



**SOLARA**  
Active Pharma Sciences

Communication Address :  
**Solara Active Pharma Sciences Limited**  
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No. 28, Sardar Patel Road, Post Box 2630  
Guindy, Chennai - 600 032, India  
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Fax : +91 44 22350278  
E mail : info@solara.com  
www.solara.co.in

February 9, 2022

**The BSE Limited**

Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001

**The National Stock Exchange of India Limited**

Exchange Plaza, Bandra-Kurla Complex  
Bandra (E), Mumbai – 400 051

**Scrip Code: 541540**

**Scrip Code: SOLARA**

Dear Sirs,

**Sub:** Outcome of Board Meeting

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We wish to inform that meeting of Board of Directors of Solara Active Pharma Sciences Limited ("Company") held today (i.e., February 9, 2022), the Directors has inter-alia approved Unaudited financial results (standalone and consolidated) of the Company for the quarter and nine months period ended December 31, 2021 pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. A copy of the unaudited financial results (standalone and consolidated) along with the Limited Review Report by the Auditors and press release is attached.

The Board Meeting commenced at 02.30 p.m. and concluded at 3.45 p.m.

We request you to take the same on record.

Thanking you,  
Yours faithfully,

**For Solara Active Pharma Sciences Limited**

**S. Murali Krishna**  
**Company Secretary**

Encl: As above.

## INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

### TO THE BOARD OF DIRECTORS OF SOLARA ACTIVE PHARMA SCIENCES LIMITED

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **SOLARA ACTIVE PHARMA SCIENCES LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter and nine months ended December 31, 2021 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

Sl. No.	Name of the entities
1	Solara Active Pharma Sciences Limited, the Parent
2	Sequent Penems Private Limited, wholly-owned subsidiary
3	Shasun USA Inc., wholly-owned subsidiary
4	Chemsynth Laboratories Private Limited, subsidiary

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. The consolidated unaudited financial results includes the interim financial information of 3 subsidiaries which have not been reviewed by their auditors, whose interim financial information reflect total revenue of Rs 0.27 Crores and Rs 1.22 Crores for the quarter and nine months ended December 31, 2021 respectively, total loss after tax of Rs 0.33 Crores and Rs 1.33 Crores for

# Deloitte Haskins & Sells LLP

the quarter and nine months ended December 31, 2021 respectively and Total comprehensive loss of Rs 0.30 Crores and Rs 1.39 Crores for the quarter and nine months ended December 31, 2021 respectively, as considered in the Statement.

According to the information and explanations given to us by the Management, these interim financial information are not material to the Group.

Our Conclusion on the Statement is not modified in respect of our reliance on the interim financial information certified by the Management.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Sathya P Koushik**  
(Partner)  
(Membership No. 206920)  
(UDIN: 22206920AAYPTU2122)

Place: Bengaluru  
Date: February 09, 2022



**SOLARA ACTIVE PHARMA SCIENCES LIMITED**

CIN: L24230MH2017PLC291636

Regd. Office: No. 201 Devavraia, Sector 17, Vashi, Navi Mumbai 400 703.

Address: 2nd Floor, Admin Block 27, Vandaloor Kelambakkam Road, Keelakottaiyur Village, Chennai 600 127

**STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS  
FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2021**

(Rs. in Crores except per share data)

Sl. No.	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
I	Revenue from operations	100.34	401.61	426.69	907.52	1,172.67	1,616.88
II	Other income	4.73	3.31	8.29	13.95	18.99	28.77
III	<b>Total income (I + II)</b>	<b>105.07</b>	<b>404.92</b>	<b>434.98</b>	<b>921.47</b>	<b>1,191.66</b>	<b>1,645.65</b>
IV	<b>Expenses</b>						
	(a) Cost of materials consumed	228.65	245.47	189.08	701.91	490.23	683.77
	(b) Purchases of stock-in-trade	-	16.91	5.85	39.71	22.97	42.80
	(c) Changes in inventories of finished goods, stock-in-trade and work in progress	(174.49)	(75.27)	(7.24)	(321.89)	(1.67)	(2.15)
	(d) Employee benefits expense	65.52	65.94	59.88	192.61	172.39	229.37
	(e) Finance costs	17.82	17.03	20.45	53.81	59.65	84.48
	(f) Depreciation and amortisation expense	28.44	28.38	27.39	84.50	81.22	108.66
	(g) Other expenses	77.50	76.70	73.78	228.74	201.99	277.22
	<b>Total expenses (IV)</b>	<b>243.44</b>	<b>375.16</b>	<b>369.19</b>	<b>979.39</b>	<b>1,026.78</b>	<b>1,424.15</b>
V	<b>Profit/(loss) before exceptional items and tax (III - IV)</b>	<b>(138.37)</b>	<b>29.76</b>	<b>65.79</b>	<b>(57.92)</b>	<b>164.88</b>	<b>221.50</b>
VI	Exceptional item profit / (loss) (Refer Note 9)	(1.52)	(0.08)	-	(2.18)	-	-
VII	<b>Profit/(loss) before tax (V - VI)</b>	<b>(139.89)</b>	<b>29.68</b>	<b>65.79</b>	<b>(60.10)</b>	<b>164.88</b>	<b>221.50</b>
VIII	<b>Tax expense</b>						
	- Current tax	(14.77)	5.93	11.45	-	28.77	38.80
	- Deferred tax	14.77	(5.93)	(11.44)	-	(28.63)	(38.65)
	<b>Total tax expense (VIII)</b>	<b>-</b>	<b>-</b>	<b>0.01</b>	<b>-</b>	<b>0.14</b>	<b>0.15</b>
IX	<b>Profit/(loss) for the period (VII - VIII)</b>	<b>(139.89)</b>	<b>29.68</b>	<b>65.78</b>	<b>(60.10)</b>	<b>164.74</b>	<b>221.35</b>
X	<b>Other comprehensive income</b>						
A	<b>Items that will not be reclassified subsequently to profit or loss:</b>						
	(i) Remeasurement gains/(losses) of defined benefit plans	-	0.42	-	0.42	(3.18)	(2.53)
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-
B	<b>Items that may be reclassified to subsequently to profit or loss:</b>						
	(i) Exchange differences on translating the financial statements of foreign operations	0.03	(0.03)	0.05	(0.06)	0.15	0.13
	(ii) Income tax relating to items that may be reclassified to statement of profit and loss	-	-	-	-	-	-
	<b>Total other comprehensive income for the period (X)</b>	<b>0.03</b>	<b>0.39</b>	<b>0.05</b>	<b>0.36</b>	<b>(3.03)</b>	<b>(2.40)</b>
XI	<b>Total comprehensive income/(loss) for the period (IX + X)</b>	<b>(139.86)</b>	<b>30.07</b>	<b>65.83</b>	<b>(59.74)</b>	<b>161.71</b>	<b>218.95</b>
XII	<b>Profit for the year attributable to:</b>						
	- Equity shareholders of the Company	(139.87)	29.71	65.80	(60.03)	164.75	221.40
	- Non-controlling interests	(0.02)	(0.03)	(0.02)	(0.07)	(0.01)	(0.05)
XIII	<b>Other Comprehensive Income attributable to:</b>						
	- Equity shareholders of the Company	0.03	0.39	0.05	0.36	(3.03)	(2.40)
	- Non-controlling interests	-	-	-	-	-	-
XIV	<b>Total Comprehensive Income attributable to:</b>						
	- Equity shareholders of the Company	(139.84)	30.10	65.85	(59.67)	161.72	219.00
	- Non-controlling interests	(0.02)	(0.03)	(0.02)	(0.07)	(0.01)	(0.05)
XV	Paid-up equity share capital (face value of Rs. 10/- each)	35.94	35.92	35.90	35.94	35.90	35.92
XVI	Other equity excluding Non-controlling interest	-	-	-	-	-	1,552.60
	<b>Earnings per equity share (face value of Rs. 10/- each)</b>						
	(a) Basic (in Rs.)	(38.93)	8.27	18.47	(16.71)	53.43	69.00
	(b) Diluted (in Rs.)	(38.93)	8.22	17.29	(16.71)	49.28	64.52
	See accompanying notes to the financial results						



**SOLARA ACTIVE PHARMA SCIENCES LIMITED**  
 CIN: L24230MH2017PLC291636  
 Regd. Office: No. 201 Devavra, Sector 17, Vashi, Navi Mumbai 400 703.  
 Address: 2nd Floor, Admin Block 27, Vandaloor kelambakkam Road, Keelakottaiyur Village, Chennai 600 127  
**STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS**  
**FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2021**

**Notes:**

- 1 The above consolidated financial results of Solara Active Pharma Sciences Limited ("the Company") as reviewed by the Audit Committee has been approved by the Board of Directors at its meeting held on February 9, 2022. The results for the quarter ended and nine months ended December 31, 2021 has been reviewed by Deloitte Haskins & Sells LLP, the statutory auditors of the Company. The statutory auditors of the Company have expressed an unmodified conclusion on the financial results for the quarter ended and nine months ended December 31, 2021.
- 2 These consolidated financial results of the Company have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder ("IND AS") and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI").
- 3 During the quarter, revenue from operations has declined on account of continued demand softness of Ibuprofen & few other key products and delay in approval for Covid-19 products. Further, the Group has also accounted for provision towards sales return to execute its strategy of shifting towards sales to direct customer by significantly limiting sales through channel.
- 4 The Group's operations relate to only one reportable segment viz Active Pharmaceutical Ingredient (API). Accordingly no separate disclosure of segment information is required.
- 5 The Board of Directors at their meeting held on April 09, 2021 had approved the amalgamation of Aurore Life Science Private Limited, Empeyan Lifesciences Private Limited and Hydra Active Pharma Sciences Private Limited with the Company. Due to Change in composite scheme of Amalgamation, the Board of Directors at their meeting held on November 11, 2021 has approved the revised scheme of amalgamation of Empeyan Lifesciences Private Limited and Hydra Active Pharma Sciences Private Limited and demerger of pharma business of Aurore Life Science Private Limited with the Company. The Appointed Date for the merger is October 01, 2021 and the merger process is expected to be completed in Q2 FY 2022-23. The merger is subject to certain conditions including approvals from stock exchanges, SEBI, shareholders, jurisdictional National Company Law Tribunal and other applicable statutory authorities.

(Rs. In Crores)							
6 Information on Standalone Results:	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended
Sl. No.		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
I	Total Income	105.10	405.12	434.98	921.59	1,191.22	1,645.29
II	Profit/(loss) before tax	(139.57)	30.23	65.78	58.78	163.81	220.96
III	Profit/(loss) after tax	(139.57)	30.23	65.78	58.78	163.81	220.96

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

In assessing the recoverability of property plant and equipment, investment property, goodwill, receivables and intangible assets, the Group has considered internal and external information up to the date of approval of these financial results. The impact of the global health pandemic may be different from that estimated as at the date of approval of these financial results and the Group will continue to closely monitor any material changes to future economic conditions.

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

(Rs. In Crores)							
9 Exceptional Item profit / (loss) :	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended
Sl. No.		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
I	Business combination and restructuring expenses	(1.52)	(0.08)	-	(2.18)	-	-

Place : Bengaluru  
 Date : February 09, 2022

For and on behalf of board

Bharath R Seshu  
 Managing Director & CEO

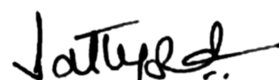


## INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM STANDALONE FINANCIAL RESULTS

### TO THE BOARD OF DIRECTORS OF SOLARA ACTIVE PHARMA SCIENCES LIMITED

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results of **SOLARA ACTIVE PHARMA SCIENCES LIMITED** ("the Company"), for the quarter and nine months ended December 31, 2021 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Sathya P Koushik**  
(Partner)  
(Membership No. 206920)  
(UDIN: 22206920AAYPGH7567)

Place: Bengaluru  
Date: February 09, 2022



**SOLARA ACTIVE PHARMA SCIENCES LIMITED**

CIN: L24230MH2017PLC291636

Regd. Office: No. 201 Devavrata, Sector 17, Vashi, Navi Mumbai 400 703.

Address: 2nd Floor, Admin Block 27, Vandaloor kelambakkam Road, Keelakottaiyur Village, Chennai 600 127

**STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS  
FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2021**

(Rs. In Crores except per share data)

Sl. No.	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
I	Revenue from operations	100.34	401.61	426.69	907.52	1,172.67	1,616.88
II	Other Income	4.76	3.51	8.29	14.07	18.55	28.41
III	<b>Total income (I + II)</b>	<b>105.10</b>	<b>405.12</b>	<b>434.98</b>	<b>921.59</b>	<b>1,191.22</b>	<b>1,645.29</b>
IV	<b>Expenses</b>						
	(a) Cost of materials consumed	228.64	245.47	189.08	701.90	490.22	683.76
	(b) Purchases of stock-in-trade	-	16.91	5.85	39.71	22.97	42.80
	(c) Changes in inventories of finished goods, stock-in-trade and work in progress	(174.49)	(75.27)	(7.24)	(321.89)	(1.67)	(2.15)
	(d) Employee benefits expense	65.09	65.06	59.48	190.51	171.23	227.63
	(e) Finance costs	17.82	17.07	20.41	53.81	59.61	84.47
	(f) Depreciation and amortisation expenses	28.37	28.30	27.29	84.27	80.95	108.31
	(g) Other expenses	77.72	77.27	74.33	229.88	204.10	279.51
	<b>Total expenses (IV)</b>	<b>243.15</b>	<b>374.81</b>	<b>369.20</b>	<b>978.19</b>	<b>1,027.41</b>	<b>1,424.33</b>
V	<b>Profit/(loss) before exceptional items and tax (III - IV)</b>	<b>(138.05)</b>	<b>30.31</b>	<b>65.78</b>	<b>(56.60)</b>	<b>163.81</b>	<b>220.96</b>
VI	Exceptional Item profit / (loss) (Refer Note 8)	(1.52)	(0.08)	-	(2.18)	-	-
VII	<b>Profit/(loss) before tax (V - VI)</b>	<b>(139.57)</b>	<b>30.23</b>	<b>65.78</b>	<b>(58.78)</b>	<b>163.81</b>	<b>220.96</b>
VIII	<b>Tax expense</b>						
	- Current tax	(14.77)	5.93	11.44	-	28.63	38.64
	- Deferred tax	14.77	(5.93)	(11.44)	-	(28.63)	(38.64)
	<b>Total tax expense (VIII)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
IX	<b>Profit/(loss) for the period (VII - VIII)</b>	<b>(139.57)</b>	<b>30.23</b>	<b>65.78</b>	<b>(58.78)</b>	<b>163.81</b>	<b>220.96</b>
X	<b>Other comprehensive income</b>						
A	<b>Items that will not be reclassified subsequently to profit or loss:</b>						
	(i) Remeasurement gains/(losses) of defined benefit plans	-	0.42	-	0.42	(3.18)	(2.53)
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-
B	<b>Items that may be reclassified to subsequently to profit or loss:</b>						
	Income tax relating to items that may be reclassified to statement of profit and loss	-	-	-	-	-	-
	<b>Total other comprehensive income/(loss) for the period (VIII)</b>	<b>-</b>	<b>0.42</b>	<b>-</b>	<b>0.42</b>	<b>(3.18)</b>	<b>(2.53)</b>
XI	<b>Total comprehensive income/(loss) for the period (IX + X)</b>	<b>(139.57)</b>	<b>30.65</b>	<b>65.78</b>	<b>(58.34)</b>	<b>160.63</b>	<b>218.43</b>
XII	Paid-up equity share capital (face value of Rs. 10/- each)	35.95	35.92	35.81	35.95	35.81	35.92
XIII	Other equity						1,556.86
	<b>Earnings per equity share (face value of Rs. 10/- each)</b>						
	(a) Basic (in Rs.)	(38.85)	8.42	18.48	(16.36)	53.12	68.86
	(b) Diluted (in Rs.)	(38.85)	8.37	17.31	(16.36)	49.00	64.40
	See accompanying notes to the financial results						



**SOLARA ACTIVE PHARMA SCIENCES LIMITED**

CIN: L24230MH2017PLC291434

Regd. Office: No. 201 Devavrata, Sector 17, Vashi, Navi Mumbai 400 703.

Address: 2nd Floor, Admin Block 27, Vandaloor kelambakkam Road, Keelakottaiyur Village, Chennai 600 127

**STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS  
FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2021**

**Notes:**

- The above standalone financial results of Solara Active Pharma Sciences Limited ("the Company") as reviewed by the Audit Committee has been approved by the Board of Directors at its meeting held on February 9, 2022. The results for the quarter ended and nine months ended December 31, 2021 has been reviewed by Deloitte Haskins & Sells LLP, the statutory auditors of the Company. The statutory auditors of the Company have expressed an unmodified conclusion on the financial results for the quarter ended and nine months ended December 31, 2021.
- These standalone financial results of the Company have been prepared in accordance with the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder (IND AS) and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI").
- During the quarter, revenue from operations has declined on account of continued demand softness of Ibuprofen & few other key products and delay in approval for Covid-19 products. Further, the Company has also accounted for provision towards sales return to execute its strategy of shifting towards sales to direct customer by significantly limiting sales through channel.
- The Company's operations relate to only one reportable segment viz Active Pharmaceutical Ingredient (API). Accordingly no separate disclosure of segment information is required.
- The Board of Directors at their meeting held on April 09, 2021 had approved the amalgamation of Aureo Life Science Private Limited, Empryan Lifesciences Private Limited and Hydra Active Pharma Sciences Private Limited with the Company. Due to Change in composite scheme of Amalgamation, the Board of Directors at their meeting held on November 11, 2021 has approved the revised scheme of amalgamation of Empryan Lifesciences Private Limited and Hydra Active Pharma Sciences Private Limited and demerger of pharma business of Aureo Life Science Private Limited with the Company. The Appointed Date for the merger is October 01, 2021 and the merger process is expected to be completed in Q2 FY 2022-23. The merger is subject to certain conditions including approvals from stock exchanges, SEBI, shareholders, jurisdictional National Company Law Tribunal and other applicable statutory authorities.
- COVID 19 is the infectious disease caused by the 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 upto the date of approval of these financial results. The impact of the global health pandemic may be different from that of estimated as at the date of approval of these financial results and the Company will continue to closely monitor any material changes to future economic conditions.
- The Code on Social Security, 2020 ("Code") relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

**8 Exceptional item profit / (loss) :**

(Rs. In Crores)

Sl. No.	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Year to date figures for the current period ended	Year to date figures for the previous period ended	Previous Financial Year ended
		31.12.2021	30.09.2021	31.12.2020	31.12.2021	31.12.2020	31.03.2021
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
1	Business combination and restructuring expenses	(1.52)	(0.08)	-	(2.18)	-	-

Place : Bengaluru  
Date : February 09, 2022

For and on behalf of board

Bharath R Seshu  
Managing Director & CEO



## Commercial strategy reset impacts Solara's Q3FY22 Financial Performance Management guiding for normalization from Q4FY22 and a strong bounce back from H2FY23

**Bengaluru, India – February 9, 2022:** Solara Active Pharma Sciences Ltd (Solara) (NSE: SOLARA; BSE: 541540), a leading Active Pharmaceutical Ingredient / CRAMS company today announced the financial results for the third quarter (Q3'22) and nine months ended December 31, 2021 (9M'22)

### Financial Performance for Q3'22 / 9M'22

Particulars(INR m)	Q3'22	Q2'22	QoQ	Q3'21	YoY	9M'22	9M'21	YoY
Revenue	1,051	4,049	-74%	4,350	-76%	9,215	11,917	-23%
<b>Operating EBITDA</b>	<b>-817</b>	<b>885</b>	<b>-192%</b>	<b>1,227</b>	<b>-167%</b>	<b>1,144</b>	<b>3,347</b>	<b>-66%</b>
Operating EBITDA Margins	-77.8%	21.9%		28.2%		12.4%	28.1%	
R&D Cost	-135	-143		-138		-419	-389	
Forex gain/(Loss)	12	-6		-4		21	-4	
<b>Reported EBITDA</b>	<b>-940</b>	<b>736</b>	<b>-228%</b>	<b>1,085</b>	<b>-187%</b>	<b>746</b>	<b>2,954</b>	<b>-75%</b>
Reported EBITDA Margins	-89.5%	18.2%		24.9%		8.1%	24.8%	
<b>PAT</b>	<b>-1,399</b>	<b>297</b>	<b>-571%</b>	<b>658</b>	<b>-313%</b>	<b>-601</b>	<b>1,647</b>	<b>-136%</b>
Basic EPS (Rs. Per share)	-38.93	8.27		18.47		-16.71	53.43	
Adjusted EPS (Rs. Per share) *	-38.93	8.27		18.47		-16.71	46.04	

\*Adjusted EPS is after adjusting for the full impact of conversion of preferential warrants

Commenting on the performance, **Rajender Rao Juvvadi (Raj)**, the newly appointed MD and CEO of the Company, remarked "Q3FY22 was a challenging quarter for Solara as we took a major decision to reset our commercial business strategy. Solara has pursued a change in the commercial model from distribution-led to direct sales to customers in the less regulated markets. While this decision had a one-time impact on the revenues and profitability, we are confident that the new model will deliver a significant long-term value for the Company and enables a higher focus on customer-centricity. Besides this one-off impact, Solara's Q3FY22 performance was muted mainly due to subdued regulated market demand and higher costs driven by volatile material pricing environment and increased logistics cost. That said, we believe that the situation has bottomed out on the demand side, and the business would start seeing normalcy from the Q4FY22.

From a long-term perspective, we have redesigned our playbook to aggressively focus on newer growth segments, including an uptick in the non-ibuprofen product sales, CRAMS, and the newly launched niche APIs. We shall continue to emphasize cost efficiencies and bring operational excellence through different manufacturing and R&D led programs. We have also started seeing green shoots in the ibuprofen demand, and in the coming few quarters, we should expect that business to recoup its growth momentum. We remain committed to delivering our long-term goals on growth and profitability, and we expect to bounce back from the second half of next fiscal. In the near term, we expect the topline trajectory to be back to pre-Q3 FY22 levels."

**Bharath R. Sessa**, the outgoing MD & CEO has decided to pursue new opportunities outside of Solara. The Board and the leadership at Solara would like to thank Bharath for his contributions in building Solara as a great organization with significant growth potential and wishes him the best in his future endeavors.

Commenting on this transition, **Bharath R. Sessa** remarked "It's been an honour and a privilege to have had the opportunity to work with the Solara team over the last couple of years. Solara, in this period, has navigated three COVID waves, commercialized our flagship site, dealt with a uniquely challenging market situation, and initiated a strategically important merger. All this has been possible due to the bedrock of Solara, our employees. Solara is exceptionally well-positioned under the dynamic leadership of Raj in partnership with a stellar Board to reach its stated aspirations. I leave with complete confidence that Solara's best days are ahead!"

**More details are included in the attached investor presentation**

## EBITDA Reconciliation

Particulars(INRm)	Q3'22	Q2'22	Q3'21	9M'22	9M'21	FY21
Profit/(loss) before exceptional items and tax	-1,384	298	658	-579	1,649	2,215
Add : Finance costs	178	170	205	538	597	845
Add: Depreciation and amortisation expense	284	284	274	845	812	1,087
Less: Interest income	-19	-16	-51	-58	-104	-142
<b>Consolidated Reported EBITDA as per press release</b>	<b>-940</b>	<b>736</b>	<b>1,085</b>	<b>746</b>	<b>2,954</b>	<b>4,004</b>

## Earnings Conference Call

The Company will conduct an earnings call at **4.00 PM IST on February 9, 2022**, where the Management will discuss the Company's performance and answer questions from participants. To participate in this conference call, please dial the numbers provided below ten minutes ahead of the scheduled start time. The dial-in numbers for this call are **+91 22 6280 1346 or +91 22 7115 8247**. Please note that the transcript of the conference call will be uploaded on the Company website in due course.

## About Solara

Solara Active Pharma Sciences Ltd (BSE-541540, NSE-SOLARA) headquartered in Bengaluru, India offers a basket of diversified, high-value Commercial APIs and Contract manufacturing services in over 75 countries. It has a manufacturing base comprising five globally compliant API facilities, with approvals including the USFDA, EU GMP, and PMDA in Japan.

### Investor / Analyst contact

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### Statutory and corporate affairs

**Murali Krishna S**

**Raghavan. V**

✉ [investors@solara.co.in](mailto:investors@solara.co.in)

*Disclaimer: Certain statements in this document are not historical facts and are forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties like government actions, local, political, or economic developments, technological risks, and many other factors that could cause actual results to differ materially from those contemplated by the relevant forward-looking statements. Solara Active Pharma Sciences Ltd will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.*



# COMMERCIAL STRATEGY RESET IMPACTS SOLARA'S Q3'22. MANAGEMENT GUIDING FOR NORMALIZATION FROM Q4'22 AND A STRONG BOUNCE BACK FROM H2'23

Solara Active Pharma Sciences | Q3'22 Earnings Presentation

February 09, 2022





**Rajender Rao Juvvadi**

Managing Director and CEO

*“Q3'22 was a challenging quarter for Solara as we took a major decision to reset our commercial business strategy. Solara has pursued a change in the commercial model from distribution-led to direct sales to customers in the less regulated markets. While this decision had a one-time impact on the revenues and profitability, we are confident that the new model will deliver a significant long-term value for the Company and enables a higher focus on customer-centricity.*

*Besides this one-off impact, Solara's Q3'22 performance was muted mainly due to subdued regulated market demand and higher costs driven by volatile material pricing environment and increased logistics cost. That said, we believe that the situation has bottomed out on the demand side, and the business would start seeing normalcy from the Q4'22.*

*From a long-term perspective, we have redesigned our playbook to aggressively focus on newer growth segments, including an uptick in the non-ibuprofen product sales, CRAMS, and the newly launched niche APIs. We shall continue to emphasize cost efficiencies and bring operational excellence through different manufacturing and R&D led programs. We have also started seeing green shoots in the ibuprofen demand, and in the coming few quarters, we should expect that business to recoup its growth momentum.*

*We remain committed to delivering our long-term goals on growth and profitability, and we expect to bounce back from the second half of next fiscal. In the near term, we expect the topline trajectory to be back to pre-Q3 FY22 levels.*

*As you may have read in the press note, Bharath R. Sessa has decided to pursue new opportunities outside of Solara. The Board and the leadership at Solara would like to thank Bharath for his contributions in building Solara as a great organization with significant growth potential. We wish him the best in his future endeavours”*



## The changing ibuprofen demand landscape led to higher sales from channels in less regulated markets(LRM)

Solara has always operated as a **high margin, high value long term-oriented business**, built over many strong and deep customer relationships over the decades

Solara has long operated as a **dominant player in the global ibuprofen market**, having **relationships with all leading Rx and OTC brand partners**

Over the last 4-5 years, an **acute shortage in the capacities of Ibuprofen** enabled Solara to increase its market share significantly, especially in the regulated markets (**Peak demand of >1,500MT/quarter**)

As a result of the COVID-19 pandemic, Ibuprofen, being an acute product, witnessed a considerable **decline in the demand** in the regulated markets which **impacted the business of Solara**

To address the demand decline, Solara pursued **new opportunities in the less regulated markets** which were predominantly through channel partners

With increased **inventory levels across the value chain** and significant pricing pressure, this model led to a lower price realization which **impacted the overall Company margins**

### Challenges due to channel led model in LRM



Increased inventory levels  
across the value chain



Lower price realization  
as compared to direct sales



Reduced  
customer intimacy



Stressed  
Working capital



Relying on channel partners in LRM in this environment was **counterproductive as Solara was competing with its partners** for a **market share** with **significant price pressure**

To reinforce the position as a **quality and price leader with a focus on regulated markets**, Solara's course-correction strategy, in the context of the **ongoing merger with Aurore Life Sciences(Aurore)** is to perform a commercial model reset. This is aimed at reducing channel partners sales in LRM

This reset will enable Solara to focus on direct customer sales and will increasingly benefit the business as the **demand has shown signs of revival in Ibuprofen**

In Q4'22, **expected mix of regulated market sales** will go back up to **70%**, up from **50%** when this **challenge started** and expected strategy undertaken will enable **90% regulated market sales in H2'23**

In line with the strategy, Solara rationalized production levels in Q3'22 that resulted in significant under-recoveries. However, as a market leader, this is an **important initiative for a sustained future growth**

While the Q4'22 is expected to deliver a normalized performance similar to pre-Q3 levels, Solara will strongly bounce back from **H2'23 when the demand is stabilized**

Long term benefits of commercial reset



Increased inventory levels across the value chain



Reinforce Customer centricity and partnerships



Working capital Normalization



Business acceleration Post normalcy in demand



# Adjustments led by the commercial reset action resulted in a ₹2,000m to ₹2,500m impact on Q3'22 revenues

## Reported Performance

## Key reasons

## Financial Outcome



**Reported Revenues**  
₹1,051m

- One-time commercial policy reset
- Production rationalization in Ibuprofen due to commercial policy reset and subdued demand
- Delay in approvals and moderated demand for COVID therapeutics

**₹2,000m to ₹2,500m**



**Reported EBITDA**  
-₹940m

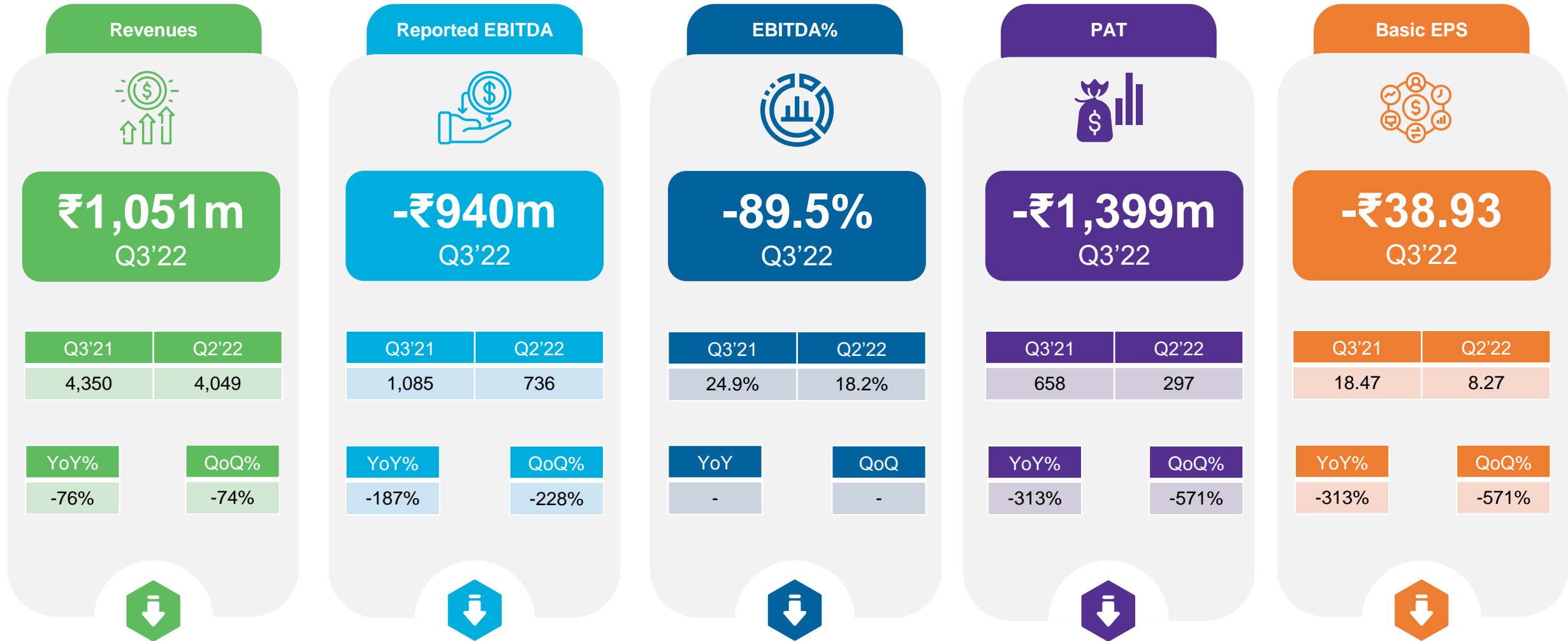
- Lower revenues resulting in negative operating leverage
- Volatile price environment for key raw materials
- High logistics cost

**Low teens EBITDA margins**

**Reported Financial Performance for  
Q3'22 and 9M'22**









Financial Performance (In ₹M)

Q3'22 versus Q3'21

Particulars	Q3'22	Q3'21	Change
Revenue	1,051	4,350	-76%
Gross margins	481	2,423	-80%
Gross margins %	45.8%	55.7%	
Operating EBITDA	-817	1,227	-167%
Operating EBITDA Margins	-77.8%	28.2%	
R&D Cost	-135	-138	
Forex gain/(Loss)	12	-4	
EBITDA	-940	1,085	-187%
EBITDA Margins	-89.5%	24.9%	
PAT	-1399	658	-313%
Basic EPS (₹/Share)	-38.93	18.47	

Q3'22 versus Q2'22

Particulars	Q3'22	Q2'22	Change
Revenue	1,051	4,049	-74%
Gross margins	481	2,167	-78%
Gross margins %	45.8%	53.5%	
Operating EBITDA	-817	885	-192%
Operating EBITDA Margins	-77.8%	21.9%	
R&D Cost	-135	-143	
Forex gain/(Loss)	12	-6	
EBITDA	-940	736	-228%
EBITDA Margins	-89.5%	18.2%	
PAT	-1399	297	-571%
Basic EPS (₹/Share)	-38.93	8.27	



Business Updates

- ▶ Strategic decision taken to **increase customer centricity via direct sales** and a commercial reset was done in Q3 by taking back some of the stranded inventory in the Less Regulated Markets(LRM).
- ▶ **Ibuprofen market demand remained volatile** during the quarter.
- ▶ **Demand decline** in some of the key regulated markets for other products
- ▶ Delay in approval of **Molnupiravir** and **demand softness of Favipiravir** resulted in underperformance of the COVID portfolio
- ▶ **3 regulated market filings** this quarter



Future Outlook

- ▶ **Green shoots visible in the Ibuprofen demand situation**
  - ▶ Uptick in enquiries and signs of demand revival
  - ▶ Increased traction in the higher margin derivatives business
- ▶ **CRAMS to have a similar growth momentum**
  - ▶ Four new customers added, demonstrating good customer traction
  - ▶ Highest ever new business wins by value in this quarter
- ▶ **Operational Excellence and cost reduction**
  - ▶ Manufacturing performance on cost reductions continues to be solid
  - ▶ Second multi-purpose plant at Vizag site on track for ramp up in Q4
- ▶ **Expect recovery to begin in Q4 and normalized run rate on all key financial metrics from H2'23**



### 9M Financial Performance (In ₹M)

Particulars	9M'22	9M'21	Change
Revenue	9,215	11,917	-23%
Gross margins	4,942	6,700	-26%
Gross margins %	53.6%	56.2%	
Operating EBITDA	1,144	3,347	-66%
Operating EBITDA Margins	12.4%	28.1%	
R&D Cost	-419	-389	
Forex gain/(Loss)	21	-4	
EBITDA	746	2,954	-75%
EBITDA Margins	8.1%	24.8%	
PAT	-601	1,647	-136%
Basic EPS (₹/Share)*	-16.71	46.04	



### Business Updates

- ▶ **CRAMS performance** has been **strong and shows a positive momentum** (YTD growth of 74% vs. FY2021)
- ▶ **Ibuprofen demand decline and Commercial reset** in Q3 led to decline in growth
- ▶ **9M'22 experienced lower demand** in general in the regulated markets for key non-Ibu products
- ▶ **Approval delays and weak demand for COVID products** did not allow mitigation of demand stress of other products through the COVID portfolio
- ▶ **Operating leverage impacted** due to the **decline in revenue**
- ▶ **6 regulated market filings** completed in 9M'22



### Future Outlook

- ▶ **Ibuprofen demand** situation showing signs of revival
- ▶ **Customer engagements** on several products portends strong future growth
- ▶ Focussed efforts on **Opex enabled reduction of costs in a structural manner**
- ▶ **Vizag now fully converted into a multi-purpose site** with one facility already commercialized and second facility being ramped up in Q4
- ▶ **R&D performance to ensure steady future business** avenues for growth

\* 9M '21 reported EPS based on weighted average equity shares is ₹ 53.43 per share. Adjusted for full conversion of preferential warrants EPS is ₹ 46.04 per share



Source of Funds	Mar'20	Mar'21	Dec'21
Shareholders' funds	10,860	15,885	15,291
Less: Goodwill	-3,651	-3,651	-3,651
Net worth	7,209	12,234	11,640
<b>Gross Debt</b>	<b>7,068</b>	<b>6,069</b>	<b>10,660</b>
Less: Cash	-1,068	-1,985	-1,748
<b>Net Debt</b>	<b>6,000</b>	<b>4,084</b>	<b>8,912</b>
<b>Total</b>	<b>13,209</b>	<b>16,318</b>	<b>20,552</b>

Utilization of Funds	Mar'20	Mar'21	Dec'21
Net Tangible Fixed Assets	9,932	10,359	11,383
Net Non-current Assets	183	735	1,011
Net Current Assets	3,094	5,224	8,158
<b>Total</b>	<b>13,209</b>	<b>16,318</b>	<b>20,552</b>

- ▶ **Net Debt to EBITDA expected to normalize in the next two quarters**
- ▶ **Net Debt to Equity at ~0.8x**
- ▶ **Fixed Assets Turnover ratio at 1.3 x**
- ▶ **Net debt has increased from ₹ 4,084m to ₹ 8,912m, driven by increase in working capital due to:**
  - ▶ Increased inventory build-up planned for expected COVID related business
  - ▶ Increase in KSMs and raw material inventories to offset the current market volatility
  - ▶ Higher levels of inventory due to less than anticipated demand scenario
  - ▶ Actions to structurally optimize inventory and right-size the working capital underway



Management Participants



**Rajender Rao Juvvadi**  
MD and CEO, Solara



**Bharath R. Sessa**  
Outgoing MD and CEO, Solara



**Subhash Anand**  
Executive Director & CFO, Solara



February 09, 2022  
**4:00PM**



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# *Thank you*

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