Other non-current liabilities	25(i)	50.71	53.69
	Total Non-current liabilities		**354.36**	**232.07**
2	**Current liabilities**			
	(a) Financial Liabilities			
	(i) Borrowings	22(ii)	741.53	452.08
	(ii) Lease liabilities	4(ii)	2.10	2.05
	(iii) Trade payables			
	- Dues of micro and small enterprises	26	8.07	5.81
	- Dues of other than micro and small enterprises	26	275.49	303.48
	(iv) Other financial liabilities	23(ii)	17.82	4.22
	(b) Provisions	24	3.44	1.83
	(c) Current tax liabilities (net)	27	0.33	0.14
	(d) Other current liabilities	25(ii)	22.21	19.13
	Total current liabilities		**1,070.99**	**788.74**
	Total liabilities		**1,425.35**	**1,020.81**
	Total equity and liabilities (I + II)		**2,952.53**	**2,613.58**

See accompanying notes forming part of the consolidated financial statements

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

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : April 29, 2022

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

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

S Murali Krishna
Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : April 29, 2022

Consolidated Statement of Profit and Loss

for the year ended March 31, 2022

₹ in Crores

Particulars		Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
A.	**CONTINUING OPERATIONS:**			
1	Revenue from operations	28	1,268.34	1,616.88
2	Other income	29	20.02	28.77
3	**Total Income (1+2)**		**1,288.36**	**1,645.65**
4	**EXPENSES**			
	(a) Cost of materials consumed	30	858.86	683.77
	(b) Purchase of stock-in-trade	31	53.78	42.80
	(c) Changes in inventories of finished goods and work-in-progress	32	(258.75)	(2.15)
	(d) Employee benefits expense	33	236.34	229.37
	(e) Finance costs	34	75.28	84.48
	(f) Depreciation and amortisation expenses	35	112.32	108.66
	(g) Other expenses	36	298.14	277.22
	Total expenses (4)		**1,375.97**	**1,424.15**
5	**PROFIT / (LOSS) BEFORE TAX AND EXCEPTIONAL ITEMS (3-4)**		(87.61)	221.50
6	Exceptional items - net gain / (loss)	37	(3.49)	-
7	**PROFIT / (LOSS) BEFORE TAX (5-6)**		(91.10)	221.50
8	**TAX EXPENSE**	38		
	(a) Current tax		0.17	38.80
	(c) Deferred tax		(32.98)	(38.65)
	Total tax expense (8)		**(32.81)**	**0.15**
9	**PROFIT / (LOSS) FOR THE YEAR (7-8)**		**(58.29)**	**221.35**
10	**OTHER COMPREHENSIVE INCOME**			
A	**ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS:**			
(i)	Remeasurement gains/(losses) of defined benefit plans		3.09	(2.53)
(ii)	Income tax relating to items that will not be reclassified subsequently to profit or loss		(1.08)	-
B	**ITEMS THAT MAY BE RECLASSIFIED TO SUBSEQUENTLY TO PROFIT OR LOSS:**			
(i)	Exchange differences on translating the financial statements of foreign operations		(0.12)	0.13
(ii)	Income tax relating to items that may be reclassified to statement of profit and loss		-	-
	Total other comprehensive income/(loss) for the year (10)		**1.89**	**(2.40)**
11	**TOTAL COMPREHENSIVE INCOME FOR THE YEAR (9+10)**		**(56.40)**	**218.95**
	Profit / (loss) for the year attributable to:			
	- Owners of the Company		(58.15)	221.40
	- Non-controlling interests		(0.14)	(0.05)
			(58.29)	**221.35**
	Other Comprehensive income attributable to:			
	- Owners of the Company		1.89	(2.40)
	- Non-controlling interests		-	-
			1.89	**(2.40)**
	Total Comprehensive income / (loss) attributable to:			
	- Owners of the Company		(56.26)	219.00
	- Non-controlling interests		(0.14)	(0.05)
			(56.40)	**218.95**
12	**EARNINGS PER EQUITY SHARE (FACE VALUE OF ₹ 10/- EACH)**	43		
	- Basic (in ₹)		(16.18)	69.00
	- Diluted (in ₹)		(16.18)	64.53

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 : April 29, 2022

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

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

S Murali Krishna
Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : April 29, 2022

Consolidated Statement of Cash Flows

for the year ended March 31, 2022

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax for the year	**(91.10)**	**221.50**
Adjustments for:		
Depreciation and amortisation expense	112.32	108.66
Interest expense on borrowings	75.28	84.48
Share based compensation expense	(1.31)	5.14
Rental income from investment property	(5.59)	(5.70)
Interest income	(7.76)	(14.22)
Liabilities / provisions no longer required written back	(1.75)	(3.82)
Loss / (Gain) on sale of property, plant and equipment	0.77	(2.00)
Provision for doubtful trade and other receivables	8.82	-
Unrealised exchange (gain) / loss (net)	0.18	0.62
Operating profit before working capital changes	**89.86**	**394.66**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(280.58)	(15.24)
Trade receivables	(14.55)	(257.37)
Other assets (financial & non-financial)	(29.49)	(38.78)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(23.88)	96.67
Other liabilities (financial & non-financial)	34.71	8.88
Cash generated from operations	**(223.93)**	**188.82**
Net income tax (paid) / refunds	(18.10)	(33.36)
Net cash flow generated from operating activities (A)	**(242.03)**	**155.46**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure for property, plant and equipment and intangible assets, including capital advances	(208.62)	(174.48)
Proceeds from sale of property, plant and equipment	0.13	2.97
Investments in other entities	-	(0.10)
Intercorporate deposit (given) / received	(50.00)	50.00
Interest received	10.05	9.61
Rental income from investment property	5.59	5.70
Net cash flow utilised in investing activities (B)	**(242.85)**	**(106.30)**

Consolidated Statement of Cash Flows

for the year ended March 31, 2022

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	2.90	298.16
Proceeds from non-current borrowings	262.40	155.82
Repayment of non-current borrowings	(93.76)	(262.79)
Net increase / (decrease) in current borrowings	248.67	6.82
Dividends paid (net of taxes)	(10.78)	(19.73)
Lease payments	(2.46)	(2.60)
Interest paid on borrowings	(73.40)	(83.19)
Net cash flow generated from financing activities (C)	**333.57**	**92.49**
Net increase in cash and cash equivalents during the year (A+B+C)	**(151.31)**	**141.65**
Cash and cash equivalents at the beginning of the year	197.69	56.04
Cash and cash equivalents at the end of the year	**46.38**	**197.69**

Reconciliation of cash and cash equivalents with the Balance Sheet:

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Cash and cash equivalents as per Balance Sheet (Refer note 17)	46.38	197.69
Cash and cash equivalents at the end of the year *	**46.38**	**197.69**
*** Comprises**		
Cash on hand	0.04	0.05
Balance with banks:		
- In current account	3.87	3.18
- In deposit account	42.47	194.46
Total	**46.38**	**197.69**

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 : April 29, 2022

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

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

S Murali Krishna
Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : April 29, 2022

Consolidated Statement of Changes in Equity

for the year ended March 31, 2022

A. EQUITY SHARE CAPITAL

₹ in Crores

Particulars	Amount
Balance as at April 01, 2020	26.86
Changes in equity share capital during the year	
- Shares issued pursuant to exercise of warrants (refer note 19 (vi))	8.60
- Shares issued pursuant to exercise of stock options (refer note 45)	0.47
Balance as at March 31, 2021	**35.93**
Changes in equity share capital during the year	
- Shares issued pursuant to exercise of warrants (refer note 19 (vi))	-
- Shares issued pursuant to exercise of stock options (refer note 45)	0.07
Balance as at March 31, 2022	**36.00**

B. OTHER EQUITY

₹ in Crores

Particulars	Share application money pending allotment	Reserves and Surplus				Items of other comprehensive income - Foreign currency translation reserve	Total equity attributable to the owners of the company	Non-controlling interests	Total Equity
		Capital reserve	Securities premium	Retained earnings	Share options outstanding account				
Balance as at April 01, 2020	96.00	0.01	820.55	139.70	4.73	(1.90)	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 (vi))	288.00	-	-	-	-	-	288.00	-	288.00
Issue of equity shares pursuant to exercise of warrants (refer note 19 (vi))	(384.00)	-	375.40	-	-	-	(8.60)	-	(8.60)
Issue of shares pursuant to exercise of share options (refer note 45)	-	-	15.77	-	(6.08)	-	9.69	-	9.69
Payment of dividends (including dividend distribution tax)	-	-	-	(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**	**(1.77)**	**1,552.60**	**4.24**	**1,556.84**
Profit for the year	-	-	-	(58.15)	-	-	(58.15)	(0.14)	(58.29)
Other comprehensive income for the year	-	-	-	2.01	-	(0.12)	1.89	-	1.89
Share application money received on issue of warrants (refer note 19 (vi))	-	-	-	-	-	-	-	-	-
Non-controlling interests acquired during the year transferred to Retained earnings	-	-	-	1.79	-	-	1.79	(1.79)	-
Issue of shares pursuant to exercise of share options (refer note 45)	-	-	4.31	-	(1.48)	-	2.83	-	2.83
Payment of dividends	-	-	-	(10.78)	-	-	(10.78)	-	(10.78)
Employee stock compensation expenses	-	-	-	-	(1.31)	-	(1.31)	-	(1.31)
Balance as at March 31, 2022	**-**	**0.01**	**1,216.03**	**273.72**	**1.00**	**(1.89)**	**1,488.87**	**2.31**	**1,491.18**

See accompanying notes forming part of the consolidated financial statements

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

Sathya P Koushik
Partner
Membership Number: 206920

Place : Bengaluru
Date : April 29, 2022

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

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

S Murali Krishna
Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : April 29, 2022

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 April 29, 2022.

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

2.1 Significant accounting policies

(i) Statement of compliance

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

(ii) Basis of measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date."

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

(iii) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not

have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

Details of subsidiaries considered in these consolidated financial statements.

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

Notes

to the consolidated financial statements for the year ended March 31, 2022

(vi) Revenue recognition

Revenue is measured at the amount of consideration which the Group expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government) and is recorded net of provisions for sales discounts and returns, which are established at the time of sale. Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Where the collection of accounts receivable is expected to be after one year from the date of sale, revenues are discounted for the time value of money.

Sale of goods

The Group receives revenue for supply of pharmaceutical products to external customers against orders received. The majority of these contracts contain single performance obligation for supply of goods. The average duration of a customers' order is less than 12 months.

Revenue from sale of goods is recognised upon transfer of control to the customer. The point at which control passes depends on the terms set forth in the customer's contract. Generally, the control is transferred upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the product sold.

Sale of services

Revenue from development services is recognised on achievement of a development milestone and when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime is 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 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 for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

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

(xi) Borrowing costs

Borrowing costs include:

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

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

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

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

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

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

(xii) Employee benefits

Short term obligations

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

Retirement benefit costs and termination benefits

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

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

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

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

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

Defined contribution plan

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

Compensated absences

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

(xiii) Taxation

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

Current tax

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

Deferred tax

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

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

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

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

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

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

Current and deferred tax for the period

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

(xiv) Property, plant and equipment

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

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

Freehold land is not depreciated.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

Building	: 10 - 60 years
Plant & Machinery	: 8 - 20 years
Vehicle	: 5 years
Office Equipment	: 3 - 5 years

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

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

(xv) Investment property

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

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

(xvi) Intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

Derecognition of intangible assets

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

Useful lives of intangible assets

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

Product portfolio	: 10 years
Software Licenses	: 3 - 5 years
Registration and brands	: 5 - 10 years

(xvii) Impairment of assets

Impairment of financial assets:

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

Impairment of goodwill

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

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

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

Impairment of non-financial assets other than goodwill

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

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

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

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

(xviii) Inventories

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

Raw materials, packing materials and consumables: weighted average basis

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

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

Stock-in trade: weighted average basis

(xix) Provisions

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

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

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

Onerous contracts

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

(xx) Contingent liabilities

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

(xxi) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities

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

Initial recognition and measurement:

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

Subsequent measurement:

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

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

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

Derecognition of financial assets and liabilities:

The Group derecognises the financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of the ownership of the asset to the other entity . If the Group neither transfers nor retains substantially all risks and rewards of ownership and continues to control the transferred asset , the Group 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 collaterised borrowing for the proceeds received. Financial liabilities are derecognised when these are extinguished , that is when the obligation is discharged, cancelled or has expired.

Equity instruments

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

(xxii) Operating Cycle

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

(xxiii) 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.

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.

NOTE NO. 3 PROPERTY, PLANT AND EQUIPMENT

₹ in Crores

Particulars	Gross block					Accumulated depreciation					Net block	
	As at April 01, 2021	Additions	Disposals	Reclassification*	As at March 31, 2022	As at April 01, 2021	Depreciation for the year	Eliminated on disposal	Reclassification*	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Freehold Land	77.36	0.89	-	-	78.25	-	-	-	-	-	78.25	77.36
	(63.78)	(13.58)	-	-	(77.36)	-	-	-	-	-	(77.36)	(63.78)
Leasehold Improvements	14.67	0.33	-	-	15.00	9.26	2.60	-	-	11.86	3.14	5.41
	(14.56)	(0.11)	-	-	(14.67)	(6.56)	(2.70)	-	-	(9.26)	(5.41)	(8.00)
Buildings	272.73	19.25	0.22	-	291.76	31.57	12.07	0.05	-	43.59	248.17	241.16
	(247.71)	(22.21)	-	(2.81)	(272.73)	(20.35)	(10.99)	-	(0.23)	(31.57)	(241.16)	(227.36)
Plant and equipments	699.20	61.98	1.86	-	759.32	190.55	72.19	1.23	-	261.51	497.81	508.65
	(649.28)	(52.54)	(2.62)	-	(699.20)	(122.86)	(69.54)	(1.85)	-	(190.55)	(508.65)	(526.42)
Furniture and fixtures	6.84	0.25	-	-	7.09	2.43	0.81	-	-	3.24	3.85	4.41
	(6.77)	(0.08)	(0.01)	-	(6.84)	(1.59)	(0.84)	-	-	(2.43)	(4.41)	(5.18)
Vehicles	1.32	0.07	-	-	1.39	0.66	0.20	-	-	0.86	0.53	0.66
	(1.01)	(0.32)	(0.01)	-	(1.32)	(0.48)	(0.19)	(0.01)	-	(0.66)	(0.66)	(0.53)
Office equipments	36.67	1.96	0.03	-	38.60	22.40	5.69	0.02	-	28.07	10.53	14.27
	(33.39)	(3.38)	(0.10)	-	(36.67)	(15.87)	(6.60)	(0.07)	-	(22.40)	(14.27)	(17.52)
Total	**1,108.79**	**84.73**	**2.11**	**-**	**1,191.41**	**256.87**	**93.56**	**1.30**	**-**	**349.13**	**842.28**	**851.92**
Previous year	**(1,016.50)**	**(92.22)**	**(2.74)**	**(2.81)**	**(1,108.79)**	**(167.71)**	**(90.86)**	**(1.93)**	**(0.23)**	**(256.87)**	**(851.92)**	**(848.79)**

* Reclassified from investment property.

Notes:

(i) Figures in brackets relates to previous year.

(ii) Refer note 22 for properties, plant and equipment pledged as security towards borrowings by the Group.

(iii) The title deeds of freehold land and building (as at March 31, 2022 gross block ₹ 171.12 Crores and net block of ₹ 149.27 Crores) (as at March 31, 2021: gross block ₹ 202.88 Crores and net block of ₹ 182.30 Crores) capitalised in the books of the Company are in the name of erstwhile Companies as given below. The Company is in the process transferring the title deeds of such properties in its name.

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property Plant and Equipment	Freehold Land	0.21 (0.21)	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Buildings	83.00 (78.34)	Shasun Drugs wholly owned by Messrs . Shasun Chemicals (Madras) Pvt. Ltd.	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	0.33 (0.33)	Shasun Chemicals and Drugs Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	2.09 (2.09)	Strides Shasun Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	52.18 (52.18)	Sequent Scientific Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Buildings	33.11 (42.89)	Sequent Scientific Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	0.16 (0.16)	Shasun Pharmaceuticals Limited	No	October 1, 2017	The title deeds are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The company is in the process of transferring in its name.
Property Plant and Equipment	Freehold Land	0.04 (0.04)	C. Baskar Rao	No	October 1, 2017	The title deeds are in the name of erstwhile employee of the Company. The company is in the process of transferring in its name.
Property Plant and Equipment	Buildings	- (26.64)	Strides Chemicals Private Limited	No	April 1, 2019	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. The title deeds have been transferred to the Company's name during the current financial year.
Total		**171.12**				
Previous year		**(202.88)**				

Notes

to the consolidated financial statements for the year ended March 31, 2022

NOTE NO. 4 LEASES

(i) Right-of-use assets

₹ in Crores

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Depreciation for the year	Eliminated on disposal	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Leasehold Land	59.85	-	-	59.85	2.92	1.58	-	4.50	55.35	56.93
	(59.74)	(0.11)	-	(59.85)	(1.34)	(1.58)	-	(2.92)	(56.93)	(58.40)
Buildings	9.68	-	-	9.68	7.31	1.23	-	8.54	1.14	2.37
	(10.29)	-	(0.61)	(9.68)	(6.39)	(1.37)	(0.45)	(7.31)	(2.37)	(3.90)
Total	**69.53**	**-**	**-**	**69.53**	**10.23**	**2.81**	**-**	**13.04**	**56.49**	**59.30**
Previous year	**(70.03)**	**(0.11)**	**(0.61)**	**(69.53)**	**(7.73)**	**(2.95)**	**(0.45)**	**(10.23)**	**(59.30)**	**(62.30)**

Notes:

(i) Figures in brackets relates to previous year.

(ii) Lease liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	13.82	15.17
Addition	-	-
Accretion of interest	1.44	1.56
Payments	(2.46)	(2.60)
Deletion	-	(0.31)
Closing balance	**12.80**	**13.82**
Maturity analysis:		
- Year 1	2.43	2.47
- Year 2	0.87	2.43
- Year 3	0.92	0.87
- Year 4	0.96	0.92
- Year 5	1.01	0.96
- Year 6 onwards	51.30	52.30
- Less: Unmatured finance charges	(44.69)	(46.13)
Total	**12.80**	**13.82**
Non-current	10.70	11.77
Current	2.10	2.05

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation charge on Right-of-use asset	2.81	2.95
Finance cost: Interest expense	1.44	1.56
Short term lease payments (Refer Note (i) below)	2.49	2.97

Note:

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

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Cash outflows for lease payments	2.46	2.60

NOTE NO. 5 CAPITAL WORK IN PROGRESS

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	87.98	40.47
Add: Additions	238.72	141.78
Less: Capitalised	(88.05)	(94.27)
Closing balance	**238.65**	**87.98**

Notes:

(i) Ageing of Capital work in progress:

₹ in Crores

Particulars	Amount in Capital work in progress for a period of				As at 31st March, 2022	As at 31st March, 2021
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Project in progress	178.71	55.08	4.87	-	238.65	(87.98)
	(80.57)	(6.77)	(0.02)	(0.62)	(87.98)	
Total	**178.71**	**55.08**	**4.87**	**-**	**238.65**	**(87.98)**
Previous year	**(80.57)**	**(6.77)**	**(0.02)**	**(0.62)**	**(87.98)**	

As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost.

NOTE NO. 6 INVESTMENT PROPERTY

₹ in Crores

Particulars	Gross block					Accumulated depreciation				Net block	
	As at April 01, 2021	Additions	Disposals	Reclassification*	As at March 31, 2022	As at April 01, 2021	Depreciation for the year	Reclassification*	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Land	8.24	-	-	-	8.24	-	-		-	8.24	8.24
	(8.24)	-	-	-	(8.24)	-	-	-	-	(8.24)	(8.24)
Buildings	19.21	-	-	-	19.21	2.16	0.68	-	2.84	16.37	17.05
	(21.95)	(0.07)	-	(2.81)	(19.21)	(1.71)	(0.68)	(0.23)	(2.16)	(17.05)	(20.24)
Total	**27.45**	**-**	**-**	**-**	**27.45**	**2.16**	**0.68**	**-**	**2.84**	**24.61**	**25.29**
Previous year	**(30.19)**	**(0.07)**	**-**	**(2.81)**	**(27.45)**	**(1.71)**	**(0.68)**	**(0.23)**	**(2.16)**	**(25.29)**	**(28.48)**

* Reclassified to Property, plant and equipment.

Notes:

(i) Figures in brackets relates to previous year.

(ii) Refer note 22 for investment properties pledged as security towards borrowings by the Group.

(iii) The title deeds of investment property (as at March 31, 2022 gross block ₹ 3.02 Crores and net block of ₹ 2.58 Crores) (as at March 31, 2021: gross block ₹ 10.62 Crores and net block of ₹ 9.52 Crores) capitalised in the books of the Group are in the name of erstwhile Companies as given below. The Group is in the process transferring the title deeds of such properties in its name.

Notes

to the consolidated financial statements for the year ended March 31, 2022

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in the name of	Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Investment Property	Buildings	3.02 (3.02)	Sequent Scientific Limited	No	October 1, 2017	The title deeds of land and building are in the name of transferor Companies, which were transferred to the Company pursuant to the Composite Scheme of Arrangement as approved by the National Company Law Tribunal. The Company is in the process of transferring the title deeds of such properties in its name.
Investment Property	Buildings	- (7.60)	Strides Chemicals Private Limited	No	April 1, 2019	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. The title deeds have been transferred to the Company's name during the current financial year.
Total		**3.02**				
Previous year		**(10.62)**				

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

₹ in Crores

Particulars	Gross block		Net block	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Land	8.24	8.24	8.24	8.24
Buildings	19.21	19.21	16.37	17.05

(vii) Fair value of investment properties:

The Group obtains independent valuations for its investment properties once in three years. The latest fair value of the Group's investment properties were carried out as at March 31, 2021 which indicated fair value of ₹ 80.67 Crores on the basis of a valuation carried out by independent valuers. The said valuers are registered with the authority which governs valuers in India and have appropriate qualifications and relevant experience in the valuation of properties in the relevant locations.

The inputs used are as follows:

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

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

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Depreciation charge on investment properties	0.68	0.68
Other income: Rental income	5.59	5.70

NOTE NO. 7 GOODWILL

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Goodwill	365.09	365.09
Total	**365.09**	**365.09**

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
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, 2022:
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 17.5% (March 31, 2021: 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 2.75% (March 31, 2021: 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	2.75% decrease (5% decrease)
Post tax discount rate	3.7% increase (3.8% increase)
Expected net revenue growth rates	3% decrease for short term and 1.5% decrease for long term (10% decrease for short term and 3% 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, 2022

NOTE NO. 8 OTHER INTANGIBLE ASSETS

₹ in Crores

Particulars	Gross block				Accumulated amortisation				Net block	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Amortisation for the year	Eliminated on disposal	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Registrations and brands	4.33	-	-	4.33	1.17	0.44	-	1.61	2.72	3.16
	(4.33)	-	-	(4.33)	(0.73)	(0.44)	-	(1.17)	(3.16)	(3.60)
Product portfolio (Refer note (ii) below)	105.50	-	-	105.50	37.20	10.64	-	47.84	57.66	68.30
	(105.50)	-	-	(105.50)	(26.56)	(10.64)	-	(37.20)	(68.30)	(78.94)
Software and licenses	21.46	3.32	0.19	24.59	12.94	4.19	0.10	17.03	7.56	8.52
	(19.59)	(1.87)	-	(21.46)	(9.85)	(3.09)	-	(12.94)	(8.52)	(9.74)
Total	**131.29**	**3.32**	**0.19**	**134.42**	**51.31**	**15.27**	**0.10**	**66.48**	**67.94**	**79.98**
Previous year	**(129.42)**	**(1.87)**	**-**	**(131.29)**	**(37.14)**	**(14.17)**	**-**	**(51.31)**	**(79.98)**	**(92.28)**

Notes:

(i) Figures in brackets relates to previous year.

(ii) The remaining amortisation period of product portfolio as at March 31, 2022 is 5.5 years (March 31, 2021: 6.5 years).

NOTE NO. 9 INVESTMENTS

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Investments carried at amortised cost:		
Equity shares, unquoted		
Tulysan Nec Limited, India	0.01	0.01
- 3,750 (As at March 31, 2021 - 3,750) shares of ₹ 10 each fully paid up		
Watsun Infrabuild Private Limited, India	0.37	0.37
- 3,68,694 (As at March 31, 2021 - 3,68,694) shares of ₹ 10 each fully paid up		
Vaayu Renewable Energy (Muthamalpuram) Pvt. Ltd.	0.00	-
- 2,600 (As at March 31, 2021 - Nil) shares of ₹ 10 each fully paid up		
SIPCOT Industrial Common Utilities Limited, India	0.04	0.04
- 4,242 (As at March 31, 2021 - 4,242) shares of ₹ 100 each fully paid up		
Total	**0.42**	**0.42**
Aggregate amount of unquoted investments	0.42	0.42
Aggregate amount financial assets carried at cost	-	-
Aggregate amount financial assets carried at amortised cost	0.42	0.42

Note:

(i) During the current year, the Company has invested in 2600 shares of ₹ 10 each of Vaayu Renewable Energy (Muthamalpuram) Pvt. Ltd

NOTE NO. 10 LOANS

(i) Non-current loans

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Loans to employees	0.27	0.15
Total	**0.27**	**0.15**

(ii) Current loans

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Loans to employees	1.58	1.65
Loan to related party	50.00	-
Total	**51.58**	**1.65**

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

₹ in Crores

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

(iv) Loans to Promoters, Directors, KMP and Related Parties as at 31st March, 2021

₹ in Crores

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

NOTE NO. 11 OTHER FINANCIAL ASSETS

(i) Non-current financial assets

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Security deposits	12.52	11.66
Total	**12.52**	**11.66**

(ii) Current financial assets

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Interest accrued on deposit	1.38	4.84
Interest accrued on loans given	1.17	-
Incentives receivables	6.94	15.76
Insurance claim receivables	0.04	7.17
Total	**9.53**	**27.77**

NOTE NO. 12

(i) Deferred tax balances

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred tax assets	135.99	108.30
Deferred tax liabilities	(80.85)	(82.69)
Deferred tax assets/ (liabilities) (net)	**55.14**	**25.61**

Notes

to the consolidated financial statements for the year ended March 31, 2022

(ii) Deferred tax assets/(liabilities) (net)

₹ in Crores

2021-22	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Adjusted with Provision for tax	Closing balance
Property, plant and equipment	(70.49)	1.04	-	-	(69.45)
Intangible assets - other than goodwill	(12.20)	0.80	-	-	(11.40)
Right-of-use assets	3.95	0.41	-	-	4.36
Provision for employee benefits	15.90	0.34	(1.08)	-	15.16
Provision for doubtful receivables	5.99	3.46	-	-	9.45
Carry forward business loss and unabsorbed depreciation	10.09	26.98	-	-	37.07
MAT Credit entitlement	72.37	(0.05)	-	(2.37)	69.95
Total	**25.61**	**32.98**	**(1.08)**	**(2.37)**	**55.14**

₹ in Crores

2020-21	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Adjusted with Provision for tax	Closing balance
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	(0.04)	-	-	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	22.02	(11.93)	-	-	10.09
MAT Credit entitlement	34.95	37.82	0.88	(1.28)	72.37
Total	**(11.76)**	**38.66**	**-**	**(1.28)**	**25.61**

Notes:

(i) The Group has presently, decided not to opt for the New Tax Regime inserted as section 115BAA of the Income-tax Act, 1961 and enacted by the Taxation Laws (Amendment) Ordinance, 2019 ('the Ordinance') which is applicable from Financial Year beginning April 1, 2019. Company has accordingly applied the existing tax rates in the financial statements for the year ended March 31, 2022.

(ii) Under the Indian Income Tax Act, 1961, the Group is liable to pay Minimum Alternate Tax (MAT). MAT paid can be carried forward for a certain period and can be set off against the future tax liabilities. MAT is recognised as deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefits associated with the asset will be realised.

(iii) During FY 2017-18, the Group acquired the Human API and Commodity API businesses vide a NCLT approved Scheme of demerger. For purposes of recognising tax expenses and deferred tax balances in the books of account, the Group has considered Goodwill as non-tax deductible and the Group continued to apply the initial recognition exemption under Ind AS 12 "Income taxes".

(iv) Based on legal advice received by the Group, the Group has claimed in its income tax returns, depreciation on Goodwill and Product Portfolios relating to both businesses acquired through the aforesaid demerger. These claims 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, 2022, the potential unrecognised tax credits in respect of the above amount to ₹ 562.74 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 40, regarding income tax litigations.

NOTE NO. 13 INCOME TAX ASSETS (NET)

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Advance income tax (net of provisions)	18.29	0.17
Total	**18.29**	**0.17**

NOTE NO. 14 OTHER ASSETS

(i) Other non-current assets

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Capital advances	22.70	39.66
Advances to others	7.55	7.55
Prepaid expenses	0.48	0.23
Balances with government authorities		
- VAT/CST refund receivable	0.82	0.94
Considered doubtful - unsecured:		
Capital advances	0.61	0.47
Less: Allowance for doubtful advances	(0.61)	(0.47)
	-	-
Total	**31.55**	**48.38**

(ii) Other current assets

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Considered good - unsecured:		
Advances to suppliers	4.41	5.51
Advances to employees	0.44	0.16
Prepaid expenses	8.41	15.65
Balances with government authorities:		
- GST credit & other receivable	52.44	29.51
Considered doubtful - unsecured:		
Advances to suppliers	0.12	0.26
Less: Allowance for doubtful advances	(0.12)	(0.26)
	-	-
Total	**65.70**	**50.83**

Notes

to the consolidated financial statements for the year ended March 31, 2022

NOTE NO. 15 INVENTORIES

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Raw materials	128.56	92.05
- Goods-in-transit	2.54	17.45
Work-in-progress	249.65	148.09
Finished goods	188.17	30.98
Stores and spares	6.63	6.40
Total	**575.55**	**294.97**

Note:

(i) As at March 31,2022, inventories have been written down to net realisable value amounted to ₹ 6.83 Crores (As at March 31, 2021: ₹ 14.70 Crores)

NOTE NO. 16 TRADE RECEIVABLES

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables considered good - unsecured	489.67	483.87
Trade receivables - credit impaired	10.54	1.72
	500.21	**485.59**
Less: Allowances for credit loss	(10.54)	(1.72)
Total	**489.67**	**483.87**

Notes:

(i) Outstanding for the following period from due date of payments:

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

(ii) Outstanding for the following period from due date of payments:

Particulars	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
(i) Undisputed Trade Receivables - Considered Good	483.14	0.72	-	-	-	483.87
(ii) Undisputed Trade Receivables - credit impaired	-	0.10	0.29	1.05	0.28	1.72
Total	**483.14**	**0.82**	**0.29**	**1.05**	**0.28**	**485.59**

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

(iv) Movement in expected credit loss allowance:

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	1.72	2.18
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	8.82	(0.46)
Closing balance	**10.54**	**1.72**

NOTE NO. 17 CASH AND CASH EQUIVALENTS

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	0.04	0.05
Balance with banks:		
- In current accounts	3.87	3.18
- In deposit accounts	42.47	194.46
Total	**46.38**	**197.69**

NOTE NO. 18 OTHER BALANCES WITH BANKS

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
In earmarked accounts:		
Unpaid dividend accounts	0.17	0.15
Balance held as margin money		
- against working capital facilities with banks	0.70	0.70
Total	**0.87**	**0.85**

NOTE NO. 19 EQUITY SHARE CAPITAL

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised		
120,000,000 equity shares of ₹ 10/- each with voting rights	120.00	120.00
(March 31, 2021: 120,000,000 equity shares of ₹ 10/- each)		
	120.00	**120.00**
Issued, subscribed and fully paid-up		
35,996,267 equity shares of ₹10/- each with voting rights	36.00	35.93
(March 31, 2021: 35,929,767 equity shares of ₹ 10/- each)		
Total	**36.00**	**35.93**

(i) Reconciliation of number of shares and amount outstanding

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Equity share capital				
Equity share of ₹ 10/- each				
Opening balance	**35,929,767**	**35.93**	**26,855,267**	**26.86**
Issue of shares pursuant to pursuant to exercise of warrants (Refer note 19 (vi))	-	-	8,600,000	8.60
Issue of shares pursuant to pursuant to exercise of stock options (Refer note 45)	66,500	0.07	474,500	0.47
Closing balance	**35,996,267**	**36.00**	**35,929,767**	**35.93**

Notes

to the consolidated financial statements for the year ended March 31, 2022

(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, 2022		As at March 31, 2021	
	No. of shares	%	No. of shares	%
TPG Growth IV SF Pte. Ltd.	4,130,321	11.47%	5,466,816	15.22%
Arun Kumar Pillai	3,168,463	8.80%	3,168,463	8.82%
Karuna Business Solutions LLP	2,841,370	7.89%	2,812,121	7.83%
Pronomz Ventures LLP	2,121,243	5.89%	3,190,831	8.88%

(iv) Shares held by promoters at the end of the year:

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% change during the year
Arun Kumar Pillai	3,168,463	-	3,168,463	8.80%	0.00%
Karuna Business Solutions LLP	2,812,121	29,249	2,841,370	7.89%	1.04%
Pronomz Ventures LLP	3,190,831	(1,069,588)	2,121,243	5.89%	-33.52%
SRJR Enterprise LLP	1,700,100	-	1,700,100	4.72%	0.00%
K R Ravishankar	1,325,260	-	1,325,260	3.68%	0.00%
Chayadeep Ventures LLP	1,005,000	-	1,005,000	2.79%	0.00%
Agnus Capital LLP	849,635	-	849,635	2.36%	0.00%
Chayadeep Properties Private Limited	525,730	-	525,730	1.46%	0.00%
Devicam Capital LLP	151,546	-	151,546	0.42%	0.00%
Karuna Ventures Private Limited	103,333	-	103,333	0.29%	0.00%
Agnus Holdings Pvt Ltd	72,181	-	72,181	0.20%	0.00%
Deepa Arun Kumar	53,500	-	53,500	0.15%	0.00%
Tarini Arun Kumar	53,333	-	53,333	0.15%	0.00%
Aditya Arun Kumar	53,333	-	53,333	0.15%	0.00%
Vineetha Mohanakumar Pillai	49,166	-	49,166	0.14%	0.00%
Padmakumar Karunakaran Pillai	51,393	(10,000)	41,393	0.11%	-19.46%
Hemalatha Pillai	35,813	-	35,813	0.10%	0.00%
Sajitha Pillai	33,333	-	33,333	0.09%	0.00%
Rajitha Gopalakrishnan	27,500	-	27,500	0.08%	0.00%
K R Lakshmi	21,727	-	21,727	0.06%	0.00%
Yalavarthy Usha Rani	6,000	(6,000)	-	0.00%	-100.00%
Triumph Venture Holdings LLP	5,989	(5,989)	-	0.00%	-100.00%
Agraganya Private Trust	-	61,224	61,224	0.17%	
Total	**15,295,287**	**(1,001,104)**	**14,294,183**		

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of shares	₹ in Crores	No. of shares	₹ in Crores
Towards employee stock options	406,778	0.41	473,278	0.47

(vi) 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 previous 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, 2022	As at March 31, 2021
Capital reserve	20 (i)	0.01	0.01
Securities premium account	20 (ii)	1,216.03	1,211.72
Retained earnings	20 (iii)	273.72	338.85
Share options outstanding account	20 (iv)	1.00	3.79
Share application money pending allotment (Refer note 19 (vi))	20 (v)	-	-
Foreign currency translation reserve	20 (vi)	(1.89)	(1.77)
Total		**1,488.87**	**1,552.60**

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
(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	1,211.72	820.55
Add: Premium on shares issued during the year pursuant to exercise of warrants (Refer note 19 (vi))	-	375.40
Add: Premium on shares issued during the year pursuant to exercise of options (Refer note 45)	4.31	15.77
Closing balance	**1,216.03**	**1,211.72**
(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	338.85	139.70
Add: Net profit attributable to owners of the Company	(58.15)	221.40
Add: Non-controlling interests acquired during the year	1.79	-
Less: Dividend paid	(10.78)	(19.72)
Add: Other comprehensive income arising from measurement of defined benefit obligation (net of tax)	2.01	(2.53)
Closing balance	**273.72**	**338.85**

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
(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	3.79	4.73
Add: Employee stock compensation expenses	(1.31)	5.14
Less: Transferred to securities premium account on exercise (net)	(1.48)	(6.08)
Closing balance	**1.00**	**3.79**
Note: Employee stock compensation expenses for the year ended March 31, 2022 is negative as it is net-off of stock options lapsed during the year.		
(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
Add: Share application money received on account of exercise of warrants (Refer note 19 (vi))	-	288.00
Less: Issue of shares pursuant to exercise of warrants (Refer note 19 (vi))	-	(384.00)
Closing balance	**-**	**-**
Total Reserves and surplus (A)	**1,490.76**	**1,554.37**
(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	(1.77)	(1.90)
Add / (Less): Movement during the period	(0.12)	0.13
Closing balance	**(1.89)**	**(1.77)**
Total items of other comprehensive income (B)	**(1.89)**	**(1.77)**
Attributable to equity holders of the Company [A + B]	**1,488.87**	**1,552.60**

Notes:

Distributions made:

(i) The amount of per share dividend (aggregate of interim and final) recognised as distributions to equity shareholders for the year ended March 31, 2022 and March 31, 2021 was ₹ Nil and ₹ 7/- (interim dividend - ₹ 4/- and final dividend - ₹ 3/-) respectively

(ii) The Board of Directors at their meeting held on May 06, 2021 had recommended a final dividend of ₹ 3/- per equity share of ₹ 10/- each for the financial year ended March 31, 2021 which was approved by the shareholders at the Annual General Meeting held on August 25, 2021. The aforesaid dividend was paid during the 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 for the financial year ended March 31, 2021 which was approved by the shareholders at the Annual General Meeting held on August 25, 2021. The aforesaid dividend was paid during the previous year.

(iv) 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 4, 2020. The aforesaid dividend was paid during the previous year.

NOTE NO. 21 NON-CONTROLLING INTERESTS

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Opening balance	4.24	4.29
Add: Profit for the year	(0.14)	(0.05)
Less: Non-controlling interests acquired during the year transferred to Retained earnings	(1.79)	-
Closing balance	**2.31**	**4.24**

NOTE NO. 22 BORROWINGS

(i) Non-current borrowings

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Secured		
Term loans from banks (Refer note (i) to (vi) below)	245.81	154.83
Term loans from others (Refer note (vii) below)	37.23	-
Total	**283.04**	**154.83**

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

₹ in Crores

Terms of repayment and security	As at March 31, 2022	As at March 31, 2021
(i) Term loans from banks: Loan 1		
Non-current borrowings	118.10	21.51
Current maturities of non-current borrowings	47.45	3.95
Security: First paripassu charge on all the movable and immovable fixed Assets (except lease hold land) (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 1.65% p.a Repayment terms: ₹ 3.95 Cr per month starting from Mar 22		
(ii) Term loans from banks: Loan 2		
Non-current borrowings	29.64	38.51
Current maturities of non-current borrowings	8.90	1.41
Security: First Paripassu Charge on the Movable and Immovable Fixed Assets (except lease hold land at Cuddalore , Vizag & Ambernath) of the Company and Second Charge on Current Assets of the Company. Rate of interest: - 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	63.51	-
Current maturities of non-current borrowings	6.25	-
Security: First paripassu charge on the movable and immovable fixed assets (except lease hold land at Cuddalore , Vizag & Ambernath) and second paripassu charge on current assets. Rate of interest: - 6 Month MCLR plus spread p.a - 8.35% p.a Repayment terms: ₹ 1.22 Cr per month starting from Nov 22		
(iv) Term loans from banks: Loan 4		
Non-current borrowings	-	12.11
Current maturities of non-current borrowings	12.50	37.50
Security: First paripassu charge on all moveable & immoveable fixed assets (except lease hold land at Cuddalore , Vizag & Ambernath) and second paripassu charge on all current assets. Rate of interest: - 9.70% p.a Repayment terms: ₹ 3.13 Cr per month		
(v) Term loans from banks: Loan 5		
Non-current borrowings	31.55	51.45
Current maturities of non-current borrowings	20.00	20.01

Notes

to the consolidated financial statements for the year ended March 31, 2022

₹ in Crores

Terms of repayment and security	As at March 31, 2022	As at March 31, 2021
Security: First paripassu charge on all moveable & immoveable fixed assets (except lease hold land at Cuddalore , Vizag & Ambernath)and second paripassu charge on all current assets. Rate of interest: - 10.5% p.a Repayment terms: ₹ 1.67 Cr per month		
(vi) Term loans from banks: Loan 6		
Non-current borrowings	3.11	31.25
Current maturities of non-current borrowings	28.33	28.33
Security: First paripassu charge by way of mortgage on immoveable fixed Assets (except lease hold land at Cuddalore , Vizag & Ambernath) of the Company both present & future. First paripassu charge by way of hypothecation over moveable fixed assets of the Company both present & future. Second paripassu charge by way of hypothecation over entire current assets of the Company both present & future. Rate of interest: IDFC Bank MCLR plus Spread Repayment terms: ₹ 2.36 Cr per month		
(vii) Term loans from others: Loan 7		
Non-current borrowings	37.13	-
Current maturities of non-current borrowings	8.20	-
Security: First paripassu charge on all fixed assets (except lease hold land at Cuddalore, Vizag & Ambernath) of the Company present & future including intangible Assets, second paripassu on all current assets of the Company both present & future. Rate of interest: 9.00% p.a Repayment terms: ₹ 1.04 Cr per month		

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Disclosed under non-current borrowings	283.04	154.83
Disclosed under current borrowings		
-Current maturities of non-current borrowings	131.63	91.20

During the financial year ended March 31, 2022, for non-current borrowings aggregating to ₹ 414.67 crores (including current maturities of non-current borrowings), some of the financial covenants have been breached mainly due to temporary softness in demand for some of the key products in the regulated markets. The Group has made representation to the lenders considering the special circumstances to waive from the testing of financial covenants for the year ended March 31, 2022.

(ii) Current borrowings

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Secured loans repayable on demand from banks:		
Working capital loans	609.90	360.88
Current maturities of non-current borrowings (Refer note 22(i))	131.63	91.20
Total	**741.53**	**452.08**

Details of security for the current borrowings repayable on demand:

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

b) Rate of interest for INR borrowings ranges from 8.45% to 10.50%

c) Rate of interest for USD borrowings ranges from 1.71% to 3.26%

NOTE NO. 23 OTHER FINANCIAL LIABILITIES

(i) Other non-current financial liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits	0.42	0.42
Total	**0.42**	**0.42**

(ii) Other current financial liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	0.92	0.48
Unclaimed dividends*	0.17	0.15
Other payables:		
Payables on purchase of property, plant and equipment	16.73	3.59
Total	**17.82**	**4.22**

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

NOTE NO. 24 PROVISIONS

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits:		
Compensated absences	12.93	13.19
Total	**12.93**	**13.19**
Non-current	9.49	11.36
Current	3.44	1.83

NOTE NO. 25 OTHER LIABILITIES

(i) Other non-current liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Contract liability:		
Advance from customers	22.94	27.17
Income received in advance (unearned revenue)	0.19	1.32
Provision for employee benefits:		
Gratuity (Refer note 41)	27.58	25.20
Total	**50.71**	**53.69**

(ii) Other current liabilities

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Contract liability:		
Advance from customers	15.75	12.50
Income received in advance (unearned revenue)	1.06	1.60
Other payables:		
- Advance rentals	1.17	1.17
- Statutory liabilities	4.23	3.86
Total	**22.21**	**19.13**

Note:

(i) During the year ended March 31, 2022, the Group recognised revenue of ₹ 8.43 Crores (As at March 31, 2021: ₹ 16.21 Crores) arising from opening contract liability as of April 1, 2021.

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to the consolidated financial statements for the year ended March 31, 2022

NOTE NO. 26 TRADE PAYABLES

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Trade payables:		
Dues of micro and small enterprises (Refer note (iii) below)	8.07	5.81
Dues of other than micro and small enterprises	275.49	303.48
Total	**283.56**	**309.29**

Note:

(i) Outstanding for the following period from due date of payments

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2022
(i) MSME	-	8.07	-	-	-	8.07
(ii) Others	61.47	206.66	6.13	0.23	1.00	275.49
Total	**61.47**	**214.73**	**6.13**	**0.23**	**1.00**	**283.56**

(ii) Outstanding for the following period from due date of payments:

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2021
(i) MSME	-	5.81	-	-	-	5.81
(ii) Others	77.04	222.93	1.55	0.89	1.07	303.48
Total	**77.04**	**228.74**	**1.55**	**0.89**	**1.07**	**309.29**

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
(i) The principal amount due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	8.07	5.81
(ii) The interest due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	-	-
(iii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
(v) The amount of interest accrued and remaining un-paid at the end of each accounting year	-	-
(vi) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purposes of disallowance as a deductable expenditure under the MSMED Act, 2006	-	-

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

NOTE NO. 27 CURRENT INCOME TAX LIABILITIES (NET)

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for tax (net of advance tax)	0.33	0.14
Total	**0.33**	**0.14**

NOTE NO. 28 REVENUE FROM OPERATIONS

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Sale of products	1,207.44	1,563.85
Sale of services	23.11	11.88
Other operating revenues (Refer note (i) below)	37.79	41.15
Total	**1,268.34**	**1,616.88**

Disaggregated revenue information

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

₹ in Crores

	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from contracts with customers		
Asia Pacific	841.28	906.79
Europe	219.14	392.00
North America	33.89	150.59
South America	44.42	99.41
Rest of the World	91.82	26.94
Subtotal	**1,230.55**	**1,575.73**
Revenue from other sources		
Other operating revenues	37.79	41.15
Subtotal	37.79	41.15
Total	**1,268.34**	**1,616.88**

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

(b) Revenue from major customers

Revenue from one customer of the Group is Nil (March 31, 2021 - ₹ 220.23 Crores) which is individually more than 10 percent of the Company's total revenue.

(i) Other operating revenue comprises:

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Export incentives	5.06	20.08
Share of profit	1.60	2.09
Sale of by-products and scrap	29.31	16.39
Support service income	1.82	2.59
Total	**37.79**	**41.15**

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.

Notes

to the consolidated financial statements for the year ended March 31, 2022

NOTE NO. 29 OTHER INCOME

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest income (Refer note (i) below)	7.76	14.22
Rental income from investment properties	5.59	5.70
Other non-operating income		
- Liabilities / provisions no longer required written back	1.75	3.82
- Profit on sale of property, plant and equipment (net)	-	2.00
- Exchange gain (net)	2.42	-
- Insurance claims	0.46	0.27
- Others	2.04	2.76
Total	**20.02**	**28.77**

Note:

(i) Interest income comprises:

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest from banks on deposits	3.42	12.35
Interest on loans and advances	3.95	-
Interest from others	0.39	1.87
Total	**7.76**	**14.22**

NOTE NO. 30 COST OF MATERIALS CONSUMED

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening stock	109.50	97.53
Add: Purchases	880.46	695.74
Less: Closing stock	(131.10)	(109.50)
Cost of materials consumed	**858.86**	**683.77**

NOTE NO. 31 PURCHASE OF STOCK-IN-TRADE

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Traded goods	53.78	42.80
Total	**53.78**	**42.80**

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

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inventories at the end of the year:		
- Finished goods	188.17	30.98
- Work-in-progress	249.65	148.09
	437.82	**179.07**
Inventories at the beginning of the year:		
- Finished goods	30.98	30.63
- Work-in-progress	148.09	146.29
	179.07	**176.92**
Net (increase) / decrease	**(258.75)**	**(2.15)**

Notes

to the consolidated financial statements for the year ended March 31, 2022

NOTE NO. 33 EMPLOYEE BENEFITS EXPENSE

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries and wages	196.79	188.02
Contribution to provident and other funds (Refer note 41)	18.92	17.54
Share based payments (Refer note 45)	(1.31)	5.14
Other employee benefits	21.94	18.67
Total	**236.34**	**229.37**

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

NOTE NO. 34 FINANCE COSTS

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest costs:		
- Interest on bank overdrafts and loans	72.01	77.89
- Delayed payment of income tax	0.34	0.01
- Other interest expense	3.24	3.90
- Less: Amounts included in the cost of qualifying assets	(8.31)	(1.56)
Exchange difference regarded as an adjustment to borrowing costs	5.14	0.10
Other finance costs	2.86	4.14
Total	**75.28**	**84.48**

NOTE NO. 35 DEPRECIATION AND AMORTISATION EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Depreciation of property, plant and equipment (Refer note 3)	93.56	90.86
Depreciation of investment properties (Refer note 6)	0.68	0.68
Depreciation of right-of-use assets (Refer note 4(i))	2.81	2.95
Amortisation of intangible assets (Refer note 8)	15.27	14.17
Total	**112.32**	**108.66**

NOTE NO. 36 OTHER EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Subcontracting	16.47	15.73
Power and fuel	92.12	84.06
Water	1.58	1.36
Rent including lease rentals	2.49	2.97
Repairs and maintenance:		
- Buildings	2.60	2.85
- Machinery	18.07	15.79
- Others	33.33	27.39
Insurance	13.33	8.59
Rates and taxes	1.93	1.54
Communication	1.87	2.34
Travelling and conveyance	2.91	2.27
Printing and stationery	2.22	2.19

Notes

to the consolidated financial statements for the year ended March 31, 2022

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Freight and forwarding	24.89	26.26
Sales commission	5.01	5.31
Business promotion	0.38	0.31
Donations and contributions	0.10	1.00
Expenditure on Corporate Social Responsibility	2.58	1.30
Analytical charges	2.70	4.63
Regulatory expenses	4.99	5.97
Legal and professional fees	18.69	21.07
Payments to Statutory auditors (Refer note (i) below)	0.88	0.92
Bad debts written off / Allowance for doubtful trade and other receivables	8.82	-
Loss on sale of property, plant and equipment (net)	0.77	-
Consumption of stores and spares	27.43	29.43
Exchange fluctuation loss (net)	-	1.69
Provision for doubtful advances (net)	-	0.03
Miscellaneous expenses	11.98	12.22
Total	**298.14**	**277.22**

Note:

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

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
- Audit of standalone and consolidated financial statements including limited review	0.66	0.66
- Other services	0.14	0.19
- For audit of financial statements of the subsidiaries of the Group paid to other auditors	0.06	0.06
- Reimbursement of expenses	0.02	0.01
Total	**0.88**	**0.92**

NOTE NO. 37 EXCEPTIONAL ITEMS

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Merger/acquisition and restructing costs	3.49	-
Total	**3.49**	**-**

NOTE NO. 38 TAX EXPENSES

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Current tax		
Current tax expense	0.17	38.80
Deferred tax benefit		
Deferred tax (credit) / expenses	(33.04)	-
MAT credit availed	0.06	(38.65)
Net tax expense	**(32.81)**	**0.15**

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

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit before income taxes:	**(91.10)**	**221.50**
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	**(31.83)**	**77.40**
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	0.81	0.91
Effect on additional tax allowance	(0.59)	(0.86)
Effect of unrecognised tax credits and deductible temporary differences now recognised as deferred tax assets	-	(58.38)
Effect of adjustment on account of depreciation claims in return of income as against depreciation claims considered for book purposes	-	(18.81)
Others (net)	(1.20)	(0.11)
Total income tax expenses / (credits)	**(32.81)**	**0.15**

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

NOTE NO. 39 DETAILS OF RESEARCH AND DEVELOPMENT EXPENDITURE INCURRED (CHARGED TO STATEMENT OF PROFIT AND LOSS)

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Inhouse:		
Salaries and wages	28.42	29.40
Depreciation and amortisation expense	11.53	11.44
Materials	0.48	0.42
Others	25.19	23.09
Total	**65.62**	**64.35**

In addition, the Group has also incurred capital expenditure in such facilities of ₹ 2.96 Crores (March 31, 2021: ₹ 0.64 Crores) which has been capitalised under respective heads in the financial statements.

NOTE NO. 40 COMMITMENTS AND CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
a) Contingent liabilities - Pending Litigations		
(i) Indirect taxes	3.49	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
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
- Property, plant and equipment	63.10	96.76
- Intangible assets	0.29	1.52

Notes

to the consolidated financial statements for the year ended March 31, 2022

NOTE NO. 41 EMPLOYEE BENEFITS PLANS

Defined contribution plan

The Group makes contributions to provident fund and employee state insurance schemes which are defined contribution plans, for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll cost to fund the benefits. The Group recognised ₹13.19 Crores (March 31, 2021: ₹ 12.49 Crores) for provident fund contributions, ₹ 0.23 Crores (March 31, 2021: ₹ 0.23 Crores) for employee state insurance scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes.

Defined benefit plan

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

Composition of the plan assets

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

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

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

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

Particulars	Valuation as at	
	March 31, 2022	March 31, 2021
Discount rate	6.88%	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:

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Service cost:		
Current service cost	4.30	3.85
Net interest expense	1.43	1.20
Components of defined benefit costs recognised in statement of profit and loss	**5.73**	**5.05**
Remeasurement on the net defined benefit liability:		
Return on plan assets [excluding amounts included in net interest expense] (excess) / short return	0.20	0.19
Actuarial (gains) / losses arising from changes in financial assumptions	(0.77)	0.23
Actuarial (gains) / losses arising from experience adjustments	(2.52)	2.11
Components of defined benefit costs recognised in other comprehensive income	**(3.09)**	**2.53**
Total	**2.64**	**7.58**

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

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of funded defined benefit obligation	49.94	49.27
Fair value of plan assets	(22.36)	(24.07)
Funded status	**27.58**	**25.20**
Net liability arising from defined benefit obligation	**27.58**	**25.20**

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Opening defined benefit obligation	49.27	45.17
Expenses recognised in statement of profit and loss		
Current service cost	4.30	3.85
Interest cost	3.01	2.70
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(0.77)	0.23
Actuarial gains and losses arising from experience adjustments	(2.52)	2.11
Benefits paid	(3.35)	(4.79)
Closing defined benefit obligation	**49.94**	**49.27**

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Opening fair value of plan assets	24.07	23.08
Expected return on plan assets	1.58	1.50
Remeasurement gain (loss):		
Contributions from the employer	0.26	4.47
Actuarial (gains) / loss on plan assets	(0.20)	(0.19)
Benefits paid	(3.35)	(4.79)
Closing fair value of plan assets	**22.36**	**24.07**

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

If the discount rate increases (decrease) by 1%, the defined benefit obligation would be ₹ 47.61 Crores (₹ 52.49 Crores) as at March 31, 2022

If the expected salary growth increases (decrease) by 1%, the defined benefit obligation would be ₹ 52.18 Crores (₹ 47.85 Crores) as at March 31, 2022

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.

Notes

to the consolidated financial statements for the year ended March 31, 2022

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-

₹ in Crores

Financial Year	Amount
2022-23	7.48
2023-24	7.10
2024-25	7.25
2025-26	6.56
2026-27	5.53
2027-28 to 2031- 32	22.92

NOTE NO 42 RELATED PARTY INFORMATION:

42 A List of related parties:

Controlling parties

Arun Kumar Pillai

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 assessed the status of controlling parties for the entity. Considering the Controlling parties' absolute size of holding in the entity and the relative size of and dispersion of the shareholdings owned by the other shareholders, Managment concluded that the controlling parties have a sufficiently dominant voting interest to direct the relevant activities of the entity.

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

Agraganya Private Trust

Rajeswari Amma (Upto Oct 13, 2020)

Director and Key Management Personnel:

Jitesh Devendra	Managing Director (Resigned wef August 03, 2020) (Appointed wef April 29, 2022)
Rajendra Juvvadi Rao	Managing Director and Chief Executive Officer (Appointed as Executive Director wef August 04, 2021 and as MD & CEO wef. March 01, 2022) (Resigned as MD & CEO wef. April 28, 2022)
Bharath R. Sesha	Managing Director and Chief Executive Officer (Appointed as CEO wef. Feb 06, 2020 & appointed as MD wef. Aug 03, 2020) (Resigned as MD & CEO wef. February 28, 2022)
S Hariharan	Executive Director and Chief Finance Officer (Resigned as CFO wef. Oct 30, 2020 and ED-Finance wef. Mar 31, 2021) (Appointed as Executive Director & CFO wef March 09, 2022)
Subhash Anand	Executive Director and Chief Finance Officer (Appointed as CFO wef. Oct 30, 2020 and Executive Director wef. Apr 01, 2021) (Resigned wef. March 09, 2022)
Aditya Puri	Non-Executive Director (Appointed wef. August 04, 2021)
Arun Kumar Pillai	Non-Executive Director (Appointed wef. August 04, 2021)
Kartheek Chintalapati Raju	Non-Executive Director (Appointed wef. August 04, 2021)
Vineeta Rai	Independent Director (Appointed wef. October 17, 2021)
R. Ramakrishnan	Independent Director
Nirmal P Bhogilal	Independent Director
Kausalya Santhanam	Independent Director
Deepak C Vaidya	Non-Executive Director (Resigned wef. August 04, 2021)
Ronald Tjeerd De Vries	Independent Director (Resigned wef. August 04, 2021)
Ankur Nand Thadani	Non-Executive Director
Arun Kumar Pillai	Person holding significant interest in the company
B Sreenivasa Reddy	Chief Operating Officer (Resigned wef. Oct 30, 2020)
Rajesh Salwan	Chief Operating Officer (Appointed wef. Oct 30, 2020) (Resigned wef. February 03, 2022)
S Murali Krishna	Company Secretary

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

Strides Pharma Science Limited, India

Shasun Enterprises LLP, India (formerly known as Devendra Estates LLP, India) (upto August 03, 2020 and from April 29, 2022)

Sequent Scientific Limited (upto April 08, 2021)*

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

Sterling Pharma Solutions Limited, UK (up to February 27, 2019)

Tenshi Life Sciences Private Limited, India

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)

Velbiom Probiotics Private Limited, India (formerly known as Tenshi Life Care Private Limited)

Triphase Pharmaceuticals Private Limited, India

Outlook Therapeutics Inc, USA

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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, India
Karuna Ventures Private Limited, India
Agnus Holdings Pvt Ltd, India
Pronomz Ventures LLP, India
SRJR Enterprise LLP, India
Karuna Business Solutions LLP, India
Chayadeep Ventures LLP, India
Agnus Capital LLP, India
Devicam Capital LLP, India
Agraganya Private Trust, India
Triumph Venture Holdings LLP, India
Axxlent Pharma Sciences Private Limited, India
Amicus Formulations India Private Limited, India (upto April 28, 2022)
Genesys Biologics Private Limited, India (upto April 28, 2022)
RA Labels and Stickers Private Limited, India (upto April 28, 2022)
Ilabs Capital LLP, India (upto April 28, 2022)

* Company has filed an application with stock exchange for Reclassification of "Outgoing Promoters" from Promoter group to Public category on April 08, 2021. BSE and NSE has approved for reclassification on October 7, 2021.

42B Transactions during the year

₹ in Crores

Description	Related party	March 31, 2022	March 31, 2021
Sale of goods	Strides Pharma Science Limited	117.61	220.19
	Aurore Life Sciences Private Limited	33.96	3.29
	Aurore Pharmaceuticals Private Limited	89.71	-
	Steriscience Specialties Pvt Ltd	4.92	0.13
	Stelis Biopharma Private Limited	0.19	-
	Alivira Animal Health Limited	-	20.91
Sale of services	Strides Pharma Science Limited	0.01	0.04
Interest income	Tenshi Life Sciences Private Limited	-	1.23
	Aurore Life Sciences Private Limited	3.96	-
Commission income	Alivira Animal Health Limited	-	0.02
Other operating revenue	Strides Pharma Science Limited	1.60	2.09
Sale of property, plant and equipment	Strides Pharma Science Limited	0.01	-
	Stelis Biopharma Private Limited	-	0.02
Other income	Tenshi Kaizen Private Limited	-	0.21
Purchase of goods	Alivira Animal Health Limited	-	3.21
	Sequent Scientific Limited	-	0.32
	Strides Pharma Science Limited	-	-
	Aurore Pharmaceuticals Private Limited	-	0.02
	Aurore Life Sciences Private Limited	36.97	10.63
Purchase of services	Sequent Research Limited	-	4.15
	Tenshi Kaizen Private Limited	-	2.50
	Batliboi Impex Limited	1.20	0.27
Recovery of expenses from	Sequent Research Limited	-	0.93
	Karuna Business Solutions LLP	0.86	-
	Strides Pharma Science Limited	9.81	16.73
Reimbursement of expenses to	Strides Pharma Science Limited	-	2.45
	Tenshi Life Sciences Private Limited	2.09	1.84
	Sequent Scientific Limited	-	0.05
	Sequent Research Limited	-	0.23
Rental Income	Sequent Research Limited	-	0.95
	Aurore Life Sciences Private Limited	0.03	-
Rent & Maintenance for leased property	Shasun Enterprises LLP	-	0.10
	Strides Pharma Science Limited	1.52	1.60
Loan given	Aurore 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	0.95	1.60
	K R Ravishankar	0.40	0.80
	Deepa Arun Kumar	0.02	0.03
	Aditya Arun Kumar	0.02	0.03
	Tarini Arun Kumar	0.02	0.03
	Padmakumar Karunakaran Pillai	0.01	0.03
	Vineetha Mohanakumar Pillai	0.01	0.03
	Hemalatha Pillai	0.01	0.02
	Sajitha Pillai	0.01	0.02
	Rajitha Gopalakrishnan	0.01	0.02
	K R Lakshmi	0.01	0.01
	Yalavarthy Usha Rani	-	0.00
	Chayadeep Properties Private Limited	0.16	0.32
	Karuna Ventures Private Limited	0.03	0.06
	Agnus Holdings Pvt Ltd	0.02	0.04
	Pronomz Ventures LLP	0.64	1.91
	SRJR Enterprise LLP	0.51	0.68
	Karuna Business Solutions LLP	0.84	1.41

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to the consolidated financial statements for the year ended March 31, 2022

₹ in Crores

Description	Related party	March 31, 2022	March 31, 2021
	Chayadeep Ventures LLP	0.30	0.60
	Agnus Capital LLP	0.25	0.51
	Devicam Capital LLP	0.05	0.09
	Triumph Venture Holdings LLP	-	0.00
	Sequent Scientific Limited	-	0.33
	Rajeswari Amma	-	0.00
Sitting fees paid to directors	Aditya Puri	0.06	-
	Deepak C Vaidya	0.07	0.11
	Kausalya Santhanam	0.16	0.11
	Nirmal P Bhogilal	0.16	0.11
	Ronald Tjeerd De Vries	0.07	0.11
	R. Ramakrishnan	0.16	0.11
	Vineeta Rai	0.07	-
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
	Bharat R Sesha	-	-
Short term employee benefits paid to (refer note (i) below)	Jitesh Devendra	-	3.30
	S Hariharan	0.14	1.82
	Bharat R Sesha	0.20	5.67
	Subhash Anand	2.36	1.35
	Rajesh Salwan	1.63	1.00
	B Sreenivasa Reddy	-	1.39
	S Murali Krishna	0.44	0.45

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

42C Balances as at March 31, 2022

₹ in Crores

Description	Related party	As at March 31, 2022	As at March 31, 2021
Trade payables	Sequent Scientific Limited	-	0.43
	Sequent Research Limited	-	0.28
	Strides Pharma Science Limited	-	0.17
	Tenshi Life Sciences Private Limited	4.42	1.94
	Aurore Life Sciences Private Limited	13.80	12.38
	Aurore Pharmaceuticals Private Limited	-	0.06
Security deposit received	Sequent Research Limited	-	0.42
Trade receivables	Alivira Animal Health Limited	-	3.59
	Aurore Life Sciences Private Limited	7.70	3.62
	Aurore Pharmaceuticals Private Limited	58.33	-
	Sequent Research Limited	-	0.16
	Strides Pharma Science Limited	78.23	56.23
	Stelis Biopharma Private Limited	0.03	0.03
	Steriscience Specialties Pvt Ltd	4.54	0.05
	Karuna Business Solutions LLP	0.81	-
Other receivables	Aurore Life Sciences Private Limited	1.17	-
Loan / Advances receivable / (payable)	Aurore Life Sciences Private Limited	50.00	-
Security deposit given	Strides Pharma Science Limited	0.72	0.72
	Shasun Enterprises LLP	-	0.20

NOTE NO. 43 EARNINGS PER SHARE

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Basic earnings per share:	(16.18)	69.00
Diluted earnings per share:	(16.18)	64.53

Earnings used in computing basic and diluted earnings per share

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Profit attributable to the equity holders of the Company	(58.15)	221.40

Weighted average number of shares used as the denominator

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
Weighted average number of equity shares used as denominator in calculating basic earnings per share	**35,940,826**	**32,087,640**
Adjustments for calculation of diluted earnings per share:		
- share warrants	-	1,959,985
- employee stock options	1,348	264,167
Weighted average number of equity shares used as denominator in calculating diluted earnings per share *	**35,940,826**	**34,311,792**

* Diluted earnings per share for the year ended March 31, 2022 is antidilution since there is loss attributable to the equity holders of the company. Therefore, Diluted earnings per share is the same as Basic earnings per share for the year ended March 31, 2022.

NOTE NO. 44 SEGMENT REPORTING

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

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

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

₹ in Crores

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
India	1,644.90	1,518.11
Total	**1,644.90**	**1,518.11**

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

NOTE NO. 45 SHARE-BASED PAYMENTS

Details of the employee share option plan of the Company:

The ESOP titled "Solara Employee Stock Option Plan 2018" (ESOP 2018) was approved by the shareholders and stock exchanges. 1,228,778 options are covered under the plan which are convertible into equal number of equity shares of the Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of 120 days from the date of vesting. Company has granted 35,000 options (March 31, 2021: 240,000 options) under this plan during the current year.

During the current year, employee compensation costs of ₹ (1.31) Crores (Previous year: ₹ 5.14 Crores) relating to the above referred Employee Stock Option Plan have been charged to the Statement of Profit and Loss. Employee

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

Fair value of share options granted during the year

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

Assumptions	Grant Date: Nov 11, 2021 (ESOP 2018)		
	Vest 1 Nov 11, 2022	Vest 2 Nov 11, 2023	Vest 3 Nov 11, 2024
	23%	30%	47%
No. of options	8,000	10,500	16,500
Fair market value of option at grant date (₹)	473.44	624.02	692.07
Fair market value of share at grant date (₹)	1,317.00	1,317.00	1,317.00
Exercise price (₹)	1,030.00	1,030.00	1,030.00
Expected volatility	42.74%	54.76%	52.10%
Option life (Years)	1	2	3
Expected Dividend Yield	22.00%	22.00%	22.00%
Risk-free interest rate	4.33%	4.55%	5.09%

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: 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%

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

Assumptions	During the year 2021-22		During the year 2020-21	
	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	390,000	659.39	714,000	247.62
Granted during the year	35,000	1,030.00	240,000	851.83
Exercised during the year	66,500	438.05	474,500	214.26
Lapsed/ cancelled during the year	303,500	684.45	89,500	250.41
Options outstanding at the end of the year	55,000	1,024.58	390,000	659.39
Options available for grant	351,778	-	83,278	-

NOTE NO. 46 FINANCIAL INSTRUMENTS

46.1 Categories of financial instruments

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Financial assets:		
Measured at amortised cost		
(a) Cash and bank balances	47.25	198.54
(b) Investments	0.42	0.42
(c) Trade receivables	489.67	483.87
(d) Loans receivable	51.85	1.80
(e) Other financial assets at amortised cost	22.05	39.43
Financial liabilities:		
Measured at amortised cost		
(a) Borrowings including current maturities of non current borrowings	1,024.57	606.91
(b) Lease liabilities	12.80	13.82
(c) Trade payables	283.56	309.29
(d) Other financial liabilities	18.24	4.64

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

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

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	1,024.57	1,025.58	606.91	607.88

Financial risk management objectives

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

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46.3 Foreign currency risk management

The Group is exposed to foreign exchange risk due to:

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

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

₹ in Crores

Amount receivable/(payable)	As at March 31, 2022		As at March 31, 2021	
Exposure to the Currency	**in foreign Currency**	**in ₹**	**in foreign Currency**	**in ₹**
USD	0.53	40.62	(0.43)	(31.80)
EUR	0.08	6.97	0.09	7.90
JPY	1.88	1.17	0.03	0.02
NZD	-	-	(0.00)	(0.01)

Foreign currency sensitivity analysis

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

₹ in Crores

Exposure to the Currency	Increase / (Decrease) in Equity / Profit	
	March 31, 2022	**March 31, 2021**
Appreciation in the USD	2.03	(1.59)
Depreciation in the USD	(2.03)	1.59
Appreciation in the EUR	0.35	0.40
Depreciation in the EUR	(0.35)	(0.40)

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

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

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

46.4 Interest rate risk management

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

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

₹ in Crores

Particulars	As at March 31, 2022	As at March 31, 2021
Fixed-rate instruments		
Financial assets		
Balance with banks held as margin money	0.70	0.70
Balance with banks held in deposit account	42.47	194.46
Financial liabilities		
Lease liabilities	12.80	13.82
	55.97	**208.98**
Variable-rate instruments		
Financial liabilities		
Borrowings from bank	1,024.57	606.91
	1,024.57	**606.91**

Interest rate sensitivity analysis

Financial instruments affected by interest rate changes include secured long term loans from banks and secured short term loans from banks. The impact of a 1% change in interest rates on the profit of an annual period will be ₹ 9.33 Crores (March 31, 2021: ₹ 8.01 Crores) assuming the loans at each year end remain constant during the respective years. This computation does not involve a revaluation of the fair value of loans as a consequence of changes in interest rates. The computation also assumes that an increase in interest rates on floating rate liabilities will not necessarily involve an increase in interest rates on floating rate financial assets.

Note No. 46.5 Credit risk management

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

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

The Group is not significantly exposed to geographical distribution risk as the counterparties operate across various countries across the Globe.

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

46.6 Liquidity risk management

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

46.6.1 Liquidity analysis for Non-Derivative Liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table include repayment of principal amounts. The contractual maturity is based on the earliest date on which the Group may be required to pay.

₹ in Crores

Financial Liabilities	Due within (years)						Total	Carrying Amount
	1	1 to 2	2 to 3	3 to 4	4 to 5	beyond 5		
Bank & other borrowings								
- As on March 31, 2022	741.52	105.20	96.74	62.72	19.39	-	1,025.58	1,024.57
- As on March 31, 2021	452.08	91.25	32.87	22.20	9.48	-	607.88	606.91
Interest payable on borrowings								
- As on March 31, 2022	0.92	-	-	-	-	-	0.92	0.92
- As on March 31, 2021	0.48	-	-	-	-	-	0.48	0.48
Lease liabilities								
- As on March 31, 2022	2.43	0.87	0.92	0.96	1.01	51.30	57.49	12.80
- As on March 31, 2021	2.47	2.43	0.87	0.92	0.96	52.30	59.95	13.82
Trade and other payable								
- As on March 31, 2021	300.88	-	-	-	-	-	300.88	300.88
- As on March 31, 2020	313.45	-	-	-	-	-	313.45	313.45

NOTE NO. 47 CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of net debt (borrowings as detailed in notes 22 offset by cash and bank balances) and total equity.

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

47.1 Gearing ratio

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

₹ in Crores

Particulars	March 31, 2022	March 31, 2021
Debt (i)	1,037.37	620.73
Less:		
Cash and bank balances	47.25	198.54
Net Debt (A)	**990.12**	**422.19**
Total Equity (B)	**1,524.87**	**1,588.53**
Net debt to equity ratio (A/B)	**0.65**	**0.27**

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

NOTE NO. 48 RATIO ANALYSIS

Particulars	Methodology	As at March 31, 2022	As at March 31, 2021
Current ratio	Current Assets over Current Liabilities	1.2	1.3
Debt-Equity ratio (refer note (a) below)	Debt over Equity	0.7	0.4
Debt Service Coverage ratio (refer note (b) below)	Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) over debt repayments and interest payments	0.6	1.2
Return on Equity ratio (refer note (c) below)	Net profit (PAT) over Tangible Equity	-5.3%	19.3%
Inventory turnover ratio (refer note (d) below)	Cost of goods sold over Average Inventory	1.5	2.5
Trade receivables turnover ratio (refer note (e) below)	Sales Turnover over Average Trade receivables	2.5	4.4
Trade payables turnover ratio	Cost of goods sold over Average Trade payables	2.2	2.8
Net capital turnover ratio (refer note (f) below)	Sales Turnover over Working capital	7.3	5.9
Net profit ratio (refer note (g) below)	Net profit (PAT) over Gross Revenue	-4.5%	13.5%
Return on capital employed (refer note (h) below)	Earnings Before Interest and Taxes (EBIT) over Tangible Capital Employed	-0.9%	16.5%
Return on investment	Interest income, net gain on sale of investments and net fair value gain over weighted Average Investments	Nil	Nil

Notes:

(i) Explanation for variances exceeding 25%:

(a) Increase in Debt-Equity ratio is on account of increase in Debt during the year.

(b) Reduction in Debt Service Coverage ratio is on account of decrease in Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)

(c) Reduction in Return on Equity ratio is on account of decrease in Net profit (PAT)

(d) Reduction in Inventory turnover ratio is on account of increase in Inventory due to inventory build-up planned for COVID related business and increase in inventory of key raw materials to offset market volatility.

(e) Reduction in Trade receivables turnover ratio is on account of increase in Trade receivables due to higher receivables days in less regulated markets.

(f) Reduction in Net capital turnover ratio is on account of increase in both Inventory, Trade receivables and decrease in Sales Turnover due to temporary softness in demand for some of the key products in the regulated markets.

(g) Reduction in Net profit ratio is on account of decrease in Net profit (PAT) and decrease in Gross Revenue.

(h) Reduction in Return on capital employed ratio is on account of increase in both Inventory and Trade receivables.

Notes

to the consolidated financial statements for the year ended March 31, 2022

Definitions:

Debt is defined as non-current borrowings, current maturities of non-current borrowings and current borrowings and includes lease liabilities

Equity is defined as Equity share capital and Other equity.

Tangible Equity is defined as Equity share capital and Other equity less Goodwill less Intangible Assets

Earnings before interest,taxes, depreciation and amortisation (EBITDA) is defined as:

Profit for the year before exceptional items and taxes (add) Depreciation and Amortisation (add) Finance costs (less) interest income

Debt repayment is defined as actual non-current borrowings repaid during the year

Interest payments is defined as actual interest paid on borrowings during the year

Net profit (PAT) is defined as Profit for the year after tax

Cost of goods sold is defined as Cost of materials consumed, Purchases of stock-in-trade and Changes in inventories of finished goods and work-in-progress

Sales Turnover is defined as Sale of products and Sale of services

Earnings before interest and taxes (EBIT) is defined as:

Profit for the year before exceptional items and taxes (add) Finance costs (less) interest income

Working capital is defined as Currents Assets less Current Liabilities

Tangible Capital employed is defined as Equity and Debt less Goodwill less Intangible Assets

NOTE NO. 49 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013 FOR THE YEAR ENDED MARCH 31, 2022

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	99.66%	1,527.05	100.48%	(58.56)	106.35%	2.01	100.28%	(56.55)
Indian Subsidiaries:								
Chemsynth Laboratories Private Limited	0.32%	4.91	0.46%	(0.27)	0.00%	-	0.48%	(0.27)
Sequent Penems Private Limited	0.25%	3.76	0.02%	(0.01)	0.00%	-	0.02%	(0.01)
Foreign Subsidiary:								
Shasun USA Inc	-0.23%	(3.51)	-0.96%	0.55	-6.35%	(0.12)	-0.78%	0.43
Total		**1,532.21**		**(58.29)**		**1.89**		**(56.40)**
Adjustment arising out of consolidation		(7.35)		-		-		-
Minority interest in subsidiaries:								
Chemsynth Laboratories Private Limited		2.31		0.14		-		0.14
Sequent Penems Private Limited		-		-		-		-
Total		**1,527.17**		**(58.15)**		**1.89**		**(56.26)**

NOTE NO. 50

The Board of Directors in its meeting held on 29th April 2022 have considered and approved the withdrawal of the Scheme of amalgamation of Empyrean Lifesciences Private Limited, Hydra Active Pharma Sciences Private Limited and demerger of pharma business of Aurore Life Science Private Limited ("Aurore") with the Company as the same is not financially viable. Aurore has not been able to achieve its financial goals set for FY22 due to weak demand for covid products and tactical opportunities. Further, there are uncertainties in the completion of the processes related to the Scheme due to disputes raised by one of the minority shareholder of the subsidiary of Aurore.

NOTE NO. 51

The Code on Social Security, 2020 (the Code) has been enacted, which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

NOTE NO. 52 OTHER STATUTORY INFORMATION

(a) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property

(b) The Company does not have any transactions with companies struck off.

(c) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(d) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(e) The Company has no transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(f) The Company has borrowings from banks on the basis of security of current assets, the quarterly returns or statements of current assets has been filed by the Company with banks are in agreement with the books of accounts.

(g) The company has not been declared willful defaulter by any bank or financial Institution or other lender.

(h) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

    (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

    (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

    The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

    (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

    (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

The Company has not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in

Notes

to the consolidated financial statements for the year ended March 31, 2022

the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

NOTE NO. 53 AMENDMENTS EFFECTIVE FROM APRIL 1, 2022 :

On March 23, 2022, the Ministry of Corporate Affairs (MCA) issued certain amendments and annual improvements to Ind AS. These amendments are applicable for accounting periods beginning on or after April 1, 2022:

- Ind AS 103 – Business Combinations – Reference to conceptual framework added
- Ind AS 16 – Property, Plant and Equipment – Accounting for proceeds before an asset's intended use
- Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets – Assessing if the contract is onerous
- Annual improvements to Ind AS – Ind AS 109 (Financial Instruments) and Ind AS 116 (Leases)

The Company will evaluate the impact of the above, where applicable, on the financial statements and give impact of the same in the relevant period."

NOTE NO. 54

The Previous year's figures have been re-grouped/ reclassified, where necessary to confirm to current year's classification.

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

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

S Murali Krishna
Company Secretary
Membership Number: 13372

Place : Bengaluru
Date : April 29, 2022

Research and Development Financials

BALANCE SHEET
as on 31st March, 2022

₹ in Crores

	Unit I		Unit II		Total As at Mar 31, 2022		Total As at Mar 31, 2021	
ASSETS								
Fixed Assets								
R&D Equipments								
Gross Block								
Opening as on 01.04.2021	22.53		32.40		54.93		54.31	
Additions Net	0.19		2.46		2.65		0.64	
Transfers	(11.97)		5.41		(6.56)		-	
Deletions	-		(0.00)		(0.00)		(0.02)	
Closing as on 31.03.2022	**10.75**		**40.27**		**51.02**		**54.93**	
Less : Accumulated Depreciation	(3.29)		(17.31)		(20.60)		(17.02)	
Net Block as on 31.03.2022		**7.46**		**22.96**		**30.42**		**37.91**
Others								
Gross Block								
Opening as on 01.04.2021	22.95		11.16		34.11		33.86	
Additions Net	0.29		1.08		1.37		-	
Transfers	(0.49)		0.73		0.24		-	
Deletions			(0.02)		(0.02)		0.25	
Closing as on 31.03.2022	**22.75**		**12.95**		**35.70**		**34.11**	
Less : Accumulated Depreciation	(15.32)		(8.69)		(24.01)		(18.08)	
Net Block as on 31.03.2022		**7.43**		**4.26**		**11.69**		**16.03**
Capital work in progress		**0.10**		**6.64**		**6.73**		**2.19**
Other Non Current Assets								
Goodwill	0.43		-		0.43		0.43	
Other financial assets	0.14		1.13		1.27		1.51	
Other Non-current assets	0.05		1.67		1.72		0.34	
Total Non Current Assets		**0.61**		**2.80**		**3.42**		**2.28**
Current Assets								
Inventories	0.00		2.29		2.29		2.06	
Trade receivables	0.03		8.65		8.67		2.99	
Cash and other balance with banks	-		0.01		0.01		0.07	
Loan	0.00		0.06		0.06		0.20	
Other financial assets	-		0.04		0.04			
Other current assets	4.09		1.71		5.80		5.28	
Total Current assets		**4.12**		**12.75**		**16.87**		**10.60**
Total		**19.72**		**49.41**		**69.13**		**69.01**
LIABILITIES								
Head office Control Account	31.41		24.98		56.39		65.44	
Add: Transfers	(0.10)		36.19		36.09		51.52	
Less: Excess of Expenditure over income	(15.52)	15.80	(40.87)	20.30	(56.38)	36.10	(60.57)	56.39
Liabilities								
Non-current liabilities								
Other financial Liabilities	1.60		10.77		12.37		0.07	
Lease liabilities	-		-		-		1.52	
Provisions	0.07		0.57		0.64		1.07	
Other non-current liabilities	0.09		1.79		1.89		1.65	
Total Non-current liabilities		**1.76**		**13.14**		**14.90**		**4.31**
Current liabilities								
Financial Liabilities								
Trade payables	1.30		7.71		9.02		5.74	
Lease liabilities	-		1.52		1.52		1.43	
Other financial liabilities	0.86		5.09		5.94		0.20	
Other current liabilities	0.00		1.33		1.33		0.72	
Provisions	-		0.32		0.32		0.22	
Total current liabilities		**2.16**		**15.97**		**18.13**		**8.31**
Total		**19.72**		**49.41**		**69.13**		**69.01**

STATEMENT OF INCOME & EXPENDITURE

for the year ended 31st March, 2022

₹ in Crores

	Unit I	Unit II	Total As at Mar 31, 2022	Total As at Mar 31, 2021
EXPENDITURE				
Employee benefits expenses	5.43	22.95	28.38	29.40
Cost of materials consumed	0.02	0.46	0.48	0.42
Utilities	0.72	1.66	2.38	2.18
Finance cost	0.00	0.27	0.28	0.40
Other expenses - R&D	3.93	18.62	22.55	20.90
Total Revenue Expenditure Excluding Depreciation	**10.11**	**43.96**	**54.07**	**53.30**
Depreciation	5.41	6.11	11.53	11.44
Total Expenditure	**15.52**	**50.08**	**65.60**	**64.74**
INCOME				
I) FTE/Product Development Income	-	8.11	8.11	3.26
ii) Commercial Sale of Prototype & Others	0.01	1.00	1.01	1.01
iii) Other Income	-	0.10	0.10	(0.10)
Total Income	**0.01**	**9.21**	**9.22**	**4.17**
Excess of Expenditure over Income	**15.52**	**40.87**	**56.38**	**60.57**

SOLARA ACTIVE PHARMA SCIENCES LIMITED

CIN: L24230MH2017PLC291636
Registered Office: 201, Devavrata, Sector 17, Vashi, Navi Mumbai 400 703
Tel: +91 22 27892924; **Fax:** +91 22 27892942
Corporate Office: 2nd Floor, Admin Block No. 27, Vandaloor Kelambakkam Road, Keelakottaiyur Village, Melakottaiyur (Post), Chennai – 600 127
Tel: + 91 44 4740 6200; **Fax:** +91 44 4740 6190
Email: investors@solara.co.in; **Website:** www.solara.co.in

NOTICE is hereby given that the Fifth Annual General Meeting of the Members of the Company will be held on Thursday, August 25, 2022, at 9.30 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, 2022.

To receive, consider, approve and adopt:

a) the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2022 together with the Reports of Board of Directors and Auditors thereon.

b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2022 and the Report of Auditors thereon.

Item 2: Re-Appointment of Mr. Arun Kumar Pillai, retiring director, as a Non-Executive Director

To appoint a director in place of Mr. Arun Kumar Pillai (holding DIN 00084845) who retires by rotation and being eligible offers himself for re-appointment as Non-Executive Director of the Company.

Item 3: Re-Appointment of Mr. Kartheek Raju Chintalapati, retiring director, as a Non-Executive Director

To appoint a director in place of Mr. Kartheek Raju Chintalapati (holding DIN 02921819) who retires by rotation and being eligible offers himself for re-appointment as Non-Executive Director of the Company

SPECIAL BUSINESS

Item 4 : Ratification of remuneration payable to the Cost Auditor for the financial year 2021-22.

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 31st March, 2022, as recommended by the audit committee and approved by the board of directors of the Company, pursuant to Section 148 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules 2014 is hereby ratified.

RESOLVED FURTHER that any Director or Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds, matters and things and to execute and deliver all such necessary documents for the purpose of giving effect to the aforesaid resolution.

Item 5 : Approval for material related party Transactions/ Contracts/ Arrangements with Strides Pharma Science Limited upto ₹ 300 crores.

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED that pursuant to the applicable provisions of the Companies Act, 2013 ("the Act") read with the rules framed thereunder (including any statutory amendment(s) or re-enactment(s) thereof, for the time being in force, if any), and in terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "SEBI Listing Regulations") including any amendments, modification(s) or re-enactment thereof for the time being in force, approval of the Members of the Company be and is hereby accorded to the Audit Committee / Board of Directors of the Company to enter into contracts, arrangements, sales and other transactions with Strides Pharma Science Limited ("Strides"), on such terms and conditions as may be mutually agreed upon between the Company and Strides for an amount of upto ₹ 300 crores (Rupees Three Hundred Crores) from the date of this Annual General Meeting ("AGM") upto the date of next AGM, for the purposes as set out in the explanatory statement annexed hereto.

RESOLVED FURTHER that the Board of Directors of the Company or any other person(s) authorised by them, be and are hereby authorised to execute, deliver and perform such agreements, contracts, deeds and other documents and deal with any matters, take necessary steps in the matter as they may in their absolute discretion deem necessary or expedient and to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transaction(s) with Strides, and make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution, in the best interest of the Company.

RESOLVED FURTHER that the Board of Directors 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: 29.04.2022

S. Murali Krishna
Company Secretary

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts in respect of the special business of this notice is annexed hereto.

2. In compliance with the circulars, the AGM of the Company is being held through VC / OAVM.

3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to MCA Circulars through VC / OAVM, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Participation of members through VC will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.

5. Corporate members intending to send their 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 from its registered email address.

6. The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. August 25, 2022. 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 18, 2022 to August 25, 2022 (both days inclusive) for the purpose of Annual General Meeting for the financial year 2021-22.

8. Members holding shares in physical form are requested to notify / send the following at the earliest:

   - Any change in their address/ mandate/ bank details;
   - Particulars of their bank account, in case the same have not been sent earlier, to the Company's Registrar and Transfer Agent at:

   Cameo Corporate Services Limited
   Subramanian Building
   #1, Club House Road
   Chennai 600 002 - India.
   Ph: 91-44 - 2846 0390
   Fax: 91-44 - 2846 0129
   Email : cameo@cameoindia.com; Investor@cameoindia.com
   Contact Persons: Ms. Komala / Mr. Narasimhan

9. All documents that have been referred to in the accompanying notice and explanatory statement are open for inspection at the registered office of the company 10.00 a.m. to 12.00 noon on working days up to the date of the Annual General Meeting.

10. Members are requested to apply for consolidation of folios, in case their holdings are maintained in multiple folios.

11. The Securities & Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.

12. In compliance with the aforesaid MCA Circulars and Listing Regulations, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those members whose email addresses are registered with the Company

/ Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website www.solara.co.in , websites of the Stock Exchanges i.e. BSE Ltd. and National Stock Exchange of India Ltd. at www.bseindia.com and www.nseindia.com and on the website of CDSL.

Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices, Circular, etc. from the Company in electronic mode.

Members who require communication in physical form in addition to e-communication or have any other queries may write to us at investors@solara.co.in

In compliance with Section 108 of the Companies Act, 2013, read with the relevant Rules of the Act and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company has provided the facility to the members to exercise their vote electronically. Instructions for e-voting are annexed to the Notice.

13. This Notice is emailed to Members, whose names appear in the Register of Members/ list of Beneficial Owners as on Friday, July 22, 2022.

    The "cut-off date" for determining the eligibility for voting either through electronic voting or ballot is fixed as Wednesday, August 17, 2022. The e-voting period will commence at 9.00 a.m. on Monday, August 22, 2022 and will end at 5.00 p.m. on Wednesday, August 24, 2022.

    Members are eligible to cast vote electronically only if they are holding shares as on that date. Members who have acquired shares after the dispatch of the Annual Report and before the cut-off date may approach the Registrar for issuance of the User ID and Password for exercising their right to vote by electronic means.

14. Mr. Preetham Hebbar (CoP No. 21431) of M/s. Preetham Hebbar & Co., Practicing Company Secretaries, as the Scrutiniser to scrutinise the e-voting process and voting done through physical ballot paper at the AGM in a fair and transparent manner.

    The Scrutiniser shall submit a consolidated Scrutiniser's report of the total votes cast in Favor or Against, not later than two working days after the conclusion of AGM to the Chairman of the Company. The Chairman or any other person authorised by him, shall declare the results of voting forthwith.

15. 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.

16. SEBI Circular No.SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655, dated 03.11.2021 and SEBI/HO/MIRSD/ MIRSD_RTAMB/P/CIR/2021/687 dated 14.12.2021, has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their depository participant(s). Members holding shares in physical form are required to submit their PAN details to the RTA by e-mail to komlar@cameoindia.com. In case of Members are holding shares in physical form, you are advised to convert shareholding into demat form by approaching depository participant.

CDSL e-Voting System – For Remote e-voting and e-voting during AGM

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 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 has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM/ EGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

(i) The voting period begins on 9.00 a.m. on Monday, August 22, 2022 and will end at 5.00 p.m. on Wednesday, August 24, 2022. 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 17, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

(iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method **for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Users of who have opted for CDSL's Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URLs for users to login to Easi / Easiest are 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 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.
Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.comor 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 individuall and Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(ix) Click on the EVSN for 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/EGM 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 detials (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to investors@solara.co.in/ agm@cameoindia.com, 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 1800 22 55 33.

As required by Section 102 of the Companies Act, 2013 (Act), the following explanatory statement set out all the material facts relating to the business mentioned under Item Nos. 4 and 5 of the accompanying Notice.

Item No.4: Ratification of the remuneration payable to the Cost Auditor for the financial year 2021-22.

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 2021-22 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.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

The Board recommends passing of the proposed resolution stated in Item No.4 as an Ordinary Resolution and requests your approval for the same.

Item No.5: Approval for material related party Transactions/ Contracts/ Arrangements with Strides Pharma Science Limited upto ₹ 300 crores

As per the provisions of Section 188 of the Companies Act, 2013 ("Act"), transactions with related parties which are on an arm's length basis and in the ordinary course of business, are exempted from the obligation of obtaining prior approval of shareholders. However, as per the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), such transactions, if material, requires the approval of shareholders through a resolution, notwithstanding the fact that the same are on an arm's length basis and in the ordinary course of business. Further, all Material Related Party Transactions require prior approval of the Members through a Resolution and no related party shall vote to approve such Resolution whether an entity is a related party to the particular transaction or not. The Shareholders of the Company had approved the Related Party Transactions between the Company and Strides at the Second Annual General Meeting held on August 14, 2019, for an amount not exceeding ₹ 600 crores in each financial year.

It may be noted that as per the amended definition provided in the explanation to Regulation 23 (1) of Listing Regulations, which is effective 1st April, 2022, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ₹ 1,000 Crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Subsequent clarifications issued by SEBI viz. Circular No. SEBI/HO/CFD/CMD1/CIR/P/2022/40 dated March 30, 2022 (hereinafter 30th March Clarification) and Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/P/2022/47 dated April 08, 2022, a Related Party Transactions (RPT) that have been approved by the audit committee prior to April 1, 2022 which continues beyond such date and becomes material as per the revised materiality threshold shall be placed before the shareholders in the first General Meeting held after April 1, 2022 and also specified that shareholders' approval of omnibus RPTs approved in an AGM shall be valid upto the date of the next AGM for a period not exceeding fifteen months. Though, your Company had taken prior approval from shareholders and the exiting transactions may continue beyond April 01,2022, the clarification by SEBI as above necessitated your Company to seek approval of the Members of the Company in terms of Regulation 23 of the Listing Regulations, by way of passing of an Ordinary Resolution to the aforesaid Material Related Party Transactions to be entered from Fifth AGM to Sixth AGM.

The relevant information pertaining to transactions with Strides in terms of SEBI Circular No. SEBI/ HO/ CFD/ CMD1/ CIR/ P/ 2021/ 662 dated November 22, 2021 is given below

#	Description	Details
1	Name of the Related Party	Strides Pharma Science Limited (Strides)
2	Name of the Promoter, Director or Key Managerial Personnel who is related, if any	a) Mr. Arun Kumar, Promoter & Director of the Company is a Promoter and Managing Director of Strides. b) Dr. Kausalya Santhanam, Independent Director of the Company is also an Independent Director of Strides
3	Nature of Relationship	Enterprises owned or significantly influenced by Key Management Personnel and person holding significant interest in the Company
4	Material terms of the transaction / contracts / arrangements	Sale of API products, Company also has other transactions with Strides such as rendering / receiving of services, reimbursement of expenses and leasing of properties as per prevailing market prices. All transactions with Strides are in the ordinary course of business and at arm's length and are approved by the Audit Committee and Board of Directors of the Company, as applicable.
5	Monetary Value	Not exceeding ₹ 300 Crores per year
6	Percentage of the annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction	Consolidated Annual Turnover of the Company for FY 2022 is ₹ 1288.36 Cr; Value of the proposed transaction as a percentage of the annual consolidated turnover is: ~23%
7	Justification as to why the RPT is in the interest of the Company	In March 2018, the Company through a Composite Scheme of Arrangement sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench, demerged its API business from Strides. Consequently, the API manufacturing facilities, which earlier were owned by Strides were transferred to the Company. The Company has entered into specific arrangements with Strides to supply long term API products. In addition to significant API sales to Strides, the Company also has other transactions with Strides such as rendering / receiving services, reimbursement of expenses, leasing of property amongst others. All transactions with Strides are in the ordinary course of business and at arm's length and are approved by the Audit Committee and Board of Directors of the Company.
8	A copy of the valuation or other external party report, if any, such report has been relied upon	All transactions with Strides are in the ordinary course of business and at arm's length. Accordingly, requirement of valuation report is not applicable.

The Audit Committee and the Board of Directors at their respective meetings held on April 29, 2022, approved the aforementioned related party transaction.

Except Mr. Arun Kumar Pillai, Promoter and Director of the Company and also Promoter and Managing Director of Strides; Dr. Kausalya Santhanam, who is an Independent director of Strides and Solara, and common promoters of Strides and Solara, none of the other Promoters/ Directors/ Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution except to the extent of their shareholding as Members, if any.

The Board recommends the resolution as set out in Item No.5 of the notice for approval of Members as an Ordinary Resolution.

By the Order of the Board
For Solara Active Pharma Sciences Limited

Place: Bengaluru
Date: 29.04.2022

S. Murali Krishna
Company Secretary

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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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Website: www.solara.co.in
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/Concept, content and design at AICL (hello@aicl.in)