

February 3, 2021

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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Please refer our letter dated January 27, 2021 under Regulation 29 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in continuation we wish to inform that at the meeting of Board of Directors held today (February 3, 2021) the Directors has inter-alia, approved the following:

- Unaudited financial results (standalone and consolidated) of the Company for the quarter and nine months ended December 31, 2020 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.
- Postal ballot notice to obtain members approval for reclassification of Sequent Scientific limited from Promoter group to Public category.

The Board Meeting commenced at 11.30 am and concluded at 01.30 pm.

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 Consolidated Unaudited 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, 2020 ("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, subsidiary
3	Chemsynth Laboratories Private Limited, subsidiary
4	Shasun USA Inc., wholly-owned 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. 0.62 Crores and Rs. 2.86 Crores for the quarter and nine months ended December 31, 2020 respectively, total profit after tax of Rs. 0.01 Crores and Rs. 0.95



# Deloitte Haskins & Sells LLP

Crores for the quarter and nine months ended December 31, 2020 respectively and Total comprehensive income of Rs. 0.01 Crores and Rs. 0.95 Crores for the quarter and nine months ended December 31, 2020 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: 21206920AAAAABK7120)

Place: Bengaluru  
Date: February 03, 2021



**SOLARA ACTIVE PHARMA SCIENCES LIMITED**  
CIN: L24230MH2017PLC291636  
Regd. Office: No. 201 Devarvada, Sector 17, Vashi, Navi Mumbai 400 703.  
Corp. Office: No 28, Sardar Patel Road, Guindy, Chennai - 600 032  
**STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS**  
FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020

(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
		31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	31.03.2020
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
I	Revenue from operations	426.69	397.56	343.68	1,172.67	1,024.98	1,321.75
II	Other income	8.29	6.12	6.08	18.99	15.39	27.52
III	<b>Total Income (I + II)</b>	<b>434.98</b>	<b>403.68</b>	<b>349.76</b>	<b>1,191.66</b>	<b>1,040.37</b>	<b>1,349.27</b>
IV	Expenses						
	(a) Cost of materials consumed	189.06	173.45	162.20	490.23	484.06	623.36
	(b) Purchases of stock-in-trade	5.85	14.10	0.99	22.97	29.37	29.67
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(7.24)	(13.39)	(14.99)	(1.67)	(43.90)	(54.16)
	(c) Employee benefits expense	59.88	58.01	51.43	172.39	150.69	204.13
	(e) Finance costs	20.45	19.37	19.57	59.65	57.51	77.89
	(f) Depreciation and amortisation expense	27.39	27.60	23.84	81.22	70.23	94.16
	(g) Other expenses	73.78	67.77	66.39	201.99	195.40	259.31
	<b>Total expenses (IV)</b>	<b>369.19</b>	<b>346.91</b>	<b>308.43</b>	<b>1,026.78</b>	<b>943.34</b>	<b>1,234.34</b>
V	<b>Profit/(loss) before tax (III - IV)</b>	<b>65.79</b>	<b>56.77</b>	<b>41.33</b>	<b>164.88</b>	<b>97.01</b>	<b>114.91</b>
VI	Tax expense						
	- Current tax	11.45	9.85	5.53	28.77	16.76	21.22
	- Current tax of subsidiary - reversal of excess provision of prior year	-	-	(0.13)	-	(0.13)	(0.14)
	- Deferred tax	(11.44)	(9.77)	(5.40)	(28.63)	(16.33)	(20.69)
	<b>Total tax expense (VI)</b>	<b>0.01</b>	<b>0.08</b>	<b>-</b>	<b>0.14</b>	<b>0.30</b>	<b>0.39</b>
VII	<b>Profit/(loss) for the period (V - VI)</b>	<b>65.78</b>	<b>56.69</b>	<b>41.33</b>	<b>164.74</b>	<b>96.71</b>	<b>114.52</b>
VIII	Other comprehensive income						
A	(i) Items that will not be reclassified to statement of profit and loss	-	(3.18)	-	(3.18)	-	(3.29)
	(ii) Income tax relating to items that will not be reclassified to statement of profit and loss	-	-	-	-	-	-
B	(i) Items that may be reclassified to statement of profit and loss	0.05	0.09	(0.04)	0.15	(0.15)	(0.42)
	(ii) Income tax relating to items that may be reclassified to statement of profit and loss	-	-	-	-	-	-
	<b>Total other comprehensive income for the period (VIII)</b>	<b>0.05</b>	<b>(3.09)</b>	<b>(0.04)</b>	<b>(3.03)</b>	<b>(0.15)</b>	<b>(3.71)</b>
IX	<b>Total comprehensive income for the period (VII + VIII)</b>	<b>65.83</b>	<b>53.60</b>	<b>41.29</b>	<b>161.71</b>	<b>96.56</b>	<b>110.81</b>
	<b>Profit for the year attributable to:</b>						
	- Equity shareholders of the Group	65.80	56.67	41.36	164.75	96.79	114.61
	- Non-controlling interests	(0.02)	0.02	(0.03)	(0.01)	(0.08)	(0.09)
	<b>Other Comprehensive Income:</b>						
	- Equity shareholders of the Group	0.05	(3.09)	(0.04)	(3.03)	(0.15)	(3.71)
	- Non-controlling interests	-	-	-	-	-	-
	<b>Total Comprehensive income:</b>						
	- Equity shareholders of the Group	65.85	53.58	41.32	161.72	96.64	110.90
	- Non-controlling interests	(0.02)	0.02	(0.03)	(0.01)	(0.08)	(0.09)
	<b>Earnings per equity share (face value of Rs. 10/- each)</b>						
	(a) Basic (Rs.)	18.47	19.21	16.00	53.43	37.51	44.29
	(b) Diluted (Rs.)	17.29	17.25	15.24	49.28	36.61	42.82

See accompanying notes to these Financial Results

- Notes:**
- The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 3, 2021. The above results for the quarter ended and nine months ended December 31, 2020 have been reviewed by Deloitte Haskins & Sells LLP, the statutory auditor of the Company, on which they have given an unmodified report.
  - The Group's operations relate to only one reportable segment viz Active Pharmaceutical Ingredient (API). Accordingly no separate disclosure of segment information is required.
  - The Company has paid an amount of Rs. 14.36 Cr towards interim dividend for the year ending March 31, 2021 as approved by the Board of Directors at its meeting held on November 11, 2020.

**4 Information on Standalone Results:** (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
		31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	31.03.2020
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
I	Total Income	434.98	403.24	349.78	1,191.22	1,040.38	1,349.26
II	Profit/(loss) before tax	65.78	55.94	41.21	163.81	94.31	112.49
III	Profit/(loss) after tax	65.78	55.94	41.21	163.81	94.31	112.49

- The Group has evaluated impact of COVID-19 pandemic in assessing the recoverability of receivables, goodwill, property plant and equipment and investment properties based on its review of current indicators of future economic conditions. Based on such assessment, the Group expects to recover carrying values of such assets. The Group 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 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.
- Previous period figures have been regrouped to conform with the classification adopted in these financial results.

For and on behalf of board

  
  
**Bharath K Sestha**  
 Managing Director & CEO

Place : Bengaluru  
Date : February 03, 2021

## 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 Standalone Unaudited Financial Results of **SOLARA ACTIVE PHARMA SCIENCES LIMITED** ("the Company") for the quarter and nine months ended December 31, 2020 ("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: 21206920AAAABJ5532)

Place: Bengaluru  
Date: February 03, 2021



**SOLARA ACTIVE PHARMA SCIENCES LIMITED**  
CIN: L24230MH2017PLC291636  
Regd. Office: No. 201 Devavrata, Sector 17, Vashi, Navi Mumbai 400 703.  
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**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS**  
**FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2020**

(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
		31.12.2020	30.09.2020	31.12.2019	31.12.2020	31.12.2019	31.03.2020
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
I	Revenue from operations	426.69	397.56	343.98	1,172.67	1,024.98	1,321.75
II	Other income	8.29	5.68	6.10	18.55	15.40	27.51
III	<b>Total income (I + II)</b>	<b>434.98</b>	<b>403.24</b>	<b>349.78</b>	<b>1,191.22</b>	<b>1,040.38</b>	<b>1,349.26</b>
IV	Expenses						
	(a) Cost of materials consumed	189.08	173.45	162.20	490.22	484.06	623.36
	(b) Purchases of stock-in-trade	5.85	14.10	0.99	22.97	29.37	29.67
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(7.24)	(13.39)	(14.99)	(1.67)	(43.90)	(54.16)
	(d) Employee benefits expense	59.48	57.67	51.11	171.23	149.56	202.24
	(e) Finance costs	20.41	19.37	18.57	59.61	57.51	77.88
	(f) Depreciation and amortisation expense	27.29	27.52	23.76	80.95	69.83	93.67
	(g) Other expenses	74.53	68.58	66.93	204.10	199.64	264.11
	<b>Total expenses (IV)</b>	<b>369.20</b>	<b>347.30</b>	<b>308.57</b>	<b>1,027.41</b>	<b>946.07</b>	<b>1,236.77</b>
V	<b>Profit/(loss) before tax (III - IV)</b>	<b>65.78</b>	<b>55.94</b>	<b>41.21</b>	<b>163.81</b>	<b>94.31</b>	<b>112.49</b>
VI	Tax expense						
	- Current tax	11.44	9.77	5.39	28.63	16.32	20.69
	- Deferred tax	(11.44)	(9.77)	(5.39)	(28.63)	(16.32)	(20.69)
	<b>Total tax expense (VI)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
VII	<b>Profit/(loss) for the period (V - VI)</b>	<b>65.78</b>	<b>55.94</b>	<b>41.21</b>	<b>163.81</b>	<b>94.31</b>	<b>112.49</b>
VIII	Other comprehensive income/(loss)						
A	(f) Items that will not be reclassified to statement of profit and loss	-	(3.18)	-	(3.18)	-	(3.29)
	(g) Income tax relating to items that will not be reclassified to statement of profit and loss	-	-	-	-	-	-
B	(i) Items that may be reclassified to statement of profit and loss	-	-	-	-	-	-
	(j) 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>(3.18)</b>	<b>-</b>	<b>(3.18)</b>	<b>-</b>	<b>(3.29)</b>
IX	<b>Total comprehensive income for the period (VII + VIII)</b>	<b>65.78</b>	<b>52.76</b>	<b>41.21</b>	<b>160.63</b>	<b>94.31</b>	<b>109.20</b>
	Earnings per equity share (face value of Rs. 10/- each)						
	(a) Basic (Rs.)	16.48	18.97	15.95	53.12	36.55	43.47
	(b) Diluted (Rs.)	17.31	17.02	15.20	49.00	35.68	42.03

See accompanying notes to these Financial Results

**Notes:**

- The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on February 3, 2021. The above results for the quarter ended and nine months ended December 31, 2020 have been reviewed by Deloitte Haskins & Sells LLP, the statutory auditor of the Company, on which they have given an unmodified report.
- The Company has paid an amount of Rs. 14.36 Cr towards interim dividend for the year ending March 31, 2021 as approved by the Board of Directors at its meeting held on November 11, 2020.
- 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 Company has evaluated impact of COVID-19 pandemic in assessing the recoverability of receivables, goodwill, property plant and equipment and investment properties based on its review of current indicators of future economic conditions. Based on such assessment, the Company expects to recover carrying values of such assets. 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.
- Previous period figures have been regrouped to conform with the classification adopted in these financial results.

For and on behalf of board

  
  
 Bharathi R Seshu  
 Managing Director & CEO

Place : Bengaluru  
Date : February 03, 2021

## Solara delivers yet another strong quarterly financial performance

- » **Delivered the Best Ever Quarterly Revenue, EBITDA & PAT**
- » **Q3'21 Revenues at ₹4,350 Mn, up 24% YoY and 8% QoQ**
- » **Q3'21 EBITDA stood at ₹1,085 Mn, up 32% YoY and 8% QoQ**
- » **Q3'21 PAT at ₹658 Mn, and up 59% YoY and 16% QoQ**
- » **Basic EPS at ₹18.47 in Q3'21**

**Bengaluru, India – February 3, 2021:** Solara Active Pharma Sciences Ltd (Solara) (NSE: SOLARA; BSE: 541540), a leading Active Pharmaceutical Ingredient provider today announced the financial results for the **third quarter (Q3'21)**.

### Financial Performance for Q3'21

Particulars	Rs. In Mn							
	Q3'21	Q2'21	QoQ	Q3'20	YoY	9M'21	9M'20	YoY
Revenue	<b>4,350</b>	<b>4,037</b>	<b>8%</b>	<b>3,498</b>	<b>24%</b>	<b>11,917</b>	<b>10,404</b>	<b>15%</b>
<b>Operating EBITDA</b>	<b>1,227</b>	<b>1,113</b>	<b>10%</b>	<b>952</b>	<b>29%</b>	<b>3,347</b>	<b>2,557</b>	<b>31%</b>
Operating EBITDA Margins	28.2%	27.6%	60 bps	27.2%	100 bps	28.1%	24.6%	350 bps
R&D Cost	-138	-111		-134		-389	-360	
Forex gain/(Loss)	-4	4		3		-4	-9	
<b>Reported EBITDA</b>	<b>1,085</b>	<b>1,006</b>	<b>8%</b>	<b>820</b>	<b>32%</b>	<b>2,954</b>	<b>2,188</b>	<b>35%</b>
Reported EBITDA Margins	24.9%	24.9%	-	23.5%	140 bps	24.8%	21.0%	380 bps
<b>PAT</b>	<b>658</b>	<b>567</b>	<b>16%</b>	<b>413</b>	<b>59%</b>	<b>1,647</b>	<b>967</b>	<b>70%</b>
Basic EPS (Rs. Per share)	18.47	19.21		16.00		53.43	37.51	
Adjusted EPS (Rs. Per share)*	18.47	15.79		16.00		46.04	37.51	

\*Adjusted EPS is after adjusting for full impact of conversion of preferential warrants in Q2'21 and 9M'21

Commenting on the performance, **Bharath Sesha**, the MD & CEO of the Company, remarked

*"Solara's resilient product portfolio and our robust execution has enabled us to deliver yet another record quarter. Our passionate and engaged employees have navigated the trying days of the last couple of quarters and continue to excel in meeting customer expectations.*

*Our performance has been driven by our ability to hold on to increased share of wallet with existing customers and breaking through in new markets with new customers. We have shown continued strength in regulated markets, this coupled with strong sales growth in other markets has provided twin growth engines for Solara.*

*The processes and mindset needed to deliver continuous cost improvements are well anchored at Solara. During the past quarter we continued to benefit from the excellent execution of all our cost improvement plans.*

*We have filed **5 new DMFs – 3 in US and 2 in EU** in the quarter thereby gaining momentum for future growth. Our CRAMs business continues to track well to plan and the leading indicators of our business build stay robust. While the demand picture on some of our products has moderated, the diversity of our product portfolio will continue to stand us in good stead to deliver strong growth in Revenue and EBITDA in FY 21".*

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

**EBITDA Reconciliation**

Particulars	Rs. In Mn					
	Q3'21	Q2'21	Q3'20	9M'21	9M'20	FY20
Profit/(loss) before tax as per SEBI reporting	658	568	413	1,649	970	1,149
Add : Finance costs	204	194	186	596	575	779
Add: Depreciation and amortisation expense	274	276	238	812	702	942
Less: Interest income	-51	-32	-17	-103	-59	-77
<b>Consolidated Reported EBITDA as per press release</b>	<b>1,085</b>	<b>1,006</b>	<b>820</b>	<b>2,954</b>	<b>2,188</b>	<b>2,793</b>

**Earnings Conference Call**

The Company will conduct an earnings call at **3.30 PM IST on February 3, 2021**, 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**

**Abhishek Singhal**

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

☎ +91 99877 66968

**Statutory and corporate affairs**

**Murali Krishna S**

**Raghavan. V**

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

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*Disclaimer: Certain statements in this document that 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.*



**SOLARA**  
Active Pharma Sciences

# **SOLARA DELIVERS A STRONG QUARTERLY FINANCIAL PERFORMANCE**

**STRONG  
FOUNDATION.  
ACCELERATING  
GROWTH.**

CUSTOMER CENTRICITY | NEW MARKETS & NEW PRODUCTS | CONTINUOUS IMPROVEMENT | ENGAGED EMPLOYEES

**Q3'21 EARNINGS UPDATE**  
*February 3, 2021*

# Our resilient product portfolio and strong execution delivers record results



*"Solara's resilient product portfolio and our robust execution has enabled us to deliver yet another record quarter. Our passionate and engaged employees have navigated the trying days of the last couple of quarters and continue to excel in meeting customer expectations.*

*Our performance has been driven by our ability to hold on to increased share of wallet with existing customers and breaking through in new markets with new customers. We have shown continued strength in regulated markets, this coupled with strong sales growth in other markets has provided twin growth engines for Solara.*

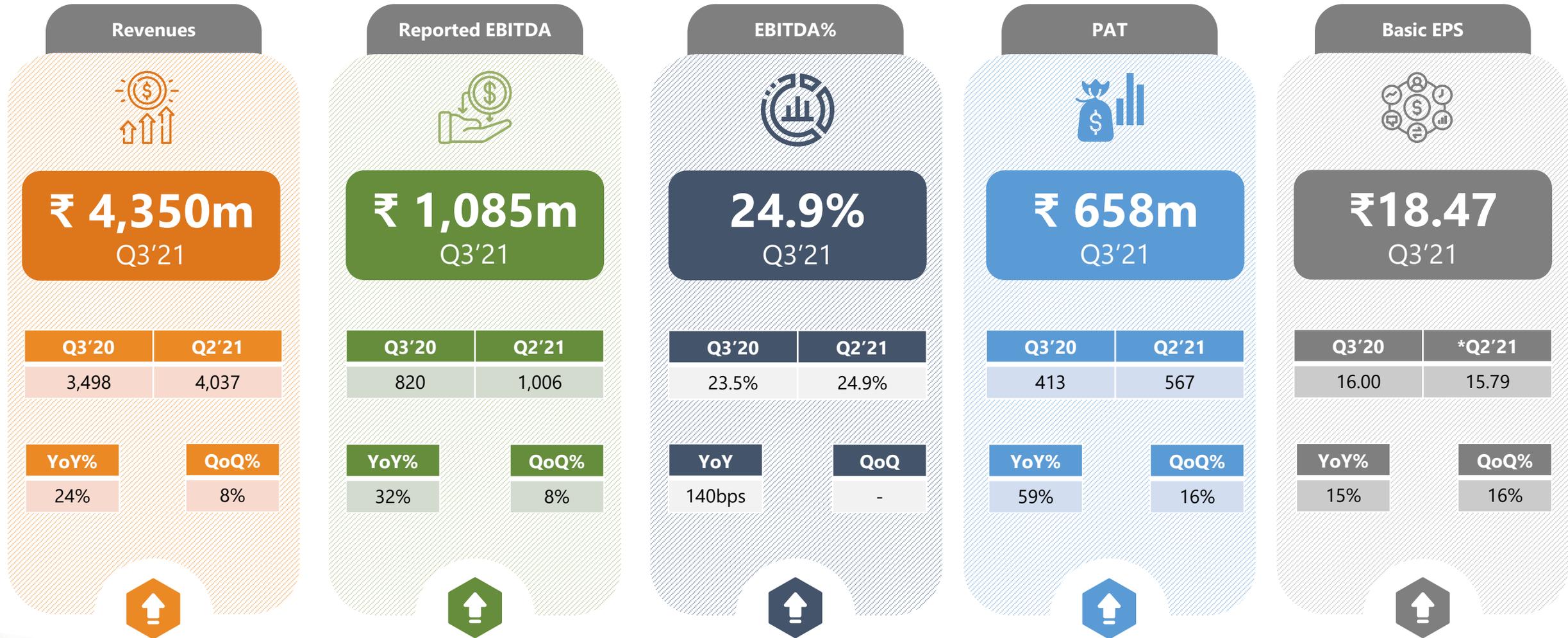
*The processes and mindset needed to deliver continuous cost improvements are well anchored at Solara. During the past quarter we continued to benefit from the excellent execution of all our cost improvement plans.*

*We have filed **5 new DMFs – 3 in US and 2 in EU** in the quarter thereby gaining momentum for future growth. Our CRAMs business continues to track well to plan and the leading indicators of our business build stay robust. While the demand picture on some of our products has moderated, the diversity of our product portfolio will continue to stand us in good stead to deliver strong growth in Revenue and EBITDA in FY 21".*



**Bharath.R.Sesha**  
MD & CEO

# Strong momentum in Q3'21 leading to a 24% YoY Revenue growth



\* Q2'21 reported EPS based on weighted average equity shares is Rs. 19.21 per share. Adjusting for conversion of preferential warrants EPS is Rs. 15.79 per share

# Robust Revenue Growth led by strength across all markets and scale up of Vizag

## YoY and QoQ Performance

### Year on Year Comparison

₹ In Million

Particulars	Q3'21	Q3'20	Change
<b>Revenue</b>	<b>4,350</b>	<b>3,498</b>	<b>24%</b>
<b>Gross margins</b>	<b>2,423</b>	<b>1,999</b>	<b>21%</b>
Gross margins %	55.7%	57.1%	-145 bps
<b>Operating EBITDA</b>	<b>1,227</b>	<b>952</b>	<b>29%</b>
Operating EBITDA Margins	28.2%	27.2%	100 bps
R&D Cost	-138	-134	
Forex gain/(Loss)	-4	3	
<b>EBITDA</b>	<b>1,085</b>	<b>820</b>	<b>32%</b>
EBITDA Margins	24.9%	23.5%	140 bps
<b>PAT</b>	<b>658</b>	<b>413</b>	<b>59%</b>
<b>Basic EPS (₹/Share)*</b>	<b>18.47</b>	<b>16.00</b>	

### Quarter on Quarter Comparison

₹ In Million

Particulars	Q3'21	Q2'21	Change
<b>Revenue</b>	<b>4,350</b>	<b>4,037</b>	<b>8%</b>
<b>Gross margins</b>	<b>2,423</b>	<b>2,264</b>	<b>7%</b>
Gross margins %	55.7%	56.1%	-38 bps
<b>Operating EBITDA</b>	<b>1,227</b>	<b>1,113</b>	<b>10%</b>
Operating EBITDA Margins	28.2%	27.6%	60 bps
R&D Cost	-138	-111	
Forex gain/(Loss)	-4	4	
<b>EBITDA</b>	<b>1,085</b>	<b>1,006</b>	<b>8%</b>
EBITDA Margins	24.9%	24.9%	-
<b>PAT</b>	<b>658</b>	<b>567</b>	<b>16%</b>
<b>Basic EPS (₹/Share)*</b>	<b>18.47</b>	<b>15.79</b>	

\* Q2'21 reported EPS based on weighted average equity shares is Rs. 19.21 per share. Adjusting for conversion of preferential warrants EPS is Rs. 15.79 per share

## Business and Operations Update

### API Business

- ➔ Regulated markets revenues at ₹ 3,110 million, up 12% YoY
- ➔ Regulated markets revenues contributes 72% of Q3'21 revenues, the marginal share decline from last quarter is a result of robust growth in other markets.
- ➔ Other markets revenues at ₹ 1,240 million, up 71% YoY
- ➔ Revenue growth of 24% YoY (37% YoY ex-ranitidine) is mainly driven by growth in volumes and scale up of operations in Vizag.
- ➔ New products contributed 9% of Q3'21 revenues improved from last quarter

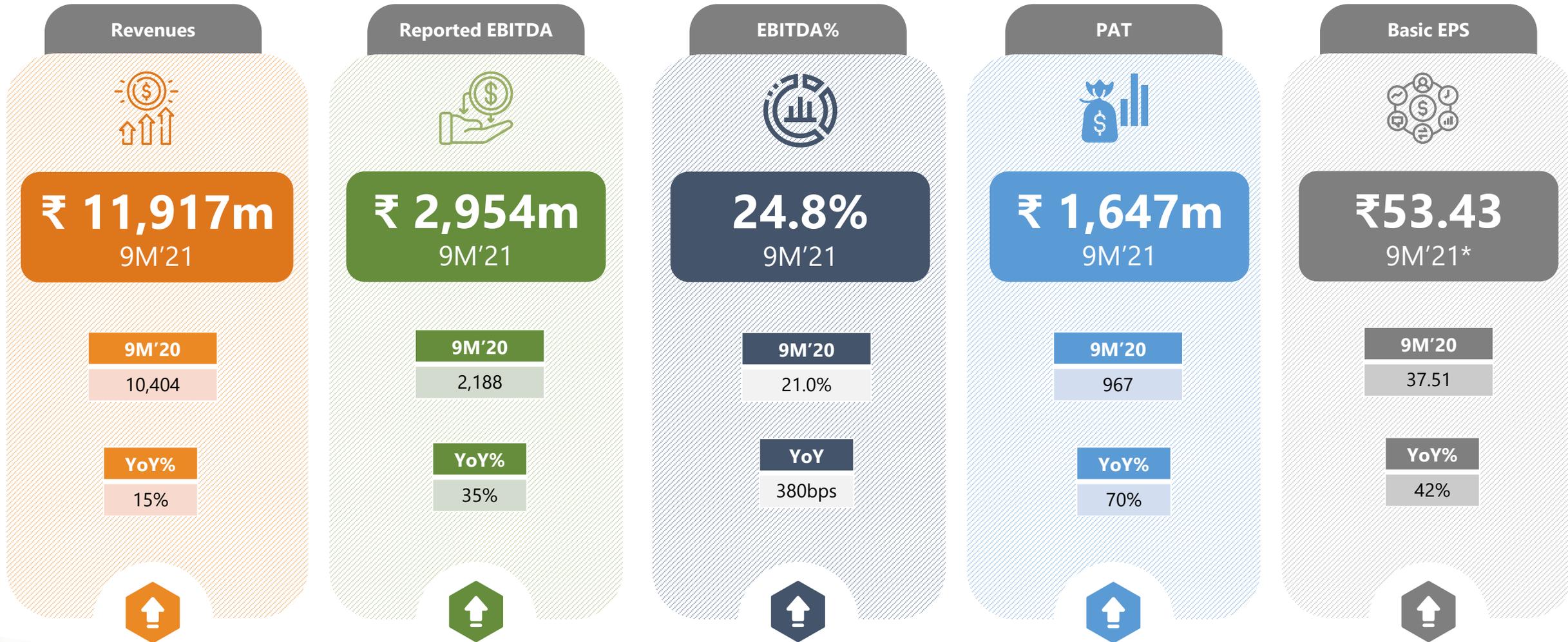
### CRAMS

- ➔ Tracking well to plan with the addition of new customers and a solid growth in the order book

### R&D and Operations

- ➔ Vizag facility onstream, commercialized as planned in Q3'21
- ➔ Filed 3 new DMFs for the US market and 2 new DMFs for the EU market during Q3'21
- ➔ Market extensions were done for 6 of our existing products across 7 different geographies
- ➔ R&D Spend for the quarter was ₹138 million, at 3.2% of Revenue

# Performance for 9M'21



\*9M'21 EPS based on weighted average number of equity shares is Rs. 53.43 per share. After adjusting for full impact of conversion of preferential warrants is Rs. 46.04 per share

# Sales growth and OpEx leverage sets a strong base for the future

## 9M Performance

₹ In Million

Particulars	9M '21	9M'20	Change
<b>Revenue</b>	<b>11,917</b>	<b>10,404</b>	<b>15%</b>
<b>Gross margins</b>	<b>6,700</b>	<b>5,656</b>	<b>18%</b>
Gross margins %	56.2%	54.4%	186 bps
<b>Operating EBITDA</b>	<b>3,347</b>	<b>2,557</b>	<b>31%</b>
Operating EBITDA Margins	28.1%	24.6%	350 bps
R&D Cost	-389	-360	
Forex gain/(Loss)	-5	-9	
<b>EBITDA</b>	<b>2,954</b>	<b>2,188</b>	<b>35%</b>
EBITDA Margins	24.8%	21.0%	380 bps
<b>PAT</b>	<b>1,647</b>	<b>967</b>	<b>70%</b>
<b>Basic EPS (₹/Share)*</b>	<b>53.43</b>	<b>37.51</b>	

## Business and Operations Update

- ➔ Regulated markets revenues at **₹ 9,144 million**, up **11% YoY**
- ➔ Regulated markets revenues contributes **77% of 9M'21** revenues, the marginal share decline from 9M'20 is a result of robust growth in other markets
- ➔ Other markets revenues at **₹ 2,773 million**, up **27% YoY**
- ➔ Revenue growth of **15% YoY (22% YoY ex-ranitidine)** is majorly driven by growth in volumes and scale up of operations in Vizag.
- ➔ **2 New products** commercialised during 9M'21
- ➔ New products contributed **10%** of 9M'21 revenues
- ➔ **5 New US DMFs and 2 new EU DMF s** were filed during 9M'21
- ➔ Market extensions were done for **16 of our existing products** across **13 different geographies**

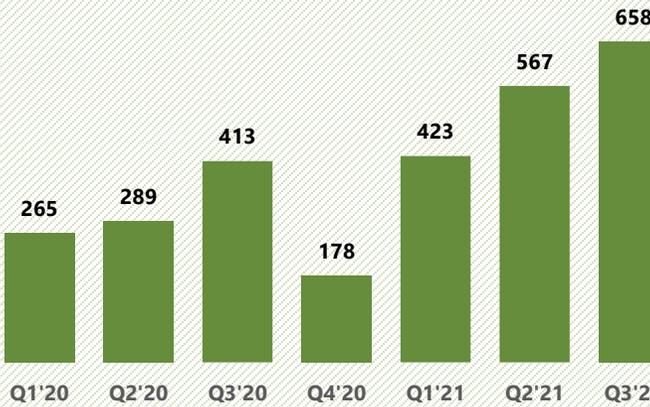
\*9M'21 EPS based on weighted average number of equity shares is Rs. 53.43 per share. After adjusting for full impact of conversion of preferential warrants is Rs. 46.04 per share

# Strong Quarter on Quarter growth in EBITDA, PAT and EPS

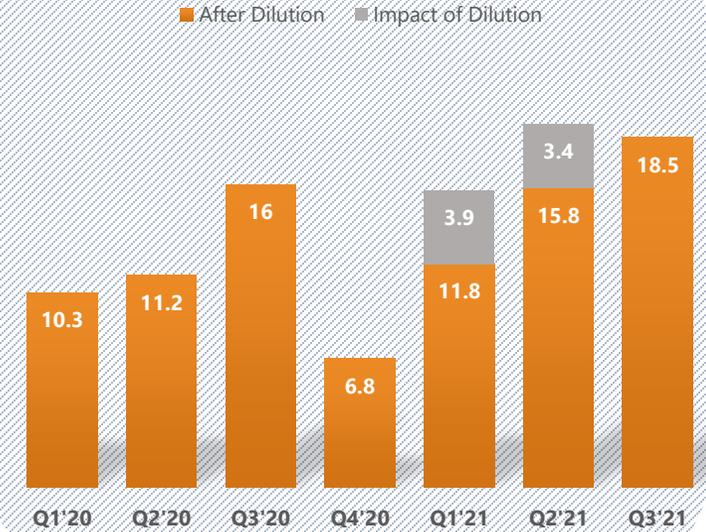
EBITDA (₹ Million)



Profit After Tax (₹ Million)



EPS (₹/share)



- Continued Growth in EBITDA margins, PAT and EPS
- Improved EBITDA to EPS conversion 61% in Q3'21 vs 56% in Q2'21 vs 50% in Q3'20
- Higher equity base post Warrant conversion impacted EPS. Earlier quarters reflect full impact of conversion of preferential warrants.

# Significantly stronger balance sheet on the back of overall robust business performance

## Statement of Assets and Liabilities

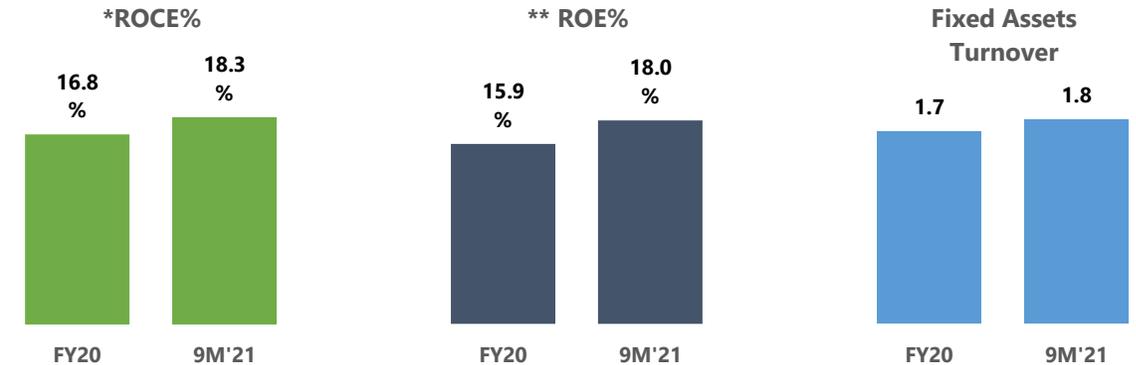
### Source of Funds

Particulars Rs Mn	Mar'20	Sep'20	Dec'20
<b>Shareholders' funds</b>	<b>10,860</b>	<b>14,748</b>	<b>15,290</b>
Less: Goodwill	-3,651	-3,651	-3,651
Net worth	7,209	11,097	11,639
Term Loan	3,530	3,255	3,643
Working Capital	3,538	3,666	3,646
<b>Gross Debt</b>	<b>7,068</b>	<b>6,921</b>	<b>7,289</b>
Less: Cash	-1,068	-4,089	-3,919
<b>Net Debt</b>	<b>6,000</b>	<b>2,832</b>	<b>3,370</b>
<b>Total</b>	<b>13,209</b>	<b>13,929</b>	<b>15,009</b>

### Utilization of Funds

Particulars	Mar'20	Sep'20	Dec'20
Net Tangible Fixed Assets	9,932	10,011	10,029
Net Non-current Assets	183	336	539
Net Current Assets	3,094	3,582	4,441
<b>Total</b>	<b>13,209</b>	<b>13,929</b>	<b>15,009</b>

## Key Highlights



- ➔ Net Debt to EBITDA comfortable at **<1x range** versus >4x in FY18
- ➔ Net Debt to Equity at **~0.3x** post the receipt of warrant subscription.
- ➔ Base Fixed Assets Turnover ratio at **1.8x** (without Vizag capex).

\* ROCE for 9M'21 is computed by annualising the results of 9M'21 and using average capital employed

\*\* ROE for 9M'21 is computed by annualising the results of 9M'21 and with higher equity base

# FY21 Guidance: Revenue growth 25-30% YoY, EBITDA growth at 40%+ YoY and EBITDA Margin at 23-25%



## Revenues

₹ 13,991m

₹ 13,493m

30%+ YoY

25-30% YoY



## EBITDA

₹ 2,316m

₹ 2,793m

40%+ YoY

40%+ YoY



## EBITDA Margins

17%

21%

23-25%

23-25%

FY19  
Performance

FY20  
Performance

FY21E  
Previous Guidance

FY21E  
Revised Guidance

# Medium term growth is along 5 Levers, complimenting and amplifying each other

Strong foundation...

...Leading To Accelerating Growth

01

## CUSTOMER CENTRICITY

Solara has strong customer relationships lasting many years. We will continue to leverage this to introduce new products to our customers. We have always approached our key customers with a strategic view and this has and will enable us to continue to grow with them.



02

## CONTINUOUS IMPROVEMENT

At Solara continuous improvement is in the culture of the company. We have delivered year on year improvements in costs and the company is well positioned to carry this momentum forward.



05



## INORGANIC

Grow via a "right priced" acquisition on the axes of science and/or scale. Inorganic growth is an important element of our future growth

04

## NEW PRODUCTS/MARKETS

In a short span of 2 years Solara has established a foothold not only in key regulated markets but also in all important markets across the world. We have invested in dedicated teams and focused approach to win in these markets with both existing and new products.



03

## CRAMS

Building the business from our legacy customer base, non-compete position, strong foundation on quality and environment and investing in new technologies. Solara has unique advantages to scale up the business to be one of the strong pillar of growth.



# THANK YOU

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