SOLARA ACTIVE PHARMA SCIENCES LIMITED

Our Company was originally incorporated under the provisions of the Companies Act, as '*SSL Pharma Sciences Limited*', a public limited company, pursuant to a certificate of incorporation dated February 23, 2017, issued by Registrar of Companies, Central Registration Centre. Subsequently the name of our Company was changed to '*Solara Active Pharma Sciences Limited*' pursuant to which a fresh certificate of incorporation dated March 25, 2017, was issued by the RoC. For further details of changes in name and changes in registered office, see "*General Information*" on page 52.

Registered Office: 201, Devavrata, Sector 17, Vashi, Navi Mumbai - 400 703, Maharashtra, India;
Telephone: +91 22 27892924
Corporate Office: 2nd Floor, Admin Block 27, Vandaloor Kelambakkam Road, Keelakottaiyur Village, Melakottaiyur (Post), Chennai - 600 127, Tamil Nadu, India; **Telephone:** +91 44 4344 6700
Contact Person: Suddapalli Muralikrishna, Company Secretary and Compliance Officer
E-mail: investors@solara.co.in; **Website:** www.solara.co.in
Corporate Identification Number: L24230MH2017PLC291636

OUR PROMOTERS: ARUNKUMAR PILLAI, K R RAVISHANKAR AND PRONOMZ VENTURES LLP

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF SOLARA ACTIVE PHARMA SCIENCES LIMITED ("OUR COMPANY") ONLY

ISSUE OF 1,19,98,755 PARTLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹10 EACH OF OUR COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹375.00 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹365.00 PER RIGHTS EQUITY SHARE) AGGREGATING TO ₹449.95 CRORE* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF ONE RIGHTS EQUITY SHARES FOR EVERY THREE FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON MAY 15, 2024 ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, SEE "*TERMS OF THE ISSUE*" ON PAGE 233.

**Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.*

PAYMENT SCHEDULE FOR THE RIGHTS EQUITY SHARES

AMOUNT PAYABLE PER RIGHTS EQUITY SHARE*	Face Value (₹)	Premium (₹)	Total (₹)
On Application	3.50	127.75	131.25
Additional calls as may be decided by our Board/Rights Issue Committee from time to time	6.50	237.25	243.75
Total (₹)	**10.00**	**365.00**	**375.00**

**For further details on Payment Schedule, see "Terms of the Issue" on page 233.*

WILFUL DEFAULTERS OR FRAUDULENT BORROWERS

Neither our Company, nor our Promoters or any of our Directors are categorized as Wilful Defaulters (as defined hereinafter) or Fraudulent Borrowers (as defined hereinafter).

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The securities being offered in the Issue have not been recommended or approved by Securities and Exchange Board of India (the "**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to the statement of "*Risk Factors*" on page 21.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", and together with BSE, the "**Stock Exchanges**"). Our Company has received the "*in-principle*" approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to the Issue through their letters dated May 06, 2024 and May 02, 2024, respectively. Our Company will also make applications to the Stock Exchanges to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of this Issue, the Designated Stock Exchange is BSE.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
Choice Capital Advisors Private Limited Sunil Pataodia Tower, Plot No. 156-158, J.B. Nagar, Andheri (East), Mumbai - 400 099, Maharashtra, India **Telephone:** +91 22 6707 9999 / 7919 **E-mail:** solara.ri@choiceindia.com **Investor Grievance E-mail:** regulator_advisors@choiceindia.com **Contact Person:** Nimisha Joshi / Mahima Shivratriwar **Website:** www.choiceindia.com/merchant-investment-banking **SEBI Registration No.:** INM000011872	**Cameo Corporate Services Limited** Subramanian Building, No.1, Club House Road, Chennai – 600 002, Tamil Nadu, India **Telephone:** 044 – 4002 0700 **E-mail:** rights@cameoindia.com **Investor Grievance E-mail:** https://wisdom.cameoindia.com **Contact Person:** K. Sreepriya **Website:** www.cameoindia.com **SEBI Registration No.:** INR000003753

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
TUESDAY, MAY 28, 2024	WEDNESDAY, JUNE 05, 2024	TUESDAY, JUNE 11, 2024

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlement are credited in the demat accounts of the Renouncees on or prior to the Issue Closing Date.*

***Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

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Table of Contents

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates, requires or implies or unless otherwise specified, shall have the meaning as provided below.

References to any legislation, act, regulation, rule, guideline, clarification or policy shall be to such legislation, act, regulation, rule, guideline, clarification or policy as amended, supplemented, re-enacted, or modified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Letter of Offer, but not defined herein shall have the meaning ascribed to such terms under the SEBI ICDR Regulations, the SEBI Listing Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

The following list of capitalized terms used in this Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Notwithstanding the foregoing, terms used in "Industry Overview", "Summary of Letter of Offer", "Statement of Special Tax Benefits", "Financial Statements" and "Outstanding Litigation and Defaults" and "Terms of the Issue" on pages 75, 18, 68, 121, 216 and 233 respectively, shall, unless indicated otherwise, have the meaning ascribed to such terms in these respective sections.

General Terms

Term	Description
"Company", "Our Company", or "the Company"	Solara Active Pharma Sciences Limited, a public limited company incorporated under the Companies Act, having its registered office at 201, Devavrata, Sector 17, Vashi, Navi Mumbai, 400 703, Maharashtra, India and corporate office at 2nd Floor, Admin Block 27, Vandaloor Kelambakkam Road, Keelakottaiyur Village, Melakottaiyur (Post), Chennai - 600 127, Tamil Nadu, India.
"We", "Us", or "our Group"	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company along with our Subsidiaries, on a consolidated basis, as applicable, as at and during the relevant Fiscal.

Company Related Terms

Term	Description
"Annual Financial Statements"	The audited consolidated financial statements of our Company and our Subsidiaries as at and for the financial year ended March 31, 2023 (along with comparative financial statements for the financial year ended March 31, 2022) prepared in accordance with applicable accounting standards, which comprises the balance sheet as at March 31, 2023 (along with comparative balance sheet as at March 31, 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 years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details, see "*Financial Statements*" on page 127.
"Articles of Association" or "Articles"	Articles of Association of our Company, as amended from time to time.
"Audit Committee"	The audit committee of our Board.
"Board of Directors", or "Board" or "our Board"	Board of directors of our Company or any duly constituted committee thereof.
"CareEdge Research" or "CARE"	CARE Analytics and Advisory Private Limited
"CARE Report"	Report titled "*Industry Research Report on API (Pharma) Industry*" published in February 2024

Term	Description
"Chairman"	The chairman of our Company, namely Kartheek Chinatalapati Raju.
"Company Secretary and Compliance Officer"	The company secretary and compliance officer of our Company, namely Suddapalli Muralikrishna.
"Corporate Office"	The corporate office of our Company situated at 2nd Floor, Admin Block 27, Vandaloor Kelambakkam Road, Keelakottaiyur Village, Melakottaiyur (Post), Chennai 600 127, Tamil Nadu, India.
"Demerger Scheme"	Scheme of arrangement between Strides, Sequent and our Company, which provided for the demerger of the commodity API business of Strides and the human API business of Sequent and the transfer of the same to our Company and approved by the NCLT *vide* their order dated March 9, 2018.
"Directors"	Directors on our Board, as may be appointed from time to time, as disclosed in "*Our Management and Organisational Structure*" on page 121
"Equity Shareholder(s)"	A holder of Equity Share(s) of our Company, from time to time.
"Equity Shares"	Equity shares of face value of ₹10 each of our Company.
"ESOP 2018"	Our Company's employee stock option plan, "*Solara Employee Stock Option Plan, 2018*".
"Executive Director(s)"	Executive director(s) of our Company. For details, see "*Our Management and Organisational Structure*" on page 121.
"Independent Director(s)"	Independent Directors on our Board, who are eligible to be appointed as independent directors under the provisions of the Companies Act and the SEBI Listing Regulations. For details of the Independent Directors, see "*Our Management and Organisational Structure*" on page 121.
"Independent Chartered Accountant"	The independent chartered accountant, namely, M/s Mahesh C. Solanki & Co, Chartered Accountants.
"Key Managerial Personnel" or "KMP"	The key managerial personnel of our Company determined in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations. For details, see "*Our Management and Organisational Structure*" on page 121.
"Manufacturing Facilities"	The manufacturing facilities of our Company located in Puducherry, Cuddalore, Mangalore, Ambernath, Vishakhapatnam and Mysuru.
"Materiality Threshold"	Our Company, in its Board meeting held on October 19, 2023, adopted the threshold for the materiality of the litigation solely for the purpose of the Issue in relation to the disclosure of outstanding litigation.
"Memorandum of Association" or "Memorandum"	Memorandum of Association of our Company, as amended from time to time.
"Non-Executive Director(s)"	A Director, not being an Executive Director of our Company.
"Promoter Group"	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations.
"Promoters"	The promoters of our Company, being Arunkumar Pillai, K R Ravishankar and Pronomz Ventures LLP.
"R&D Centre"	The research and development centre of our Company located in Chennai.
"Registered Office"	The registered office of our Company situated at 201, Devavrata, Sector 17, Vashi, Navi Mumbai, 400 703, Maharashtra, India.
"RoC"	Registrar of Companies, Maharashtra at Mumbai.
"Senior Management"	The Senior Management of our Company determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations. For details, see "*Our Management and Organisational Structure*" on page 121.
"Sequent"	Sequent Scientific Limited
"Statutory Auditors"	The statutory auditors of our Company, namely, Deloitte Haskins & Sells LLP, Chartered Accountants.
"Strides"	Strides Pharma Science Limited (Formerly Strides Shasun Limited)
"Subsidiaries"	The subsidiaries of our Company as defined under the Companies Act and the applicable Accounting Standards. For details, see "*Financial Statements*" on page 127.
"Unaudited Interim Financial Statements"	The limited review consolidated unaudited financial results of our Company and our Subsidiaries as at and for the nine month period ended

Term	Description
	December 31, 2023 (along with comparative unaudited financial results for our Company as at and for the nine month period ended December 31, 2022). For details, see "*Financial Statements*" on page 127.

Issue Related Terms

Term	Description
"Abridged Letter of Offer" or "ALOF"	The abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.
"Additional Rights Equity Shares"	The Rights Equity Shares applied for or allotted under this Issue in addition to the Rights Entitlement.
"Allotment" or "Allot" or "Allotted"	Allotment of Rights Equity Shares pursuant to the Issue.
"Allotment Accounts"	The accounts opened with the Banker(s) to the Issue, into which the Application Money blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Investors will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act.
"Allotment Account Bank(s)"	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, YES Bank Limited.
"Allotment Advice"	Note, advice or intimation of Allotment sent to each successful Investor who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.
"Allotment Date"	Date on which the Allotment is made pursuant to the Issue.
"Allottee(s)"	Person(s) to whom the Rights Equity Shares are Allotted pursuant to this Issue.
"Applicant(s)" or "Investor(s)"	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer.
"Application"	Application made through submission of the Application Form or plain paper application to the Designated Branch(es) of the SCSBs or online/electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price.
"Application Form"	Unless the context otherwise requires, an application form used or application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process used by an Investor to make an application for the Allotment of Rights Equity Shares in this Issue.
"Application Money"	Aggregate amount payable at the time of Application i.e., ₹131.25 per Rights Equity Share in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
"Application Supported by Blocked Amount" or "ASBA"	Application (whether physical or electronic) used by an Investor to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB.
"ASBA Account"	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Investor for blocking the amount mentioned in the Application Form or in the plain paper Application.
"ASBA Circulars"	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI ICDR Master Circular, to the extent it pertains to the rights issue process and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
"Banker to the Issue Agreement"	Agreement dated May 09, 2024 entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue

Term	Description
	for collection of the Application Money from Investors, transfer of funds to the Allotment Account from the SCSBs, Allotment Account to our Company and other persons and where applicable, refunds of the amounts collected from Investors and providing such other facilities and services as specified therein.
"Banker(s) to the Issue"	Together, Allotment Account Bank and Refund Bank, in this case being YES Bank Limited.
"Basis of Allotment"	The basis on which the Rights Equity Shares will be allotted to successful Investors in consultation with the Designated Stock Exchange, being BSE, in this Issue, as described in "*Terms of the Issue*" on page 233.
"Business Hours"	Business hours mean the hours between 9 am and 5 pm (IST), during a weekday (Monday through Friday), excluding national holidays.
"Call(s)"	The notice issued by our Company to the holders of the Rights Equity Shares as at the Call Record Date for making a payment of the Call Monies.
"Call Money(ies)"	The balance amount payable by the holders of the Rights Equity Shares pursuant to the Payment Schedule, being ₹243.75 per Rights Equity Share (which constitutes 65% of the Issue Price), to be paid on one or more subsequent Call(s) after payment of the Application Money.
"Call Record Date"	A record date fixed by our Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call.
"Controlling Branches" or "Controlling Branches of the SCSBs"	Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on SEBI website updated from time to time, or at such other website(s) as may be prescribed by SEBI from time to time.
"Demographic Details"	Details of Investors including the Investor's address, PAN, DP ID, Client ID, bank account details and occupation, where applicable.
"Designated Branches"	Such branches of the SCSBs which shall collect the ASBA Applications, as the case may be, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by SEBI from time to time.
"Designated Stock Exchange"	BSE Limited
"Eligible Equity Shareholder(s)"	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see "*Notice to Investors*" on page 11.
"Equity Shareholder(s)" or "Shareholders"	Holder(s) of the Equity Shares of our Company.
"Fraudulent Borrower"	Fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations.
"Issue" or "Rights Issue"	This issue of 1,19,98,755 partly paid-up Equity Shares of face value of ₹10 each of our Company for cash at a price of ₹375.00 (including a premium of ₹365.00 per Rights Equity Share) aggregating to ₹449.95 crore* on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of one Rights Equity Share for every three fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date. On Application, Investors will have to pay ₹131.25 per Rights Equity Share which constitutes 35% of the Issue Price and the balance ₹243.75 per Rights Equity Share which constitutes 65% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined, from time to time at its sole discretion, by our Board or its Rights Issue Committee. **Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.*
"Issue Agreement"	Issue agreement dated May 09, 2024 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.

Term	Description
"Issue Closing Date"	June 11, 2024
"Issue Materials"	Collectively, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and any other material relating to the Issue.
"Issue Opening Date"	May 28, 2024
"Issue Period"	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
"Issue Price"	₹375.00 per Rights Equity Share (including a premium of ₹365.00 per Rights Equity Share) On Application, Investors will have to pay ₹131.25 per Rights Equity Share which constitutes 35% of the Issue Price and the balance ₹243.75 per Rights Equity Share which constitutes 65% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined, from time to time, at its sole discretion, by our Board or its Rights Issue Committee.
"Issue Proceeds" or "Gross Proceeds"	The gross proceeds raised through the Issue.
"Issue Size"	The issue of 1,19,98,755 Rights Equity Shares aggregating to ₹449.95 crore*. **Assuming full subscription.*
"Lead Manager" or "Lead Manager to the Issue"	Choice Capital Advisors Private Limited.
"Letter of Offer" or "LOF"	This letter of offer dated May 09, 2024 filed with the Stock Exchanges and SEBI.
"Listing Agreement"	The listing agreement(s) entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations read along with SEBI circular bearing reference number CIR/CFD/CMD/6/2015 dated October 13, 2015.
"Monitoring Agency"	CRISIL Ratings Limited
"Monitoring Agency Agreement"	Agreement dated May 09, 2024 between our Company and the Monitoring Agency in relation to monitoring of Net Proceeds.
"Multiple Application Forms"	Multiple application forms submitted by an Investor in respect of the same Rights Entitlements available in their demat account. However, supplementary applications in relation to further Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple applications.
"Net Proceeds"	Issue Proceeds less the Issue related expenses. For further details, see "*Objects of the Issue*" on page 60.
"Non-Institutional Investors"	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
"Off Market Renunciation"	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI ICDR Master Circular and the circulars issued by the Depositories from time to time and other applicable laws.
"On Market Renunciation"	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stockbroker in accordance with the SEBI ICDR Master Circular and circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before June 05, 2024.
"Payment Schedule"	Payment schedule under which 35% of the Issue Price is payable on Application, i.e.,₹ 131.25 per Rights Equity Share, and the balance unpaid capital constituting 65% of the Issue Price, i.e., ₹243.75 will have to be paid, on one or more subsequent Call(s), as determined from time

Term	Description
	to time, at its sole discretion, by our Board or its Rights Issue Committee.
"Qualified Institutional Buyers" or "QIBs"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
"Record Date"	Designated date for the purpose of determining the Shareholders eligible to apply for the Rights Equity Shares in the Issue, being May 15, 2024.
"Refund Bank"	The Banker to the Issue with whom the refund account will be opened, in this case being YES Bank Limited
"Registrar Agreement"	Agreement dated April 04, 2024, between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
"Registrar to the Issue" or "Registrar"	Cameo Corporate Services Limited.
"Renouncee(s)"	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation.
"Renunciation Period"	The period during which the Eligible Equity Shareholders can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on June 05, 2024 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
"Rights Entitlement Letter"	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company.
"Rights Entitlement" or "Rights Entitlement Ratio" or "RE"	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being one Rights Equity Shares for every three fully paid up Equity Shares held by an Eligible Equity Shareholder, on the Record Date, excluding any fractional entitlements. The Rights Entitlements with a separate ISIN: INE624Z20016 will be credited to the respective demat account of Eligible Equity Shareholder before the Issue Opening Date, against the Equity Shares held by the Eligible Equity Shareholders as on the Record Date.
"Rights Equity Shares"	Equity Shares of our Company to be Allotted pursuant to this Issue.
"Rights Issue Committee"	The committee of our Board constituted pursuant to Board resolution dated July 05, 2023, and currently comprising R Ramakrishnan, Non-Executive Independent Director, Kausalya Santhanam, Non-Executive Independent Director and Poorvank Purohit, Managing Director and Chief Executive Officr.
"SCSB(s)"	Self-certified syndicate banks registered with SEBI, which acts as a banker to the issue and which offers the facility of ASBA. A list of all SCSBs is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes &intmId=34.
"Stock Exchanges"	Stock exchanges where the Equity Shares are presently listed i.e. BSE and NSE.
"Transfer Date"	The date on which the Application Money blocked in the ASBA Accounts will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange, being BSE.
"Willful Defaulter"	Willful defaulter as defined under Regulation 2(1) (lll) of the SEBI ICDR Regulations.
"Working Days"	Working days defined in accordance with Regulation 2(1)(mmm) of the SEBI ICDR Regulations, being all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period,

Term	Description
	working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Industry / Business Related Terms

Term/Abbreviation	Description/Full Form
"ANDA"	Abbreviated New Drug Application
"API"	Active Pharmaceutical Ingredient
"B2B"	Business to Business
"CDSCO"	The Central Drugs Standard Control Organisation
"CEO"	Chief Executive Officer
"CFO"	Chief Financial Officer
"cGMP"	Certificate of Good Manufacturing Practices
"CGU"	Cash Generating Unit
"CHE"	Current Healthcare Expenditure
"CNS"	Central Nervous System
"CPI"	Consumer Price Index
"CRAMS"	Contract Research and Manufacturing Services
"CSR"	Corporate and Social Responsibility
"DCA"	Drug Control Authority
"DDT"	Dividend Distribution Tax
"DMF"	Drug Master Files
"DSIR"	Department of Scientific and Industrial Research
"EDQM"	European Directorate for the Quality of Medicines and HealthCare
"EHS"	Environment, health and safety
"EMA"	European Medicines Agency
"EU"	European Union
"FDA"	Food and Drug Administration
"FDF"	Finished Dosage Form
"GCC"	Gulf Cooperation Council
"GDP"	Gross Domestic Product
"GFCF"	Gross Fixed Capital Formation
"GGE"	General Government Expenditure
"GGHE – D"	Domestic General Government Health Expenditure
"GIL"	Granules India Limited
"GMP"	Good Manufacturing Practice
"GNDI"	Gross National Disposable Income
"GVA"	Gross Value Added
"HPAPI"	High Potent Active Pharmaceutical Ingredient
"HPRA"	Health Products Regulatory Authority
"ICP"	IOL Chemicals and Pharmaceuticals
"IIP"	Index of Industrial Production
"IM"	Intramuscular
"IMD"	Indian Meteorological Department
"IMF"	International Monetary Fund
"IPI"	Indian Pharmaceutical Industry
"ISO"	International Organization for Standardization
"IT"	Information Technology
"IV"	Intravenous
"JAZMP"	Agency for Medicinal Products and Medical Devices of the Republic of Slovenia.
"KL"	Kiloliters
"KSM"	Key Starting Material

Term/Abbreviation	Description/Full Form
“LAF”	Liquidity Adjustment Facility
“MFDS”	Ministry of Food and Drug Administration
“MHRA” or “MHPRA”	Medicines and Healthcare Products Regulatory Agency
“MoSPI”	Ministry of Statistics and Programme Implementation
“MSF”	Marginal Standing Facility
“NCE”	New Chemical Entity
“NLL”	Neuland Laboratories Limited
“NPPA”	National Pharmaceutical Pricing Authority
“NRA”	National Regulatory Authority
“OTC”	Over The Counter
“PD”	Process Development
“PFCE”	Private Final Consumption Expenditure
“PLI”	Production Linked Incentive
“PMDA”	Pharmaceuticals and Medical Devices Agency
“PMG”	Pain Management Group
“PMGKAY”	Pradhan Mantri Garib Kalyan Anna Yojana
“PPP”	Purchasing Power Parity
“PVT-D”	Domestic Private Healthcare Expenditure
“QMS”	Quality Management Supply
“R&D”	Research and Development
“RoU”	Right of Use
“SAP”	Systems, Applications and Products in Data Processing
“SC”	Subcutaneous
“SDF”	Standing Deposit Facility
“SWOT”	Strengths, Weaknesses, Opportunities and Threats
“UAE”	United Arab Emirates
“US”	United States
“USFDA”	United States Food and Drug Administration
“WEO”	World Economic Outlook
“WHO”	World Health Organization
“y-o-y” or “Y-o-Y”	Year on Year

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/Full Form
“₹” or “Rs.” or “Rupees” or “INR”	Indian Rupee
“AIF(s)”	Alternative investment funds, as defined and registered with SEBI under the SEBI AIF Regulations
“AS or Accounting Standards”	Accounting standards issued by the ICAI
“BIFR”	Board for Industrial and Financial Reconstruction
“BSE”	BSE Limited
“CAGR”	Compounded annual growth rate
“CBDT”	Central Board of Direct Taxes, Government of India
“CDSL”	Central Depository Services (India) Limited
“Central Government”	Central Government of India
“CIN”	Corporate Identification Number
“Client ID”	The client identification number maintained with one of the Depositories in relation to the demat account.
“Companies Act”	The Companies Act, 2013, along with the relevant rules made thereunder
“CPC”	The Code of Civil Procedure, 1908
“CY”	Calendar Year.
“Depositories Act”	Depositories Act, 1996.
“Depository”	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
“DIN”	Director identification number.
“DP” or “Depository Participant”	Depository participant as defined under the Depositories Act.

Term/Abbreviation	Description/Full Form
“DP ID”	Depository participant identity.
“DPIIT”	Department for Promotion of Industry and Internal Trade, GoI.
“EBIT”	Earnings before interest and taxes.
“EBITDA”	Earnings before interest, taxes, depreciation, and amortization.
“EGM”	Extraordinary general meeting.
“EPS”	Earnings per share.
“Factories Act”	Factories Act, 1948, as amended
“FDI”	Foreign direct investment.
“FDI Circular 2020”	Consolidated FDI policy circular dated October 15, 2020 issued by the DPIIT.
“FEMA”	Foreign Exchange Management Act, 1999.
“FEMA Rules”	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
“Financial Year” or “Fiscal Year” or “FY” or “Fiscal”	Period of 12 months ending March 31 of that particular year.
“FIR”	First information report.
“FPI”	Foreign portfolio investors as defined under the SEBI FPI Regulations.
“FVCI”	Foreign Venture Capital Investors registered under the SEBI FVCI Regulations.
“GoI”	Government of India.
“Government”	Central Government and/or the State Government, as applicable.
“ICAI”	Institute of Chartered Accountants of India.
“IEPF Authority”	Investor Education and Protection Fund Authority established by the GOI under Section 125 of the Companies Act.
“IFRS”	International Financial Reporting Standards.
“Income Tax Act” or “IT Act”	Income Tax Act, 1961.
“Ind AS”	Indian accounting standards as specified under section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015.
“India”	Republic of India.
“IPC”	The Indian Penal Code, 1860
“ISIN”	International securities identification number.
“Mutual Fund”	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
“NAV”	Net asset value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares.
“NCLT”	National Company Law Tribunal, Mumbai Bench
“Net Worth”	The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.
“NR”	Non-resident or person(s) resident outside India, as defined under the FEMA.
“NRE Account”	Non-resident external account.
“NRI”	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016.
“NRO Account”	Non-resident ordinary account.
“NSDL”	National Securities Depository Limited.
“NSE”	National Stock Exchange of India Limited.
“OCBs” or “Overseas Corporate Body”	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003, and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA.

Term/Abbreviation	Description/Full Form
"p.a"	Per annum.
"P/E Ratio"	Price to Earnings Ratio.
"PAN"	Permanent account number.
"PAT"	Profit After Tax.
"PSU"	Public Sector Undertaking.
"RBI"	Reserve Bank of India.
"RoCE"	Return on capital employed.
"ROE"	Return on equity.
"RoNW"	Return on Net Worth.
"SCRA"	Securities Contracts (Regulation) Act, 1956.
"SCRR"	Securities Contracts (Regulation) Rules, 1957.
"SEBI"	The Securities and Exchange Board of India.
"SEBI Act"	The Securities and Exchange Board of India Act, 1992.
"SEBI AIF Regulations"	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
"SEBI BTI Regulations"	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994.
"SEBI FPI Regulations"	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
"SEBI FVCI Regulations"	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
"SEBI ICDR Master Circular"	SEBI circular bearing number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023.
"SEBI ICDR Regulations"	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
"SEBI Listing Regulations"	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
"SEBI Takeover Regulations"	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
"SEBI VCF Regulations"	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations.
"State Government"	Government of a State of India.
"U.S." or "USA" "United States"	United States of America, including the territories or possessions thereof.
"U.S. GAAP"	The U.S. Generally Accepted Accounting Principles.
"Securities Act"	U.S. Securities Act of 1933, as amended.
"VCF"	Venture capital fund as defined under the SEBI AIF Regulations and SEBI VCF Regulations.

NOTICE TO INVESTORS

The distribution of the Issue Materials and the issue of Rights Entitlements and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India are restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession Issue Materials may come, are required to inform themselves about and observe such restrictions.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Issue Materials will be sent/dispatched only to the Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to e-mail or send a physical copy of the Issue Materials, shall not be sent the Issue Materials.

Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar to the Issue, the Lead Manager and the Stock Exchanges.

Our Company, the Lead Manager, and the Registrar to the Issue will not be liable for non-dispatch of physical copies of the Issue Materials in the event the Issue Materials have been sent on the registered email addresses of such Eligible Equity Shareholders.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Issue Materials in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials or advertisements in connection with the Issue may not be distributed, whole or in part, in or into any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Materials in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Issue Materials are received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in such Issue Materials.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or its affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in "*Other Regulatory and Statutory Disclosures – Selling Restrictions*" on page 229. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of this Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and in each case is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Neither the receipt of this Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR TO THE ISSUE. THIS DOCUMENT IS NOT TO BE REPRODUCED, DISTRIBUTED OR PASSED ON, DIRECTLY OR INDIRECTLY, TO ANY OTHER PERSON OR PUBLISHED, IN WHOLE OR IN PART, FOR ANY PURPOSE.

THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE ISSUE OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT THEIR OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE ISSUE OF RIGHTS EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE RIGHTS EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

The above information is given for the benefit of the Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND RIGHT EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (THE "**UNITED STATES**" OR "**U.S.**") OR FOR THE ACCOUNT OR BENEFIT OF, "**U.S. PERSONS**" (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**"), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED IN INDIA AND IN JURISDICTIONS WHERE SUCH OFFER AND SALE OF THE RIGHTS EQUITY SHARES AND/ OR RIGHTS ENTITLEMENTS ARE PERMITTED UNDER LAWS OF SUCH JURISDICTIONS, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY SECURITIES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER / ABRIDGED LETTER OF OFFER, RIGHTS ENTITLEMENT LETTER AND APPLICATION FORM SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

We, the Registrar, the Lead Manager or any other person acting on behalf of us, reserves the right to treat as invalid any Application Form which: (i) does not include the certification set out in the Application Form to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or its agents to have been executed in, electronically transmitted from or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) 'India' are to the Republic of India and its territories and possessions; and (ii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year.

In this Letter of Offer, a reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer.

Financial Data

Unless stated otherwise, or unless the context requires otherwise, the financial data in this Letter of Offer is derived from the Annual Financial Statements and Unaudited Interim Financial Statements. Our Company's Fiscal commences on April 1 of each calendar year and ends on March 31 of the following calendar year. For details of the Annual Financial Statements, see "*Financial Statements*" on page 127. Unless otherwise stated, references in this Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the 12 month period ended on March 31 of that year.

We have prepared our Annual Financial Statements and Unaudited Interim Financial Statements in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements. We publish our Annual Financial Statements and Unaudited Interim Financial Statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parentheses represent negative figures.

Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Rupees in crore.

Non-GAAP Measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as EBITDA, EBITDA Margin, Net Worth, Return on Net Worth, Net Asset Value per Equity Share, have been included in this Letter of Offer. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies. For further details, see "*Risk Factors – We have in this Letter of Offer included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the pharmaceutical industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies.*" on page 41.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer, including in "*Risk Factors*", "*Industry Overview*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 21, 75, 107 and 188 have been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. A primary source for industry related information included in this Letter of Offer is a report titled "*Industry Research Report on API (Pharma) Industry*" published in February 2024 (the "**CARE Report**") prepared by CARE Analytics and Advisory Private Limited ("**CareEdge Research**") pursuant to an engagement letter dated December 19, 2023. The CARE Report has been commissioned and paid for by our Company, only for the purposes of confirming our understanding of the industry exclusively in connection with the Issue, as no report was publicly available for our use which provided a comparable, comprehensive analysis of the industry we operate in is similar to the CARE Report. The data used in the CARE Report may have been re-classified by us for the purposes of presentation and, to that extent, the data from the CARE Report may not be comparable with the information presented in this Letter of Offer.

The CARE Report is subject to the following disclaimer:

"*This report is prepared by CARE Analytics and Advisory Private Limited (CareEdge Research). CareEdge Research has taken utmost care to ensure veracity and adequacy of the information while developing this report based on information available in CareEdge Research's proprietary database, and other sources including the information in public domain, considered by CareEdge Research as reliable after exercise of reasonable care and diligence. The views and opinions expressed herein do not constitute the opinion of CareEdge Research to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.*

This report has to be seen in its entirety; the selective review of portions of the report may lead to inaccurate assessments. All forecasts in this report are based on assumptions considered to be reasonable by CareEdge Research at the time of issuance of this report; however, the actual outcome may be materially affected by changes in the industry and economic circumstances, which could be different from the projections.

Nothing contained in this report is capable or intended to create any legally binding obligations on the sender or CareEdge Research. The subscriber/user assumes the entire risk of any use made of this report or data herein. This report is for the information of the authorized recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of CareEdge Research.

CareEdge Research shall reveal the report to the extent necessary and called for by appropriate regulatory agencies, viz., SEBI, RBI, Government authorities, etc., if it is required to do so."

Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made solely on the basis of such information.

This information is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, and thus we have relied on internally developed estimates. Such information involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors—This Letter of Offer contains information from an industry report which has been commissioned and paid for by us exclusively for the purposes of the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.*" on page 41. Accordingly, investment decisions should not be based solely on such information.

Currency of Presentation

All references to

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of the Republic of India; and
- 'US$', 'USD', '$' and 'U.S. dollars' are to the legal currency of the United States of America.

Please note:

- One billion is equal to 1,000,000,000 or 100 crore;
- One million is equal to 1,000,000 or 0.1 crore or 10 lakhs;
- One crore is equal to 10 million or 100 lakhs; and
- One lakh is equal to 100,000.

Conversion Rates for Foreign Currency:

The conversion rate for the following foreign currency is as follows:

Sr. No.	Name of the Currency	As of December 31, 2023 (in ₹)*	As of March 31, 2023 (in ₹)*	As of December 31, 2022 (in ₹)*	As of March 31, 2022 (in ₹)*
1.	1 USD	83.12	82.22	82.79	75.80
2.	1 EUR	92.00	89.61	88.15	84.66
3.	1 GBP	106.11	101.87	99.74	99.55
4.	100 JPY	58.82	61.80	62.45	62.23

Note: Exchange rate is rounded off to two decimal places.
Source: www.fbil.org.in
**On instances where the given day is a holiday, the exchange rate from the previous working day has been considered.*
The above exchange rates are for the purpose of information only and may not represent the rates used by our Company for purpose of preparation or presentation of its financial statements. The rates presented are not a guarantee that any person could have on the relevant date converted any amounts at such rates or at all.

These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward looking statements'. Investors can generally identify forward looking statements by terminology such as, 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to' 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', project', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward looking statements. However, these are not the exclusive means of identifying forward looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward looking statements. These forward looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections. All forward looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

a. A company petition filed by one of the service providers of our Company to initiate CIRP proceeding against our Company, which, if admitted, will have an impact on our operations and indirectly our business and financial conditions;

b. Dependence on our top 10 customers for a majority of the portion of our revenue from operations;

c. Our Manufacturing Facilities and products are subject to inspection process by various regulatory authorities, including USFDA, and if we receive a warning letter or sanction as a result of such an inspection, our ability to manufacture our products may be adversely affected;

d. If we do not successfully commercialize our products under development, or if the APIs and other products that we commercialize do not perform as expected, our business, results of operations, financial condition and cash flows may be adversely affected;

e. If products containing our Company's APIs cause, or are perceived to cause, severe side effects, the sales of such products may decrease, which may have an adverse effect on our revenues and profitability; and

f. Significant reliance on our suppliers and if these suppliers fail to deliver necessary raw material and traded products of appropriate quality in a timely manner our operations may be disrupted.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections "*Risk Factors*" and "*Our Business*" on pages 21 and 107, respectively. The forward looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our Company believes that the expectations reflected in such forward looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. In accordance with SEBI and Stock Exchanges requirements, our Company and the Lead Manager will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchanges.

SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including, the sections "*Risk Factors*", "*Objects of the Issue*", "*Capital Structure*", "*Our Business*" and "*Outstanding Litigation and Defaults*" on pages 21, 60, 57, 107 and 216 respectively.

Primary Business of the Issuer

Our Company is an R&D focused, API company, based in India, engaged in manufacturing and development of APIs and offering services, including contract research and manufacturing services ("**CRAMS**") for development of semi-synthetic new chemical entity (**"NCE**") APIs.

For further details, see "*Our Business*" on page 107.

Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following objects:

(in ₹ crore)

Particulars	Estimated Amount (up to)
Repayment and/or pre-payment of a portion of certain outstanding borrowings availed by our Company	334.71
General Corporate purposes*	111.57
Total Net Proceeds**	**446.28**

**Subject to the finalization of the Basis of Allotment and the Allotment. The amount utilised for general corporate purposes shall not exceed 25% of the Issue Proceeds.*

***Assuming full subscription and Allotment and the receipt of all Call monies with respect to the Rights Equity Shares* and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio. *In the event the Issue is not fully subscribed, our Company shall first utilize the Net Proceeds towards repayment and/or pre-payment of a portion of outstanding borrowings (including interest) availed by our Company up to the estimated amount mentioned above, and use the remaining Net Proceeds, if any, towards general corporate purposes, provided that the total amount utilised towards general corporate purposes shall not exceed 25% of the Issue Proceeds.*

For further details, see "*Objects of the Issue*" on page 60.

Intention and extent of participation by our Promoters/Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement.

Our Promoters and members of our Promoter Group have *vide* their letters dated April 23, 2024, confirmed that they intend to subscribe on their own account, and not through any nominated entity or person to: (a) the full extent of their Rights Entitlement (in part or full) in the Issue in accordance with the applicable provisions of the SEBI Takeover Regulations and not renounce their Rights Entitlement (except to the extent of Rights Entitlements renounced by any of them in favour of our other Promoters or other member(s) of our Promoter Group); and (b) renounce, any or all, of their rights entitlement (in part or full) in the Issue in favour of Promoter Group of our Company and/or subscription to additional Rights Equity Shares including subscription to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlement acquired through renunciation, either individually or jointly with any Promoters or any other members of the Promoter Group. if any, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations.

Our Promoters and members of our Promoter Group have confirmed that subscription to Rights Equity Shares will not result in a change in control or the management of our Company and such acquisition will be in compliance with SEBI Takeover Code, and any such subscription shall be subject to the aggregate shareholding of our Promoters and Promoter Group of our Company not exceeding 75% of the issued, outstanding and fully paid-up equity share capital of our Company after the Issue.

As on date of this Letter of Offer, our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Summary of outstanding litigation and defaults

A summary of outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Letter of Offer is set forth in the table below:

Nature of cases	Number of cases	Amount *(in ₹ crore)* *#
Company		
Proceedings involving issues of moral turpitude or criminal liability on the part of our Company.	4	6.16
Material violations of the statutory regulations by our Company.	Nil	Nil
Matters involving economic offences where proceedings have been initiated against our Company.	Nil	Nil
Civil proceedings where the amount involved is equivalent to or in excess of ₹2.02 crore or proceedings that would materially and adversely affect the operations or the financial position of our Company if they result in an adverse outcome.	2	10.87
Tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	4	118.33
Total	**10**	**135.36**
Subsidiaries		
Proceedings that would materially and adversely affect the operations or the financial position of our Company if they result in an adverse outcome.	Nil	Nil
Proceedings involving issues of moral turpitude or criminal liability on the part of our Subsidiaries.	Nil	Nil
Material violations of the statutory regulations by our Subsidiaries.	Nil	Nil
Matters involving economic offences where proceedings have been initiated against our Subsidiaries.	Nil	Nil
Civil proceedings where the amount involved is equivalent to or in excess of ₹2.02 crore.	Nil	Nil
Total	**Nil**	**Nil**

[*]To the extent quantifiable
[#]Excluding the amount of interest payable, if any

For further details, see "*Outstanding Litigation and Defaults*" on page 216.

Risk Factors

For details, see "*Risk Factors*" on page 21. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

Contingent liabilities

For details regarding our contingent liabilities, see "*Financial Statements – Note 40 – Commitments and Contingent Liabilities*" on page 169.

Related party transactions

For details regarding our related party transactions, see "*Financial Statements – Note 42 – Related Party Information*" on page 172.

Issue of Equity Shares for consideration other than cash

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of this Letter of Offer.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all the information disclosed in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Rights Equity Shares. The risks described below are those that we consider to be most significant to our business, cash flows, results of operations and financial conditions as of the date of this Letter of Offer. However, they may not be exhaustive or are not the only risks relevant to us or the Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, cash flows, results of operations and financial condition. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks mentioned below. If any or a combination of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, cash flows, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and you may lose all or part of the value of your investment. Any potential Investor in the Rights Equity Shares should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to legal and regulatory environment which may differ significantly from that in other jurisdictions. In making an investment decision, prospective Investors must rely on their own examination of us and the terms of the Issue, including the merits and risks involved. Investors should consult their respective tax, financial and legal advisors about the particular consequences of an investment in this Issue. In order to obtain a complete understanding about us, investors should read this section in conjunction with "Our Business", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", on pages 107, 127 and 188, respectively, as well as the other financial information included in this Letter of Offer.

All references in this section to "we" and "us" refers to Solara Active Pharma Sciences Limited and our Subsidiaries on a consolidated basis. This Letter of Offer contains certain forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. For further information, see "Forward Looking Statements" on page 17. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Annual Financial Statements and Unaudited Interim Financial Statements, included in this Letter of Offer. For further information, see "Financial Statements" on page 127. Our financial year ends on March 31 of each year, and references to a 'Financial Year' are to the 12 month period ended March 31 of that year.

*Unless otherwise indicated, industry and market data used in this section has been extracted from the CARE Report. We commissioned and paid for the report titled "Industry Research Report on API (Pharma) Industry" published in February 2024 prepared by CareEdge Research Limited ("**CARE Report**") pursuant to an engagement letter dated December 19, 2023, for the purposes of confirming our understanding of the industry exclusively in connection with the Issue. For further details, see "Internal Risk Factors – This Letter of Offer contains information from an industry report which has been commissioned and paid for by us exclusively for the purposes of the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks" on page 41. For more information relating to the markets covered by the CARE Report and the size of the industry we operate in, prospective investors in the Rights Equity Shares are cautioned not to place undue reliance on such industry related information.*

INTERNAL RISKS

1. ***One of the service providers of our Company has filed a petition to initiate CIRP proceedings against our Company, which, if admitted, will have an adverse impact on our operations and indirectly our business and financial conditions.***

   One of the service providers, viz, Indus Projects Private Limited ("**IPPL**") was hired by our Company for providing services relating to construction works for one of the manufacturing units of our Company. IPPL has filed a company petition for initiation of corporate insolvency resolution process before the NCLT for an amount of ₹6.03 crore along with interest amounting to ₹2.50 crore, which is yet to be admitted by the NCLT. For further details, see "*Outstanding Litigation and Defaults – Proceedings involving an amount exceeding the Materiality Threshold or where amount is not quantifiable or is below the Materiality Threshold, but which materially and adversely affect the operations or the financial position of our Company*" on page 217.

   In the event the petition is admitted, and the interim resolution professional is appointed by the NCLT, the powers of our Board shall stand suspended and the powers will be exercised by such interim resolution professional. This will have an adverse impact on the operations, business and financial conditions of our Company.

2. ***We predominantly rely on our top 10 customers for a majority of the portion of our revenue from operations. A loss of any of these customers or a significant decrease in revenue from any of those customers may adversely affect our business, results of operations and financial condition. Further, there is no assurance that future orders will be given to us by such customers.***

We sell our products to our customers across 73 countries, as on February 29, 2024. The following table provides the details of the revenue generated from our top 10 customers during nine month period ended December 31, 2023 and December 31, 2022 and during the Financial Year ended March 31, 2023 and March 31, 2022:

Particulars	**Nine month period ended December 31, 2023**		**Nine month period ended December 31, 2022**		**Financial Year ended March 31, 2023**		**Financial Year ended March 31, 2022**	
	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue
Revenue generated from top 10 customers	379.33	36.83	439.41	40.65	548.91	37.43	553.42	42.96

While we have had repeat orders from our customers and have developed long term relationships with certain customers, we do not typically enter into long term contracts with our customers. In the absence of long-term contracts, there can be no assurance that our existing customers will continue to purchase our products. We are also exposed to risks of lower sales volume or lower price realization on such volumes depending on prevailing market conditions, as a result of such short-term arrangements. Our relationship with our customers is therefore dependent to a large extent on our ability to regularly meet customer requirements, including price competitiveness, efficient and timely product deliveries, price comparison with other brands and consistent product quality, amongst others.

Further, as we are dependent on our top 10 customers for a significant portion of our sales, the loss of such customers or any disruptions in such sales may materially affect our business, cash flows and results of operations. Further, the volume of sales to our customers may vary due to our customers' attempts to manage their inventory, market demand, product and supply pricing trends and customer preferences, among others, which may result in a decrease in demand or lack of commercial success of products of which we are a major supplier, which could reduce our sales and materially adversely affect our business, cash flows, results of operations and financial condition.

3. ***Our Manufacturing Facilities and products are subject to inspection process by various regulatory authorities, including USFDA, and if we receive a warning letter or sanction as a result of such an inspection, our ability to manufacture our products may be adversely affected.***

Our Manufacturing Facilities and products are subject to inspection by the USFDA, and if any critical non-compliances are cited during the inspection at any of our manufacturing facilities or for any of our products, then we may be subject to the receipt of a warning letter or sanction, which could result in the withholding of product approval and the resultant delays in sales of such products. As part of its inspection process, the USFDA field investigator may issue a Form 483 letter (notice of inspectional observations) after an on-site inspection. If we receive a Form 483 letter, we must respond in a prompt manner with appropriate corrective action. If the observations are critical in nature, we may receive a subsequent official action indicated ("**OAI**") status or warning letter from USFDA. As part of the warning letter process, we may be required, among other actions, to hire a third-party consultant to assist in the resolution of the findings, which could interrupt our manufacturing process and increase expense. We cannot assure you that we will not receive any 483 letters from the USFDA for any of our manufacturing facilities. Further, if we are unable to take corrective measures for observations stated in such 483 letters, we may receive an OAI or a warning letter. Although we have not received any warning letters in the past, we cannot assure you that we will not receive such letters in the future. If we receive a warning letter from the USFDA or are subject to further sanctions, our ability to manufacture our products may be interrupted or prevented, which could have an adverse effect on our business, goodwill, financial condition and results of operations, resulting in delays in sales of our products.

4. ***If we do not successfully commercialize our products under development, or if the APIs and other products that we commercialize do not perform as expected, our business, results of operations, financial condition and cash flows may be adversely affected.***

Our success depends significantly on our ability to successfully commercialize our products under development. The development and commercialization process are both time consuming and costly and involves a high degree of business risk. During these periods, our competitors may be developing similar products of which we are unaware of that could compete directly or indirectly with our products under development. Due to the prolonged period of time for developing a new product and delays associated with regulatory approval process, we may invest resources in developing products that will face competition of which we are currently unaware. Such unforeseen competition may hinder our ability to effectively plan the timing of our product development, which could have an adverse impact on our financial condition, cash flows and results of operations.

Our products currently under development, when fully developed and tested, may not perform as we expect, or necessary regulatory approvals may not be obtained in a timely manner, or at all, and we may not be able to successfully and profitably produce and market such products. Even if we are successful in developing a new product, such product may become subject to litigation by other parties claiming that our product infringes on their patents or may be seized in transit by regulatory authorities for alleged infringement of third-party intellectual property rights or may be otherwise unsuccessful in the marketplace due to the introduction of superior products by our competitors. Although such instances have not occurred in the last two years, we cannot assure you that such incidents will not occur in the future, which may have an adverse impact on our business. Moreover, it may take an extended period of time for our new products to gain market acceptance, if at all. To develop our product pipeline, we commit substantial time, efforts, funds and other resources for R&D. Our investments in new product launches and R&D for future products could result in higher costs without a proportionate increase in revenues, which may have an adverse effect on our business, results of operations, financial conditions and cash flows.

5. ***If products containing our Company's APIs cause, or are perceived to cause, severe side effects, the sales of such products may decrease, which may have an adverse effect on our revenues and profitability.***

The pharmaceutical products containing our Company's APIs may cause severe side effects as a result of a number of factors, many of which are outside of our control. These factors, which may become evident only when such products are introduced into the marketplace, include potential side effects not revealed in clinical testing, unusual but severe side effects in isolated cases, defective products not detected by quality management systems or misuse of products by end-users. Our APIs contained in the products may also be perceived to cause severe side effects when a conclusive determination as to the cause of such severe side effects is not obtained or is unobtainable. Although we have not experienced any situations where the pharmaceutical products containing our APIs have caused any side-effects in the past, we cannot assure you that we will not experience such situations in the future, which may have an effect on our business conditions and reputation.

In addition, products containing our Company's APIs may be perceived to cause severe side effects if other pharmaceutical companies' products containing the same or similar APIs, raw materials or delivery technologies as the products containing our APIs, cause or are perceived to have caused severe side effects, or if one or more regulators, such as the USFDA or an international institution, such as the WHO, determines that products containing the same or similar pharmaceutical ingredients as the products containing our APIs could cause or lead to severe side effects.

The occurrence of any such event may lead to a recall or withdrawal of our Company's API products, damage to our reputations or a decline in the sales of products that use our Company's APIs, which in turn may have an adverse effect on our business, results of operations, financial conditions and cash flows.

6. ***We rely significantly on our suppliers and if these suppliers fail to deliver necessary raw material and traded products of appropriate quality in a timely manner our operations may be disrupted.***

Our business depends significantly on our suppliers, who provide essential raw materials that we require to manufacture our products and to operate our business. We use a variety of raw materials in our business. We identify and approve multiple vendors to source our key raw materials with whom we place purchase orders from time to time, for the purchase of raw materials and equipment. We currently source our key raw materials from vendors in various countries including China, India and France. For the nine month period ended December 31, 2023, December 31, 2022, Financial years ended March 31, 2023, and March 31, 2022, our top 10 suppliers of raw materials contributed 41.90%, 54.84%, 53.81% and 52.05%, respectively to our cost of raw material and components consumed**.** We cannot guarantee that we will be able to maintain uninterrupted access to these sources, or the price of such products, which in some cases may be affected by factors outside of our control and/or the control of our suppliers.

This essentially exposes us to the risk of price fluctuations and if required to change the suppliers on account of price escalation, we may be subject to a variety of supply risks. In addition, prices for these raw materials fluctuate and while we seek to manage this exposure, we may not be successful in mitigating these risks. Furthermore, we have limited ability to monitor the financial stability of our suppliers.

We undertake procedures internally to ensure that we procure raw materials of the highest quality and from reputed and well-known suppliers. Further, there can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in shortages or delays in their supplies to us. If our suppliers fail to provide essential raw material in a timely manner or at the level of quality necessary to manufacture our products or if we were to experience a significant or prolonged shortage of supplies from any of our suppliers and are unable to procure the supplies from other sources, we would be unable to meet our production schedules/targets. In case of any such event, our sales, margins, operating results and/or our financial condition may be adversely affected.

7. Any disruption in transportation arrangements may adversely affect our results of operations.

Factors like disruption of transportation services due to weather-related problems, strikes, accidents, or as a result of restriction imposed by any government (for instance COVID-19 lockdown) etc., inadequacies in the transportation infrastructure, or any such other reasons could impair the ability of our suppliers to deliver raw materials to us and our ability to deliver our products to our consumers in a timely manner. Our raw materials and finished products may be lost, damaged or subject to spoilage and contamination due to improper handling, negligence, transport strike or accidents or any other force majeure events which may not be within our control. We cannot assure you that we will not experience disruptions in our operations or have an adverse impact on the quality of our products and delay in supplying our products due to any such reasons in the future.

Further, our third-party transportation providers may not carry adequate insurance coverage and therefore, any losses that may arise during the transportation process may have to be claimed under our marine open inland declaration policy. We cannot assure that we will receive compensation for any such claims in full amount in a timely manner or at all, and consequently, any such loss may adversely affect our business, financial condition and results of operations.

8. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution or other independent agency and may be subject to change based on various factors, some of which are beyond our control.

We propose to utilize the Net Proceeds towards (i) repayment/prepayment of all or certain portion certain outstanding borrowings availed by our Company; and (ii) general corporate purposes. Our funding requirements and deployment of the Net Proceeds are based on internal management estimates based on current market conditions and have not been appraised by any bank or financial institution or other independent agency. In the absence of such independent appraisal, our funding requirements may be subject to change based on various factors which are beyond our control such as the pandemic and interest or exchange rate fluctuations, among others. The deployment of the Net Proceeds will be at the discretion of our Board in accordance with applicable laws and regulations. However, the deployment of the Net Proceeds will be monitored by the Monitoring Agency. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of the Net Proceeds. For details, see "*Objects of the Issue*" on page 60. Further, we may also be subject to imposition of pre-payment penalties by certain lenders under some of the financing arrangements entered into with our lenders.

9. Our success depends on our ability to develop and commercialize new products in a timely manner. If our R&D efforts do not succeed or the products we commercialize do not perform as expected, this may hinder the introduction of new products, and could adversely affect our business, financial condition and results of operations.

Our success depends significantly on our ability to develop and commercialize new APIs. Commercialization requires us to successfully develop, test, manufacture and obtain the required regulatory approvals for our products, while complying with applicable regulatory and safety standards. We have a dedicated, DSIR recognized, R&D Centre in Chennai to undertake our R&D activities. While we have several APIs under development, we cannot assure you that our API development will be successful. The development and commercialization process is time-consuming and costly, with uncertain outcomes.

Our Company has spent ₹32.14* crore and ₹25.14* crore, ₹35.47 crore* and ₹53.81 crore* towards our R&D activities during the nine month period ended December 31, 2023 and December 31, 2022 and during the Financial years ended March 31, 2023 and March 31, 2022, respectively.
**excluding depreciation and finance cost*

Our ongoing investments in new product launches and R&D for future products could result in higher costs without a proportionate increase in revenues. Delays in any part of the process, our inability to obtain necessary regulatory approvals for our products or the failure of a product to be successful at any stage and therefore not reach the market could adversely affect our business, our results of operations and our cash flows. We may or may not be able to take our R&D innovations through the different testing stages without repeating our R&D efforts or incurring additional amounts towards such research. Additionally, our competitors may commercialize similar products before us. The occurrence of any such event could affect the success of our R&D activities, which in turn could have an adverse effect on our business, growth, results of operations, cash flows and financial condition.

10. ***Our Manufacturing Facilities are subject to client inspections and quality audits and any failure on our part to meet their expectations or to comply with the quality standards set out in our contractual arrangements, could result in the termination of our contracts and adversely affect our business, results of operations, financial condition and cash flows.***

Pursuant to our contractual arrangements, certain of our clients have the right to regularly examine our manufacturing processes, quality control and procedures and registers of our Manufacturing Facilities after reasonable notice and at a reasonable time to ensure that our services are meeting our internal standards and regulatory requirements. Most of our clients routinely inspect and audit our Manufacturing Facilities. Any failure on our part to meet the expectations of our clients and to comply with the quality standards set out in our contractual arrangements, could result in the termination of our contracts and our clients may choose to source their requirements from our competitors. We may also incur significant costs to upgrade our Manufacturing Facilities and manufacturing processes. The occurrence of any such event could have an adverse effect on our business, results of operations, financial condition and cash flows.

11. ***Our management team, Key Managerial Personnel, Senior Management and other key personnel, particularly in the area of research and development, are critical to our continued success and the loss of any such personnel could adversely affect our business.***

Our success significantly depends upon the continued service of our management team, Key Managerial Personnel, Senior Management and other key personnel particularly our research and development team. These executives possess technical and business capabilities that are difficult to replace. If we lose the services of any of these executives for any reason, we may be unable to replace them in a timely manner or at all, which may affect our ability to continue to manage and expand our business. We cannot assure you that any contingency plans which we may implement to replace these executives will be successful.

Further, the members of our management team, Key Managerial Personnel, Senior Management and other key personnel are employed pursuant to customary employment agreements, which may not provide adequate incentives for them to remain with us or adequately protect us in the event of their departure or otherwise. If we lose the services of any member of our management team, Key Managerial Personnel, Senior Management or key personnel, we may be unable to locate suitable or qualified replacements and may incur additional expenses to recruit and train new personnel, which could adversely affect our business operations. Further, as we expect to continue to expand our operations and develop new products, we will need to continue to attract and retain experienced management, Key Managerial Personnel, Senior Management and key research and development personnel. If we are unable to attract and retain qualified personnel, our business, results of operations and financial condition may be adversely affected.

12. ***We are involved in certain outstanding legal proceedings involving our Company and our Subsidiaries that if decided against us may have a material adverse impact on our business operations, results of operations and***

financial conditions.

We are involved in certain litigation proceedings for which, in the event of an adverse outcome, there may be an adverse impact on our operations or financial position. A summary of material outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is set out below:

Nature of cases	**Number of cases**	**Amount *(in ₹ crore)* *#**
Company		
Proceedings involving issues of moral turpitude or criminal liability on the part of our Company.	4	6.16
Material violations of the statutory regulations by our Company.	Nil	Nil
Matters involving economic offences where proceedings have been initiated against our Company.	Nil	Nil
Civil proceedings where the amount involved is equivalent to or in excess of ₹2.02 crore or proceedings that would materially and adversely affect the operations or the financial position of our Company if they result in an adverse outcome.	2	10.87
Tax proceedings where the amount involved is equivalent to or in excess of the Materiality Threshold	4	118.33
Total	**10**	**135.36**
Subsidiaries		
Proceedings that would materially and adversely affect the operations or the financial position of our Company if they result in an adverse outcome.	Nil	Nil
Proceedings involving issues of moral turpitude or criminal liability on the part of our Subsidiaries.	Nil	Nil
Material violations of the statutory regulations by our Subsidiaries.	Nil	Nil
Matters involving economic offences where proceedings have been initiated against our Subsidiaries.	Nil	Nil
Civil proceedings where the amount involved is equivalent to or in excess of ₹2.02 crore.	Nil	Nil
Total	**Nil**	**Nil**

**To the extent quantifiable*
#*Excluding the amount of interest payable, if any*

We are, and may in the future be, party to other litigation and legal, tax and regulatory proceedings, the outcome of which may affect our business, results of operations, financial condition and prospects. There can be no assurance that we will be successful in any of these legal proceedings. For further details on these matters and other material legal proceedings involving us, see "*Outstanding Litigation and Defaults*" on page 216.

13. ***Our continued operations are critical to our business and any delay in production at, or shutdown/breakdown of, any of our Manufacturing Facilities could adversely affect our business, results of operations and financial conditions. Further, the future results of operations of our Company could be adversely affected by strikes, work stoppages or increased wage demands by its employees. Our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in our manufacturing operations.***

The success of our manufacturing activities depends on, among other things, the productivity of our workforce, compliance with regulatory requirements and the continued functioning of our manufacturing processes and machinery. Disruptions in our manufacturing activities could delay production or require us to shutdown the affected manufacturing facility. In November 2022, a fire incident had occurred at our manufacturing facility at Puducherry, resulting in the death of one of the contract labourers for which an insurance claim was filed for ₹0.1 crore which is pending with the insurance company. Further, another fire accident occurred at our Puducherry facility on November 04, 2023, resulting in death of two workmen and injury of several workmen. Our Company has filed an insurance claim for ₹49.77 crore which is pending before the insurance company. For further details, see "*Outstanding Litigation and Defaults*" on page 216. While our Company takes measures such as periodic ISO inspections to prevent the occurrence of such accidents, given the nature of the business of our Company, such instances may occur in future. Any such incident may result in severe damage to our manufacturing facilities and/ or loss of life of our workers exposing us to monetary losses and liability. Any interruption at our Manufacturing Facilities, including natural or man-made disasters, spread of infectious diseases, such as the COVID-19 pandemic, and the need to comply with the directives of relevant government authorities, workforce disruptions, regulatory approval delays, fire or the failure of machinery, could significantly affect our operating results.

In particular, due to the COVID-19 pandemic, operations at our Manufacturing Facilities were temporarily suspended post the nationwide lockdown imposed by the Government of India on March 14, 2020. However, since manufacturing of pharmaceutical products was determined to be an essential commodity pursuant to the Ministry of Home Affairs order dated March 27, 2020, we were allowed to resume operations in a phased manner. Accordingly, our Manufacturing Facilities restarted operations in a phased manner, subject to certain adjustments in working patterns. While we have not experienced shutdown/breakdown operations at our Manufacturing Facilities, except due to COVID-19, and we take precautions to minimize the risk of any significant operational problems at our Manufacturing Facilities, including having a business continuity plan in place, our business, financial condition and results of operations may be adversely affected by any disruption of operations at facilities, including due to any of the factors mentioned above.

The success of our operations depends on availability of labour and maintaining a good relationship with our workforce. Additional labour unrest could result due to the operative labour union within our workforce. We generally participate in negotiations for terms of appointment with our employees, pursuant to which we enter into memorandum of settlement with them. We have entered into various memorandum of settlements which are valid as on date, and which provides the details of the terms of appointment and payment terms with various trade unions.

On January 30, 2023, an illegal strike had taken place at our Mysuru facility, which was subsequently settled amicably. There can be no assurance that we will not experience any such disruption in the future as a result of disputes or disagreements with our work force.

If such a disruption were to occur, our business and our ability to continue our business operations would be adversely affected. Labour unions may seek the review of any settlement agreements in place, which may cause us to incur significant time and effort in renegotiation.

We are also subject to a number of stringent labour laws that protect the interests of workers, including legislation that imposes financial obligations on employers upon retrenchment. For instance, we may be subject to state regulations which mandate a minimum level of recruitment from the local community or area within that particular district or state.

Further, our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in our manufacturing operations. As on February 29, 2024, our Company had 3,093 employees, comprising 2,205 permanent employees. We may face competition to recruit and retain skilled and professionally qualified staff and may also experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. We may also have to incur additional expenses to train and retain skilled labour. Our future performance will depend upon the continued services of these persons.

We cannot assure you that we will not experience disruptions in work in the future due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any labour unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. Moreover, some of our products are permitted to be manufactured at only such manufacturing facility which has received specific approvals, and any shut down of such manufacturing facility will result in us being unable to manufacture a product for the duration of such shut down. Any such event may result in us being unable to comply with our contractual obligations, which will have an adverse effect on our business, results of operations and financial condition.

14. ***The success and wide acceptability of our products is largely dependent upon certain quality management systems across our Manufacturing Facilities. We obtain accreditations which are valid for a limited time period and an inability to ensure the renewal of these accreditations in a timely manner or at all may adversely affect our business prospects and financial performance. Further, any manufacturing or quality control problems may damage our reputation and expose us to litigation or other liabilities, which could adversely affect our business, results of operations and financial condition.***

The quality of our products is critical to the success of our business, and quality depends on the effectiveness of our quality management system, which, in turn, depends on a number of factors, including our quality technical training program, and the implementation and application of our quality management policies, procedures and guidelines. We have six Manufacturing Facilities located in India. Most of our manufacturing facilities have received quality certifications and accreditations from independent certification entities, amongst others, the USFDA (United States), EU, PMDA (Japan), MFDS (Korea) and WHO and consequently we are required to comply with registration, manufacturing regulations and quality standards stipulated by domestic and international regulators. Such specifications and standards of quality are an important factor in the success and wide acceptability of our products. If we fail to comply with applicable quality standards or if the relevant accreditation agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, within time or at all, our business prospects and financial performance will be materially and adversely affected.

We are also required to meet quality standards and specifications of our products (for the entire duration of the shelf life of the products) for our customers, who are situated across 73 countries (as on February 29, 2024), under our purchase orders. Once our products reach the market, there may be certain factors such as regulatory review of the products that are already marketed, new scientific information, greater scrutiny in advertising and promotion, the discovery of previously unknown side effects or the recall or loss of approval of products that we manufacture, market or sell, which could adversely affect the demand for our products.

Any significant failure or deterioration of our quality management system could result in defective or substandard products, which, in turn, may result in delays in the delivery of our products and the need to replace defective or substandard products. As a result, our reputation, business, results of operations and financial condition could be materially and adversely affected.

Further, we may be subject to claims resulting from manufacturing defects or negligence in storage and handling of our products. Any loss of our reputation may lead to a loss of existing business contracts and affect our ability to enter into additional business contracts in the future, which may have an adverse effect on our business, results of operations and financial conditions.

15. ***We generate major portion of our sales from our operations in certain geographical regions. Any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations.***

Our Company has widespread operations, and we have customers across 73 countries, as on February 29, 2024, including North America, Latin America, Europe, Japan, South Korea, China, India and the Middle East. The table below reflects our significant business operations in the Asia Pacific region and Europe and their contribution to our revenue from operations for the nine month period ended December 31, 2023 and December 31, 2022 and for the Financial Years ended March 31, 2023 and March 31, 2022:

Revenue from contract with customers in countries	**Nine month period ended December 31, 2023**		**Nine month period ended December 31, 2022**		**Financial Year ended March 31, 2023**		**Financial Year ended March 31, 2022**	
	Revenue from operations *(in ₹ crore)*	% of revenue from operations	Revenue from operations *(in ₹ crore)*	% of revenue from operations	Revenue from operations *(in ₹ crore)*	% of revenue from operations	Revenue from operations *(in ₹ crore)*	% of revenue from operations
Asia Pacific	658.38	63.92	638.57	59.07	846.04	57.70	841.28	65.30
Europe	199.54	19.37	229.97	21.27	329.95	22.50	219.14	17.01
North America	61.13	5.94	52.87	4.89	72.05	4.91	33.89	2.63
South America	12.47	1.21	19.72	1.82	37.18	2.54	44.42	3.45

Such geographical concentration of our business in these regions heightens our exposure to adverse developments related to competition, as well as economic and demographic changes in these regions which may adversely affect our business prospects, financial conditions and results of operations.

We may be unable to leverage our experience in such regions to expand our operations in other regions, due to factors such as competition, culture, regulatory regimes, business practices and customs, industry needs, transportation, in other markets where we may expand our operations. In addition, as we enter new markets and geographical areas, we are likely to compete not only with national players, but also local players who might have an established local presence, are more familiar with local regulations, business practices and industry needs, have stronger relationships with local dealers, relevant government authorities, suppliers or are in a stronger financial position than us, all of which may give them a competitive advantage over us. Our inability to expand into areas outside such markets may adversely affect our business prospects, financial conditions and results of operations.

16. We operate in a highly regulated industry and any failure on our part to comply with applicable regulations may adversely affect our business, results of operations and financial conditions.

We operate in a highly regulated industry, and our operations are subject to extensive regulations in each market in which we do business. Regulatory authorities in many of these markets must approve our products before we or our distribution agents can market them, irrespective of whether these products are approved in India or other markets. Applicable regulations have become increasingly stringent, a trend which may continue in the future. The penalties for non-compliance with these regulations can be severe, including the revocation or suspension of our licenses and approvals and the imposition of fines and criminal sanctions in those jurisdictions.

Both before and after a product's commercial release, we have ongoing duties to regulatory authorities. Regulatory authorities may at any time reassess our Manufacturing Facilities or the safety and efficacy of our products based on newly developed scientific knowledge or other factors. Such reassessments could result in the amendment of existing approvals to market our products, which in turn could result in a loss of revenue.

We have obtained various global accreditations from regulators in our international market locations. These global accreditations are renewed by the regulators based on their respective policies and procedures in compliance with the fulfillment of regulatory / statutory requirements by our Company. As on date, some of these global accreditations have expired and will be renewed upon inspection by these regulators. If the global accreditations are not renewed, in a timely manner or at all, our business, results of operations and financial condition may be adversely affected.

If we fail to comply with applicable statutory or regulatory requirements, there could be a delay in the submission or grant of approval for marketing new products. Moreover, if we fail to comply with the conditions attached to such approvals, licenses, registrations and permissions once received, the relevant regulatory body may suspend, curtail or revoke our ability to market such products. In India, the United States and many of the international market locations in which we sell our products, the approval process for a new product can be complex, time consuming and expensive. If we fail to obtain such approvals, licenses, registrations and permissions, in a timely manner or at all, our business, results of operations and financial condition may be adversely affected.

17. We are a listed company and are required to comply with rules and regulations imposed by the Stock Exchange, SEBI with respect to continuous listing and the Companies Act. Any failure to comply with such rules and regulations or any wrong disclosure made to the Stock Exchanges, or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.

As a listed company, we are required to comply with certain conditions for continuous listing under the SEBI Listing Regulations and SEBI Insider Trading Regulations and other rules and regulations imposed by SEBI, which require us to make certain periodic disclosures, including ensuring compliance with code of conduct under insider trading policy and ensuring compliance with board composition. Any failure to comply with these requirements or any wrongful disclosure made by us to the Stock Exchanges, or any other statutory authority may lead to penalties being imposed on us.

Our Company was penalised by A. (i) BSE, pursuant to an email dated February 21, 2022; and (ii) NSE, pursuant to letter dated February 21, 2022, for non-compliance of the requirements of Regulation 17(1) of the SEBI Listing Regulations for the quarter ended December 31, 2021. A penalty of ₹3,70,000 each has been levied by the Stock Exchanges. B. (i) BSE, pursuant to an email dated February 21, 2022; and (ii) NSE, pursuant to letter dated February 21, 2022, for non-compliance with Regulation 18 of the SEBI Listing Regulations in respect of the composition of the Audit Committee and Regulation 19 of the SEBI Listing Regulations in respect of the composition of the Nomination and Remuneration Committee, both for the quarter ended December 31, 2021. A penalty of ₹64,000 each was levied by the Stock Exchanges and although (i) BSE, has *vide* an email dated October 20, 2023; and (ii) NSE, has *vide* its letter dated April 05, 2023, waived off such penalty, we cannot assure you that we may not be subject to such penalties in the future. For further details, see "*Outstanding Litigation and Defaults*" on page 216. Although our Company is in compliance with the abovementioned regulations as of the date of this Letter of Offer, we cannot guarantee that we will not be subject to any such penalties in the future, which may adversely affect our business and operations.

There have been certain delays in filing disclosures under SEBI Takeover Regulations and SEBI Insider Trading Regulations. Further, one of the members of our Promoter Group sold some shares of our Company on July 05, 2023, during the trading window closure without seeking pre-clearance from the Compliance Officer, which resulted in non-compliance of the code of conduct under the SEBI Insider Trading Regulations, resulting in a wrongful gain amounting to ₹98,00,537.80. Although the audit committee in its meeting dated August 14, 2023 has issued a caution letter on the said member of the promoter group such that such instances do not recur in the future and we have filed the requisite documents with the Stock Exchanges on August 14, 2023, we cannot guarantee whether any action or penalty may not be imposed on us by the Stock Exchanges or SEBI for such non-compliance, which may have an effect on our financials.

18. ***The pharmaceutical industry is intensely competitive and our inability to compete effectively may adversely affect our business, results of operations and financial condition.***

The pharmaceutical industry is a highly competitive market with the presence of several major pharmaceutical companies, and therefore it is challenging to improve market share and profitability. Some of our competitors, especially major pharmaceutical companies, are increasing their capacity and targeting the same products as us. Many of our competitors may have greater financial, manufacturing, research and development, marketing and other resources, more experience in obtaining regulatory approvals, greater geographic reach, broader product ranges or a stronger sales force. Our competitors may succeed in developing products that are more effective, popular or cheaper than ours, which may render our products uncompetitive and adversely affect our business, results of operations and financial conditions. Any failure on our part to gain an advantage could adversely affect our profitability and results of operations.

In addition, pharmaceutical products are largely commodity products, and their prices can fluctuate sharply over short periods of time due to changes in demand, the price of raw materials and manufacturing efficiencies. Price competition among suppliers is intense, with increasing competition from pharmaceutical companies in China and elsewhere. If our competitors gain significant market share at our expense, our business, results of operations and financial condition could be adversely affected.

Further, our competitors may have greater financial, manufacturing, research and development, marketing and other resources, broader product ranges and larger, stronger sales forces, which may make them more competitive than us. Additionally, if one of our competitors or their customers acquires any of our customers or suppliers, we may lose business from the customer or lose a supplier of a critical raw material or component, which may adversely affect our business, results of operations and financial condition.

19. ***Our international operations, and any expansion we undertake, into new international markets, exposes us to complex management, legal, tax and economic risks, which could adversely affect our business, results of operations and financial conditions.***

We operate six Manufacturing Facilities, exporting to and selling our products across 73 countries (as on February 29, 2024). As a result, we are subject to risks related to our international expansion strategy, including risks related to complying with several foreign laws, restrictions on the import and export of certain intermediates, drugs, technologies, multiple tax and cost structures, cultural and language factors. Further, the regulatory requirements and the pharmaceutical regulations in other countries are constantly evolving in many markets and becoming stringent with an increase in the scope of audit and as a result may, at times, be unclear or inconsistent.

20. ***Reforms in the health care industry and the uncertainty associated with pharmaceutical pricing, reimbursement and related matters could adversely affect the pricing and demand for our products.***

Increasing expenditures for health care have been the subject of considerable public attention in almost every jurisdiction where we conduct business. In many countries in which we currently operate, pharmaceutical prices are subject to regulation. A decrease in the prices of finished dosage pharmaceuticals, may create pricing pressure on our Company for our API products, which may result in a decrease in our profits.

While we cannot predict the nature of the measures that may be adopted by domestic or international governmental and private organizations or their impact on our business and revenues, the announcement or adoption of such proposals could increase our costs and reduce our profit margins. Further, if healthcare legislation or third party purchaser influence results in lower pharmaceutical prices, although the demand for our generic APIs may increase, our overall revenues may decrease and our profits could be adversely affected.

21. ***The improper handling of any hazardous materials used in our operations could result in accidents and subject us to significant liabilities, which may have an adverse effect on our business, reputation, results of operations and financial condition. Non-compliance with and changes in, safety, health, environmental and labour laws and other applicable regulations, may adversely affect our business, results of operations, financial condition and cash flows.***

We are subject to laws and government regulations, including in relation to safety, health, environmental protection and labour laws. These laws and regulations impose controls on air and water discharge, noise levels, storage handling, employee exposure to hazardous substances and other aspects of our manufacturing operations. Further, our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We handle and use hazardous materials, chemicals, viruses and other explosive, toxic and combustible materials in our R&D and manufacturing activities.

While we develop and implement environmental, health and safety work measures and standards across our Manufacturing Facilities to ensure a safe working environment and seek to ensure a "Goal Zero" policy in terms of safety accidents at our Manufacturing Facilities, the improper handling or storage of such hazardous materials could result in accidents, injuries of our personnel, property as well as damage the environment. In November 2022, a fire incident had occurred at our manufacturing facility at Puducherry, resulting in the death of one of the contract labourers for which an insurance claim was filed for ₹0.1 crore which is pending with the insurance company. Further, another fire accident occurred at our Puducherry facility on November 04, 2023, resulting in death of two workmen and injury of several workmen. Our Company has filed an insurance claim for ₹49.77 crore which is pending before the insurance company. Any accident at our manufacturing facilities may result in personal injury or loss of life, substantial damage to or destruction of property and equipment resulting in the suspension of operations. In addition, we may be required to incur costs to remedy the damage caused, pay fines or incur other penalties for non-compliance. Further, the increase in our operations and the consequent increase in our employee base, increases the risk of safety hazards. We try to prevent such hazards by training our personnel, conducting industrial hygiene assessments and employing other safety measures. However, we cannot assure you that we will not experience such accidents in the future.

Further, laws and regulations may limit the amount of hazardous and pollutant discharge that our Manufacturing Facilities may release into the air and water. The discharge of raw materials that are chemical in nature or of other hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies or third parties. Any of the foregoing could subject us to litigation or, which could lower our profits in the event we were found liable and could also adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shutdown our Manufacturing Facilities, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers. The occurrence of any such event could have an adverse effect on our business, results of operations and financial condition.

We are also subject to the laws and regulations governing employees, including in relation to minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. We have incurred and expect to continue incurring costs for compliance with such laws and regulations. We have also made and expect to continue making capital expenditures on an on-going basis to comply with all applicable environmental, health and safety and labour laws and regulations. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. We cannot assure you that we will not be found to be in non-compliance with, or remain in compliance with all applicable environmental, health and safety and labour laws and regulations or the terms and conditions of any consents or permits in the future or that such compliance will not result in a curtailment of production or a material increase in the costs of production.

22. ***If we inadvertently infringe on the patents of others, we may be subject to legal action and our business, results of operations and financial conditions may be adversely affected.***

We operate in an industry characterized by extensive patent litigation, including both litigation by innovator companies relating to purported infringement of innovative products and processes by generic pharmaceuticals and litigation by competitors or innovator companies to delay the entry of a product into the market. Although we have not experienced any patent litigations against our Company in the last two years, we cannot assure you that such incidents will not occur in the future. Patent litigation can result in significant damages being awarded and injunctions that could prevent the manufacture and sale of certain products or require us to pay significant royalties in order to manufacture or sell such products. While it is not possible to predict the outcome of patent litigation, we believe any adverse result of such litigation could include an injunction preventing us from selling our products or payment of significant damages or royalty, which would affect our ability to sell current or future products or prohibit us from enforcing our patent and proprietary rights against others. The occurrence of any of these events could subject us to legal action and adversely affect our business, reputation, cash flows and results of operations.

23. ***We face foreign exchange risks that could adversely affect our results of operations and cash flows.***

We are exposed to fluctuations in exchange rates including the US Dollar and the Indian Rupee. Further, a significant portion of our total revenues is denominated in currencies other than Indian Rupees. Although we closely follow our exposure to foreign currencies and selectively enter into hedging transactions in an attempt to reduce the risks of currency fluctuations, these activities are not always sufficient to protect us against incurring potential losses if currencies fluctuate significantly. In addition, the policies of the RBI may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may have an adverse effect on our results of operations and cash flows. Any such losses on account of foreign exchange fluctuations may adversely affect our results of operations and cash flows.

24. ***We are susceptible to product liability claims that may result from a defect in our API products, which may have an adverse effect on our business, reputation, results of operations and financial conditions.***

We face the risk of loss resulting from, and the adverse publicity associated with, product liability lawsuits especially in the United States and Europe, (wherein our end market sales from these regions account to 61% of our total revenues for Fiscal 2023) stemming from any defect in our API products or any product recall of our API products. We may also be subject to claims resulting from manufacturing defects or negligence in storage or handling of our APIs which may lead to the deterioration of our products, or from defects arising from deterioration in our quality controls. Product liability claims, regardless of their merits or the ultimate success of the defense against them, are costly. Although, we have obtained comprehensive general liability which covers product liability coverage, if any product liability claim sustained against us is not covered by insurance or exceeds the policy limits, we may be required to incur substantial expenditure.

A successful product liability claim that is excluded from coverage or exceeds our policy limits may require us to pay substantial sums and may adversely affect our financial position and results of operations. In addition, insurance coverage for product liability may become prohibitively expensive in the future. From time to time, the pharmaceutical industry has experienced difficulty in obtaining desired product liability insurance coverage. As a result, it is possible that, in the future, we may not be able to obtain the type and amount of coverage we desire at an acceptable cost and self-insurance may become the sole commercially reasonable means available for managing the product liability risks of our business.

25. ***Our ability to adopt new technology to respond to new and enhanced products may pose a challenge in our business. The cost of implementing new technologies for our operations could be significant and could adversely affect our business, results of operations, cash flows and financial conditions.***

The industry in which we operate is subject to significant technological changes, with the constant introduction of new and enhanced products. Our success will depend in part on our ability to respond to technological advances and emerging standards and practices in a cost effective and timely basis. We cannot assure you that we will be able to successfully make timely and cost-effective enhancements and additions to our technological infrastructure, keep up with technological improvements in order to meet our customers' needs or that the technology developed by others will not render our products less competitive or attractive. Our failure to successfully adopt such technologies in a cost effective and a timely manner could increase our costs and lead to us being less competitive in terms of our prices or quality of products we sell. Further, implementation of new or upgraded technology may not be cost effective, which may adversely affect our business, results of operations, cash flows and financial condition.

26. ***If we are unable to patent new processes and protect our proprietary information or other intellectual property, our business may be adversely affected.***

We rely on a combination of patents, non-disclosure agreements and non-competition agreements to protect our proprietary intellectual property. Due to the different regulatory bodies and varying requirements across the world, we may be unable to obtain intellectual property protection in those jurisdictions for certain aspects of our products or processes.

While we intend to defend against any threats to our intellectual property, we cannot assure you that our patents, trade secrets or other agreements will adequately protect our intellectual property. Our patent rights may not prevent our competitors from developing, using or commercializing products that are functionally equivalent or similar to our products. Further, our patent applications may fail to result in patents being issued, and our existing and future patents may be insufficient to provide us with meaningful protection or a commercial advantage. Although we have not faced any such instances in the last three years, we cannot assure you that patents issued to or licensed by us in the past or in the future will not be challenged or circumvented by competitors or that such patents will be found to be valid or sufficiently broad to protect our processes or to provide us with any competitive advantage. We may be required to negotiate licenses for patents from third parties to conduct our business, which may not be available on reasonable terms or at all.

We also rely on non-disclosure agreements and non-competition agreements with certain employees, consultants and other parties to protect trade secrets and other proprietary rights that belong to us. We cannot assure you that these agreements will not be breached, that we will have adequate remedies for any breach or that third parties will not otherwise gain access to our trade secrets or proprietary knowledge. Any inability to patent new processes and protect our proprietary information or other intellectual property, could adversely affect our business.

27. Significant disruptions of information technology systems or breaches of data security could adversely affect our business.

Our business is dependent upon increasingly complex and interdependent information technology systems, including Internet-based systems, to support business processes as well as internal and external communications. The size and complexity of our computer systems make them potentially vulnerable to breakdown, malicious intrusion and computer viruses. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, and similar events, even with our disaster recovery system in place. Disruption or failure of our information technology systems could have a material adverse effect on our operations. A large-scale information technology malfunction could disrupt our business or lead to disclosure of sensitive company information. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. Such malfunction or disruptions could cause economic losses for which we could be held liable.

While we have not experienced any disruptions in the last two years, we cannot assure you that we will not encounter any disruptions in the future. Any such disruption may result in the loss of key information and/or disruption of production and business processes, which could materially and adversely affect our business and results of operations.

In addition, our systems are potentially vulnerable to data security breaches, whether by employees or others that may expose sensitive data to unauthorized persons. Although we have not experienced any data security breaches in the last two years, if such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised or could lead to the public exposure of personal information (including sensitive personal information) of our employees, customers and others. Any such security breaches could have an adverse effect on our business, reputation, results of operations and financial condition.

28. Any downgrade of our debt rating by an independent agency may adversely affect our ability to raise financing.

The cost and availability of capital is dependent, among other factors, on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. CRISIL has, *vide* the letter dated February 23, 2024, given (i) our long-term bank loan the rating of "CRISIL BBB/Negative"; and (ii) our short-term bank loans the rating of "CRISIL A3+".

Any future performance issues by us or the industry may result in a downgrade of our credit ratings, which may in turn lead to an increase in our borrowing costs and constrain our access to funds and debt markets and, as a result, may adversely affect our business growth. In addition, any downgrade of our credit ratings could result in default under our financing arrangements or lenders imposing additional terms and conditions in any future financing or refinancing arrangements in the future. Any such adverse development may adversely affect our business operations, future financial performance and the price of our Equity Shares.

29. ***Our inability to meet our obligations, including financial and other covenants under our debt financing arrangements could adversely affect our business, results of operations and cash flows.***

We have entered into agreements for our borrowings with certain lenders. As on February 29, 2024, our total borrowing was ₹953.72 crore. These borrowings include secured fund based and non-fund based facilities. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business. Further, our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial conditions. We are required to obtain prior approval from our lenders for, among other things:

- effecting any change in the capital structure;
- undertaking any new project or implementing any scheme of expansion or acquiring fixed assets or incurring major capital expenditure or incurring capital expenditure which is not in the ordinary course of business;
- declaring dividends;
- investing, lending, extending advances or placing deposits with any other concern;
- entering into borrowing arrangements;
- creating any charges, lien or encumbrances over its assets;
- selling, assigning, mortgaging or disposing off any fixed assets charged to a lender;
- changing the ownership pattern or management structure of our Company;
- repayment of loans and deposits and discharge of other liabilities except those shown in funds flow statement;
- prepayment of the facility in full or in part; and
- making amendments to the Memorandum and Articles of Association.

Certain lenders of our Company have given conditional consents which requires adherence to certain minimum shareholding requirements of the promoter and promoter group to be maintained post rights issue. There have been past violations of maintenance of certain covenants stipulated in the loan agreements by us. Although the lenders have not taken any action against us, we cannot assure you that such instances will not happen in the future and the lenders will not take any adverse action, including recall of the facility, imposition of penalty, etc. against us.

Certain of the lenders may also have the right to, *inter-alia*, accelerate payment of loans in the event of a default and require us to maintain certain financial ratios such as debt to equity, debt to EBITDA ratio and debt service coverage ratio. In addition, certain of our financing arrangements contain cross default provisions which could automatically be triggered by defaults under other financing arrangements. We may be forced to sell some or all of our assets if we do not have sufficient funds or credit facilities to make repayments. Additionally, because some of our borrowings are secured against all or a portion of our assets, lenders may be able to sell those assets to enforce their claims for repayment.

We cannot assure you that we will continue to comply with all conditions and restrictive covenants under our financing agreements in the future. Further, our future borrowings may also contain similar or additional restrictive provisions. There have been past violations of maintenance of certain covenants stipulated in the loan agreements by us. Although the lenders have not taken any action against us, we cannot assure you that such instances will not happen in the future and the lenders will not take any adverse action, including recall of the facility, imposition of penalty, etc. against us. If we fail to meet our debt service obligations or covenants provided under the financing agreements, the relevant lenders could, *inter-alia*, impose additional interests, conversion of debt to equity, enforce security, accelerate the maturity of our obligations and declare all amounts payable in respect of the facility to be due and payable immediately or otherwise on demand. In the event of any such acceleration, we may have to dedicate a substantial portion of our cashflow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to obtain further financing or any refinancing of our debt could be at higher rates with more onerous covenants, which could further restrict our business operations. Additionally, third parties may also have concerns over our financial position, and it may be difficult to market our financial products. Moreover, we cannot assure you that, in the event of any such acceleration, we will have sufficient resources to repay the borrowings as required.

Any of these circumstances or other consequences could adversely affect our business, credit rating, prospects, financial condition and results of operations. Moreover, any such action initiated by our lenders could adversely affect the price of the Equity Shares.

30. ***We are exposed to credit risk and any delay in, or non-receipt of, payments may materially and adversely affect our cash flows and results of operations.***

We are exposed to credit risk in the usual course of our business due to the nature of, and the inherent risks involved in, dealings, agreements and arrangements with our customers who may delay or fail to make payments or perform their other contractual obligations. Our operations involve extending credit to our customers in respect of sale of our products and services, and consequently, we face the risk of uncertainty regarding the receipt of these outstanding amounts. As on March 31, 2023 and March 31, 2022, our outstanding trade receivables were ₹536.99 crore and ₹489.67 crore, respectively, which constituted 37.19% and 38.61%, of our revenue from operations in the years then ended, respectively.

The financial condition of our customers and suppliers may be affected by the performance of their business which may be impacted by several factors including general economic conditions which may be beyond our control. An event such as the outbreak of the COVID-19 pandemic that results in a slowdown in the general economy or a potential credit crisis could cause our customers or suppliers to suffer disruptions in their businesses or experience financial distress, their access to the credit markets could be limited, and they could file for insolvency or bankruptcy protection and we cannot assure you of the continued viability of our counterparties or that we will accurately assess their creditworthiness.

Such conditions could cause our customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. We cannot assure you that we will be able to collect the whole or any part of any overdue payments. A significant delay in, or non-receipt of, large payments or non-performance by our customers or suppliers could adversely affect our cash flows and results of operations. Timely collection of dues from our customers also depends on our ability to complete our contractual commitments and subsequently bill for and collect from our customers. If we are unable to meet our contractual obligations, we may experience delays in the collection of, or be unable to collect, our trade receivables, which could adversely affect our cash flows and results of operations. Our Company has receivable from two customers aggregating to ₹65.31 crore which are overdue as on March 31, 2023. During the nine month period ended December 31, 2023, our Company has received a claim of ₹43.80 crore from these two customers. Pending finalization of discussion, our Company has accrued provision for ₹43.80 crore towards such claims which has been included in "*Other expenses*" for the nine month period ended December 31, 2023.

31. ***Our contracts are governed by the laws of various countries and disputes arising from such contracts may be subject to the exclusive jurisdiction of courts situated in such countries which may cause difficulty in managing the suit and obtaining enforcement of awards.***

Most of the contracts executed with our distributors and customers are governed by the laws of the country in which the distributor or customer is incorporated. Further, any disputes related to such contracts may be subject to the exclusive jurisdiction of courts situated in such countries. Any lawsuits with respect to such disputes must be instituted in a court having jurisdiction over the contract, which may cause difficulty for our Company to manage such suits and to obtain enforcement of awards and may also lead to greater costs for managing such litigation.

32. ***Our business is dependent on the delivery of adequate and uninterrupted supply of electrical power and water at a reasonable cost. Any increase in cost or lack of resources could adversely affect our business and results of operation.***

Adequate and cost effective supply of electrical power is critical to our operations, which entails significant consumption of electrical power. Each of our plants depends on the delivery of an adequate supply of electrical power. There can be no assurance that electricity supplied to our existing Manufacturing Facilities will be sufficient to meet our requirements or that we will be able to procure adequate and uninterrupted power supply in the future at a reasonable cost. Lack of sufficient electrical power or an increase in the cost of such power could adversely affect our business and results of operation.

We are also dependent on the availability of water from third party sources for use in our Manufacturing Facilities. Lack of sufficient water resources or an increase in the cost of such water used in Manufacturing Facilities could adversely affect our business and results of operation.

33. ***We may be unable to obtain, renew or maintain statutory and regulatory permits, licenses and approvals required to operate our business which may result in the interruption of our operations, thereby having an adverse effect on our business operations.***

We require certain statutory and regulatory permits, licenses and approvals to operate our business such as consents to operate from the state pollution control board, drug manufacturing license, license for sale and possession of poison, boiler registrations, importer-exporter code, registration and licenses issued under the Factories Act, for our Manufacturing Facilities, certificates and safety certificates from the state electricity board, fire licenses and registration certificates issued under various labor laws. Our licenses, permits and approvals impose certain terms and conditions that require us to incur a significant cost and *inter alia*, restrict certain activities. There can be no assurance that the approvals, licenses, permits and registrations may not be revoked in the event of any non-compliance with any terms or conditions imposed thereof.

Further, certain approvals such as consent to operate for our Puducherry facility, license to manufacture for sale or distribution of drugs for Mysuru facility, is required to be applied or renewed on an ongoing basis, and accordingly, we have initiated process for obtaining abovementioned approvals but we have not yet received the final registrations from the relevant authorities.

In the future, we will be required to regularly renew permits, licenses and approvals for our business, and to obtain new permits, licenses and approvals for any proposed expansion. While we will endeavor to renew or obtain such approvals as required, there can be no assurance that the relevant authorities will issue any such approvals within our anticipated timeframe or at all. An inability to renew, maintain or obtain any required permits, licenses or approvals may result in the interruption of our operations and have a material adverse effect on our business, financial condition and results of operations.

34. ***Information relating to the installed reactor capacity, actual occupancy and capacity utilization of our Manufacturing Facilities included in this Letter of Offer is based on various assumptions and estimates and future production and capacity may vary.***

Information relating to our installed reactor capacity, actual occupancy and capacity utilization of our Manufacturing Facilities included in this Letter of Offer is based on various assumptions and estimates of our management that have been taken into account by an independent chartered engineer in the calculation of the installed reactor capacity, actual occupancy and capacity utilization of our Manufacturing Facilities. Such estimates may not continue to be true and future occupancy and capacity utilization may vary. The installed capacity is used for multiple products, hence the occupancy in terms of KL may vary from product to product for a given facility. Calculation of the installed capacities and actual occupancy and capacity utilization of our Manufacturing Facilities by an independent chartered engineer may not have been undertaken on the basis of any standard methodology and may not be comparable to that employed by competitors.

These assumptions and estimates include expected operations, availability of raw materials, expected unit utilization levels, downtime resulting from scheduled maintenance activities, downtime resulting from change in stock keeping units for a particular product, and shift patterns across Manufacturing Facilities. Furthermore, capacity utilization of our Manufacturing Facilities has been calculated on the basis of usage of the vessel in terms of hours. For details, see "*Our Business*" on page 107.

35. ***Our Company has contingent liabilities and our financial condition and profitability could be adversely affected if any of these contingent liabilities materialize.***

As of December 31, 2023, we had the following contingent liabilities:

(in ₹ crore)

Particulars	**As on December 31, 2023**
Indirect taxes	3.61

We cannot assure you that we will not incur similar or increased levels of contingent liabilities in the future. If any of these contingent liabilities materialize or if at any time, we are compelled to pay all or a material proportion of these contingent liabilities, our financial condition and results of operation may be adversely affected. For further details, see "*Financial Statements – Note 40 – Commitments and Contingent Liabilities*" on page 169.

36. We are currently entitled to certain export promotion schemes and incentive schemes. Any discontinuation of such export promotion schemes may adversely affect our results of operations, cash flows and financial condition.

We are currently entitled to 'Remission of Duties or Taxes on Export Products Scheme' ("**RODTEP**") and duty drawback scheme for our DTA exports. In terms of the RODTEP, our Company is entitled to claim refund of embedded central, state/ local duties for the products which are exported by our Company. The duty credit allowed under RODTEP and duty drawback for the DTA exports is subject to realization of proceeds of the sales within the stipulated period prescribed by RBI. Any discontinuation of such schemes may affect our ability to avail credits for the products exported by us and may impact our results of operations, cash flows and financial condition.

37. We have significant working capital requirements. If we experience insufficient cash flows to fund our working capital requirements, there may be an adverse effect on our business, cash flows and results of operations.

Our business requires significant working capital including in connection with our manufacturing operations. The actual amount of our future capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, technological changes, additional market developments and new opportunities in the API industry.

Our sources of additional financing, where required to meet our working capital requirements, may include debts and internal accruals. If we decide to raise additional funds through the incurrence of debts, our interest and debt repayment obligations will increase, which may have a significant effect on our profitability and cash flows. We may also become subject to additional covenants, which could limit our ability to access cash flows from operations and undertake certain types of transactions. Any issuance of equity, on the other hand, would result in a dilution of the shareholding of existing shareholders.

In many cases, a significant amount of our working capital is required to finance the purchase of raw materials and the manufacturing of products before payment is received from customers. Our working capital requirements may increase if the payment terms in our agreements include reduced advance payments or longer payment schedules. These factors may result in increases in the amount of our receivables and may result in increases in any future short-term borrowings. Such increases in our working capital requirements may have an adverse effect on our results of operations, financial condition and cash flows.

38. We had a negative cash flow from operating activities in Financial Year 2022 and may continue to have negative cash flows in the future, which may have an adverse effect our business and financial operation.

We have experienced negative cash flows in the past. We had a negative cash flow from operating activities amounting to ₹242.03 crore in Fiscal 2022. The following table sets forth our cash flow from operating activities for the Financial Year ended March 31, 2023 and March 31, 2022:

(in ₹ crore)

Particulars	**Financial Year ended March 31, 2023**	**Financial Year ended March 31, 2022**
Net cash flow generated from operating activities	156.25	(242.03)

Cash flow of a company is a key indicator to show the extent of cash generated from the operations of a company to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For details, see "*Financial Statements*" on page 127.

39. Our Company has reported losses for the Annual Financial Statements and Unaudited Interim Financial Statements and may incur losses in the future. Any failure to generate profits may adversely affect our ability to pay dividends, impair our ability to raise capital and expand our business.

Our Company has incurred losses in Fiscal 2023 and Fiscal 2022 amounting to ₹22.25 crore and ₹58.29 crore, respectively. Such loss and our debt during the period resulted in a reduction in net worth of our Company to ₹1,500.21 crore in Fiscal 2023 from ₹1,524.87 crore in Fiscal 2022. We have also incurred losses for the nine month period ended December 31, 2023 and December 31, 2022 amounting to ₹311.51 crore and ₹26.00 crore, respectively. Our Company's financial position may accordingly be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation and business operations. For further details, see "*Financial Statements*" on page 127. Our ability to operate profitably depends upon a number of factors, some of which are beyond our direct control. These factors include, but are not limited to, our ability to successfully develop and commercialize profitable pharmaceutical products, the economies of the regions in which we sell and market our pharmaceutical products, and our overall ability to compete effectively. Accordingly, we cannot assure you that we will not incur losses in the future. Any failure to generate profits may adversely affect the market price of our Equity Shares, restrict our ability to pay dividends, impair our ability to raise capital and expand our business.

40. ***Certain of our Promoters, Directors, certain Key Managerial Personnel and Senior Management hold Equity Shares in our Company and are therefore interested in our Company's performance in addition to their normal remuneration or benefits and reimbursement of expenses incurred.***

Certain of our Promoters, Directors, Key Managerial Personnel and Senior Management are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding or the shareholding of their relatives in our Company. We cannot assure you that our Directors, Key Managerial Personnel and Senior Management will exercise their rights as shareholders to the benefit and best interest of our Company.

41. ***Our Company has entered and may continue to enter into a number of related party transactions with our group entities and may have an adverse effect on our business, results of operations, cash flows and financial condition.***

We may enter into transactions with certain of our Promoters, relatives of our Promoters, our Directors and enterprises over which our Directors have a significant influence. We cannot assure you that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operations. Further, we cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition. For further details, see "*Financial Statements¬ Note 42 ¬Related Party Information*" on page 172.

In the ordinary course of our business, we enter into and will continue to enter into transactions with related parties. While we believe that all such related party transactions that we have entered into are conducted on an arms' length basis in accordance with the Companies Act and other applicable regulations pertaining to the evaluation and approval of such transactions and all related party transactions that we may enter are subject to our Board or shareholder approval, as necessary under the Companies Act and the SEBI Listing Regulations, in the interest of our Company and its minority shareholders and in compliance with the SEBI Listing Regulations, we cannot assure you these arrangements in the future, or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further, any future transactions with our related parties could potentially involve conflicts of interest which may be detrimental to our Company. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour. There can be no assurance that such conflicts of interests or others in the future can be addressed.

42. ***Our Promoters are involved in ventures which may be in the same line of business as our Company, which may lead to competition with such companies, adversely affecting our business operations.***

Some of our Promoters are involved in ventures which are in the same line of business as our Company. We may hence have to compete with such companies for business, which may impact our business, financial condition and results of operations. The interests of our Promoters may also conflict in material aspects with our interests or the interests of our Shareholders.

While we have not had instances of conflict of interest in the past, we will endeavour to take adequate steps to address such conflict of interest, which may arise in the future, by adopting the necessary procedures and practices as permitted by applicable law. However, there can be no assurance that there will be no competition between our Promoter and us in similar markets or our existing business or any future business that we may undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business. Any such present and future conflicts may have a material adverse effect on our reputation, business and results of operations.

43. ***Failure to maintain confidential information of our clients could have a material adverse effect on our business, financial condition and results of operations.***

We are required to keep confidential certain details of our customers. In the event of any breach or alleged breach of our confidentiality arrangements with our customers, these customers may take actions against us including litigation against us for breach of confidentiality obligations. Moreover, if our customers' confidential information is misappropriated by us or our employees, our customers may seek damages and compensation from us. Although we have not experienced any such claims in the past, claims of misappropriation of confidential information or the intellectual property of our customers against us, if successful, could have a material adverse effect on our business, financial condition and results of operations. Even if such claims against us are unsuccessful, they may cause reputational harm and substantial cost.

44. ***We do not own some of our Manufacturing Facilities, Registered Office, Corporate Office and other premises from which we operate. If we are required to relocate our business operations or shut down our manufacturing units during this period, we may suffer a disruption in our operations or have to pay increased charges or set-up cost, which could have an adverse effect on our business, prospects, results of operations, cash flows and financial condition.***

Our manufacturing facilities located in Cuddalore (a part of which is also occupied by us on leasehold basis), Ambernath and Vishakhapatnam, our Registered Office, our office at Bengaluru and our Corporate Office located in Chennai, are occupied by us on a leasehold basis. Further, lease deeds for our properties may not be adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty. The lease periods and rental amounts vary on the basis of their locations.

Additionally, some of the properties owned by our Company still reflect the names of the erstwhile companies in the sale deeds since the same were transferred to us pursuant to the Demerger Scheme.

We cannot assure you that we will be able to renew our leases on commercially acceptable terms or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements for new offices and other infrastructure and we cannot assure that the new arrangements will be on commercially acceptable terms. If we are required to relocate our business operations or shut down our manufacturing units during this period, we may suffer a disruption in our operations or have to pay increased charges or set-up cost, which could have an adverse effect on our business, prospects, results of operations, cash flows and financial condition.

45. ***If we are unable to establish and maintain an effective system of internal controls and compliances, our business and reputation could be adversely affected.***

We intend to manage regulatory compliance by monitoring and evaluating our internal controls and ensuring that we are in compliance with all relevant statutory and regulatory requirements. However, there can be no assurance that deficiencies in our internal controls and compliances will not arise, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls, in a timely manner or at all. As we continue to grow, there can be no assurance that there will be no other instances of inadvertent non-compliances with statutory requirements, which may subject us to regulatory action, including monetary penalties, which may adversely affect our business and reputation.

46. ***Our inability to accurately forecast demand for our products, may have an adverse effect on our business, results of operations, financial conditions and cash flows.***

We project demand for our products based on rolling projections, our understanding of anticipated customer spending and distribution inventory levels. Our business depends on our estimate of the demand for our products from customers. Our Company's inventory of raw materials, finished goods, work-in-progress and stores and spares amounted to ₹558.09 crore as of Financial Year ended March 31, 2023 As at March 31, 2023, our Company carries inventories relating to anti-virals/COVID-19 of ₹117.33 Crores. For details, see "*Financial Statement Note 15 – Inventories*" on page 159. If we overestimate demand, we may purchase more raw materials and manufacture more products than required. However, if we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business.

Further, our closing stocks for raw materials, finished goods, work in progress and stores and spares decreased from ₹575.55 crore in Financial Year ended March 31, 2022 to ₹558.09 crore in Financial Year ended March 31, 2023. While we try to forecast the demand and price for our products and accordingly plan our production volumes, any error in our forecast could result in a reduction in our profit margins and surplus stock, which may result in additional storage cost and such surplus stock may not be sold in a timely manner, or at all.

If we overestimate demand, we may incur costs to build capacity or may have purchased more raw materials and manufacture more products than required. A high level of inventory increases the risk of loss and storage costs to us as well as increasing the need for working capital to operate our business. Further, as our customers are not obliged to purchase our products, there can be no assurance that customer demand will match our production levels. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

47. Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations and financial condition.

Our operations are subject to various risks inherent in the manufacturing industry including defects, malfunctions and failures of manufacturing equipment, fire, riots, strikes, explosions, loss-in-transit for our products, accidents and natural disasters. In the event of personal injuries, fires or other accidents suffered by our employees or other people, we could face claims alleging that we were negligent, provided inadequate supervision or be otherwise liable for the injuries. Our Company has obtained insurance policies for our operations including standard fire and special perils insurance, industrial all risk insurance, marine open inland declaration policy, terrorism insurance, burglary insurance, cyber protect digital business and data protection, public liability insurance, employee compensation policies and group term insurance policies. Further, while our Company has applied for renewal of the directors' and officers' liability insurance, but the same has not been received as on the date of this Letter of Offer. Our policies are subject to customary exclusions, including for terrorism in certain cases, and deductibles.

While we believe that the insurance coverage would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. As of March 31, 2023, our insurance cover for property, plant and equipment was ₹1,610.00 crore, while our gross block of property, plant and equipment was ₹1,212.04 crore (excluding leasehold and freehold land). Our inability to maintain adequate insurance cover in connection with our business could adversely affect our operations and profitability. In addition, our insurance coverage shall expire from time to time. We intend to apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage as a result of events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected.

48. Our Company may not be able to utilize the MAT credit entitlement before the expiry period, which may result in the MAT credit being written off in the profit and loss account.

Under the IT Act, our Company is liable to pay Minimum Alternate Tax ("**MAT**"). The 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. We have a deferred tax asset of ₹78.56 crore as at March 31, 2023, out of which the MAT credit entitlement was ₹69.97 crore. The future taxable profits may or may not be available for set-off of MAT credit entitlement against the future tax liabilities. When MAT credit entitlement is not utilised before its expiry period, it will be written off in the profit and loss account in the year of expiry of time period or in the year when the future projections does not establish the utilisation of MAT credit entitlement within its expiry period.

49. Our Company may not be able to fully utilize the capacity at the manufacturing facility at Vishakhapatnam which may impact its continued production.

We had invested in a greenfield manufacturing facility at Vishakhapatnam, Andhra Pradesh ("**Vishakhapatnam Facility**"). The capacity utilisation for the Vishakhapatnam Facility for the nine month period ended December 31, 2023 and for the financial year ended March 31, 2023 was 55.00% and 28.07% (capacity utilisation excluding utilisation towards reprocessing of products), respectively, and which is currently under-utilized as on date of this

Letter of Offer.

While all efforts are being taken to fully utilize the capacity at Vishakhapatnam Facility, our Company may not be able to fully utilize the capacity at Vishakhapatnam Facility. If we are unable to increase the capacity utilization, it may impact the continued production at the facility in the long run as there will be under recovery of overheads.

50. ***This Letter of Offer contains information from an industry report which has been commissioned and paid for by us exclusively for the purposes of the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.***

We have availed the services of an independent third-party research agency, CareEdge Research, to prepare an industry report titled "*Industry Research Report on API (Pharma) Industry*" published in February 2024, exclusively for purposes of confirming our understanding of the industry we operate in and inclusion of such information in this Letter of Offer pursuant to an engagement letter dated December 19, 2023. The CARE Report is a paid report that has been commissioned by our Company and is subject to various limitations and based upon certain assumptions that are subjective in nature. While we have taken reasonable care in the reproduction of the information, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Letter of Offer. In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Letter of Offer based on, or derived from, the CARE Report. You should consult your own advisors and undertake an independent assessment of information in this Letter of Offer based on, or derived from, the CARE Report before making any investment decision regarding the Issue. For details, see "*Industry Overview*" on page 75.

51. ***We have in this Letter of Offer included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the pharmaceutical industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance including such as EBITDA, EBITDA Margin, Net Worth, Net Asset Value per Equity Share and Return on Net Worth, have been included in this Letter of Offer. These are supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these non-GAAP measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of manufacturing companies, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies.

52. ***Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.***

While we have not declared dividends in the last two Financial Years, the amount of future dividend payments, if any, will depend upon a number of factors, including but not limited to our profitability during the relevant year, past dividend trends, leverage profile, future capital expenditure programmes including organic and inorganic growth opportunities, our liquidity position and cash flow position and the economic conditions and regulatory environment. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing agreements our Company may enter into to finance our fund requirements for our business activities.

The declaration and payment of dividends will be recommended by our Board of Directors and approved by the shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Accordingly, realization of a gain on shareholders' investments will depend on the appreciation of the price of the Equity Shares. There can be no assurance that we will be able to pay dividends in the future.

53. Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.

The Annual Financial Statements and the Unaudited Interim Financial Statements included in this Letter of Offer have been prepared in accordance with Ind AS. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, as per the SEBI ICDR Regulations included in this Letter of Offer, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should be limited accordingly.

EXTERNAL RISK FACTORS

54. Our business is substantially affected by prevailing economic, political and other prevailing conditions in emerging markets.

The Indian economy and securities markets are influenced by economic, political and market conditions in India and globally, including adverse geopolitical conditions such as increased tensions between India and China. We are incorporated in India, with our Manufacturing Facilities located in India, and our operations are primarily in India. As a result, we are highly dependent on prevailing economic conditions in India and the other emerging markets and our results of operations and cash flows are significantly affected by factors influencing the economy in these countries. Factors that may adversely affect the economy, and hence our results of operations and cash flows, may include:

- any increase in interest rates or inflation;
- any exchange rate fluctuations;
- prevailing income conditions among consumers and corporates;
- volatility in, and actual or perceived trends in trading activity on, the relevant market's principal stock exchanges;
- changes in tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in the region or globally. For example, the recent hostilities between Russia and Ukraine;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in the relevant country's principal export markets;
- any downgrading of debt rating by a domestic or international rating agency; instability in financial markets; and
- other significant regulatory or economic developments in or affecting India or the emerging markets.

Further, any slowdown or perceived slowdown in the Indian economy or the economy of any emerging market, or in specific sectors of such economies, could adversely impact our business, results of operations, cash flows and financial condition and the price of the Equity Shares.

55. Changing laws, rules and regulations, including taxation laws, may adversely affect our business, results of operations, cash flows and prospects.

Any change in Indian tax laws could have an effect on our operations. For instance, the Taxation Laws

(Amendment) Act, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to the Taxation Laws (Amendment) Act, 2019, companies can henceforth voluntarily opt in favor of a concessional tax regime (subject to no other special benefits or exemptions being claimed), which would ultimately reduce the tax rate (on gross basis) for Indian companies from 30% to 22% (exclusive of applicable health and education cess and surcharge). Any such future amendments may affect our ability to claim exemptions that we have historically benefitted from, and such exemptions may no longer be available to us. Any adverse order passed by the appellate authorities or tribunals or courts would have an effect on our profitability.

The Finance Act, 2020 ("**Finance Act**"), has, amongst other things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime. For instance, dividend distribution tax ("**DDT**") will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and are likely be subject to tax deduction at source. Our Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

In addition, we are subject to tax related inquiries and claims. We may be particularly affected by claims from tax authorities on account of income tax assessment, service tax and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017, and all subsequent changes and amendments thereto.

Further, the Government of India has announced the Union Budget for Financial Year ended March 31, 2024, and the Finance Act, 2023, which was notified on the e-Gazette on March 31, 2023. The Finance Act, 2023 proposes various amendments to taxation laws in India. As such, there is no certainty on the impact that the Finance Act, 2023 may have on our business and operations or on the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, the likely nature and impact of the specific terms of any such laws or regulations or whether, if at all, any laws or regulations would have an adverse effect on our business.

56. ***Fluctuation of the Rupee against foreign currencies may have an adverse effect on our results of operations.***

Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

57. ***If there is a change in policies related to tax, duties or other such levies applicable to us, it may affect our results of operations.***

New or revised accounting policies or policies related to tax, duties or other such levies promulgated from time to time by relevant tax authorities may adversely affect our results of operations. We cannot assure you as to what action current or future governments will implement regarding tax incentives or excise duty benefits. We may not be able to comply with the obligations and stipulations that would allow us to avail ourselves of such benefits or concessions, and consequently, we may lose such benefits and concessions.

58. A downgrade in ratings of India, may affect the trading price of the Equity Shares.

India's sovereign debt rating could be downgraded due to several factors, including changes in tax or fiscal policy or a decline in India's foreign exchange reserves, all which are outside the control of our Company. Our borrowing costs and our access to the debt capital markets depend significantly on the sovereign credit ratings of India. Any adverse revisions to India's credit ratings for domestic and overseas debt by international rating agencies may adversely impact our ability to raise additional external financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

59. Rights of shareholders under Indian laws may differ to those under the laws of other jurisdictions.

Indian laws and legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law, including in relation to class actions, may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as a shareholder of an entity in another jurisdiction.

60. Investors may not be able to enforce a judgment of a foreign court against us.

We are incorporated under the laws of India and most of our Directors and Key Management Personnel reside in India. Majority of our assets, and the assets of certain of our Directors, Key Management Personnel and Senior Management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of CPC. Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a similar nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India, cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. In addition, the regulatory regime of our various international territories may have similar restrictions on enforcement of foreign judgments.

61. Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect the market price of the Equity Shares.

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a bona fide interpretation of the law. We cannot assure you that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors. based on a bona fide interpretation of the law. We cannot assure you that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

62. Rights of shareholders under Indian law may differ or may be more limited than under the laws of other jurisdictions.

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of our Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in India than as a shareholder of a corporation in another jurisdiction. In accordance with the provisions of the Companies Act, the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company. Further, Section 106(1) of the Companies Act read with the Articles of Association specifically provides that no member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid.

63. You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under the current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and the STT is collected by an Indian stock exchange on which equity shares are sold. Any gains realized on the sale of equity shares held for more than 12 months are subject to long term capital gains tax in India. Such long-term capital gains exceeding ₹1,00,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). Unrealized capital gains earned on listed equity shares up to January 31, 2018, continue to be tax-exempted in such cases.

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Further, the Finance Act, 2020, has, amongst others things, notified changes and provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020 and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident, and are subject to tax deduction at source.

64. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the company. However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

65. Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

66. SEBI has streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Letter of Offer.

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has been introduced by SEBI in 2020. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI Rights Issue Circulars and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. Further, while in accordance with the SEBI Rights Issue Circulars, the credit of Rights Entitlements shall be made into the demat accounts of the Eligible Equity Shareholders as on the Record Date, such Eligible Equity Shareholders shall be participating in the Issue only in accordance with the applicable laws in their respective jurisdictions. SEBI, *vide* circular dated May 19, 2022, has changed the minimum time period between closure of trading of Rights Entitlements on the stock exchange platform and closure of the rights issue to at least three working days. For details, see "*Terms of the Issue*" on page 233.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned, reversed or failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

67. Investment in Rights Equity Shares is exposed to certain risks. From the Call Record Date for each Call prior to the final Call, the trading of the Rights Equity Shares would be suspended for an applicable period under the applicable law. Furthermore, the Rights Equity Shares will not be traded with effect from the Call Record Date for the final call fixed for the determination of the Investors liable to pay Call Monies, as determined from time to time, at its sole discretion, by our Board or its Rights Issue Committee. The holders of the Rights Equity Shares will not be able to trade in these securities until they are credited to the holders' account as fully paid-up. Furthermore, until the subsistence of Rights Equity Shares, we may not be able to undertake certain forms of equity capital raising.

The Issue Price is ₹375.00 per Rights Equity Share. Investors will have to pay ₹131.25 per Rights Equity Shares which constitutes 35% of the Issue Price on Application and the balance ₹243.75 per Rights Equity Shares which constitutes 65% of the Issue Price on one or more subsequent Call(s), as determined from time to time, at its sole discretion, by our Board or its Rights Issue Committee. The Rights Equity Shares offered under this Issue will be listed under a separate ISIN. An active market for trading may not develop for the Rights Equity Shares. This may affect the liquidity of the Rights Equity Shares and restrict your ability to sell them.

If our Company does not receive the Call Money from the Rights Equity Shareholders (including our Promoters and members of Promoter Group of our Company) as per the timelines stipulated in the Call notice, unless extended by our Board, the defaulting Rights Equity Shareholders (including our Promoters and members of Promoter Group of our Company) will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Application Money and any Call Money received for previous Calls made, in accordance with the Companies Act and our Company's Articles of Association. For details, see "*Terms of the Issue*" on page 233. Rights Equity Shareholders are only entitled to dividend in proportion to the amount paid up and the voting rights (exercisable on a poll) by investors shall also be proportional to such investors' share of the paid-up equity capital of our Company. If certain investors do not pay the full amount, we may not be able to raise the amount proposed under this Issue.

The ISIN representing partly paid-up Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call in respect of the partly paid-up Rights Equity Shares, such partly paid-up Rights Equity Shares would be converted into fully paid-up Equity Shares and shall be listed and identified under the existing ISIN for our fully paid-up Equity Shares. Our Company would fix a Call Record Date for the purpose of determining the list of allottees to whom the notice for the final Call would be sent. From the Call Record Date for each Call prior to the final Call, the trading of the Rights Equity Shares would be suspended for an applicable period under the applicable law. Further, with effect from the Call Record Date, trading in the partly paid-up Equity Shares for which final Call have been made, would be suspended prior to the Call Record Date, for such period as may be applicable under the rules and regulations. Furthermore, the holders of the partly paid-up Rights Equity Shares will not be able to trade in these shares until they are credited to the holders' account as fully paid-up Rights Equity Shares. Similarly, for an applicable period, from the Call Record Date for each Call, the trading of the Rights Equity Shares would be suspended under the applicable law.

Further, there is little history of trading of partly paid-up shares in India and therefore there could be less liquidity in this segment, which may cause the price of the Rights Equity Shares to fall and may limit ability of Investors to sell the Rights Equity Shares. There may also be a risk of the Rights Equity Shares not forming part of the market index.

Further, until the subsistence of Rights Equity Shares, we cannot undertake further rights issues, further public offers or bonus issues. In terms of Regulations 62 and 104 of the SEBI ICDR Regulations, an issuer making a rights issue or further public offer is required to ensure that all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited. Additionally, a bonus issue will not be permitted under law until the subsistence of partly paid-up equity shares in terms of Regulation 293 of the SEBI ICDR Regulations.

68. Applicants to the Issue are not allowed to withdraw their bids after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their applications after the Issue Closing Date. The Allotment in the Issue and the credit of such Equity Shares to the applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in the Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares.

The applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after the Issue or cause the trading price of our Equity Shares to decline.

69. Applicants to the Issue are not allowed to withdraw their bids after the Issue Closing Date.

In terms of the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw their applications after the Issue Closing Date. The Allotment in the Issue and the credit of such Equity Shares to the applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue Closing Date and the date of Allotment in the Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of our Equity Shares.

The applicants shall not have the right to withdraw their applications in the event of any such occurrence. We cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. We may complete the Allotment even if such events may limit the Applicants' ability to sell our Equity Shares after the Issue or cause the trading price of our Equity Shares to decline.

70. ***The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with the SEBI ICDR Master Circular, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar at least two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018, issued by SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

71. ***Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure of completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the DEMAT account of the Renouncees prior to the Issue Closing Date. Further in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see "*Terms of the Issue*" on page 233. Further, those renouncees who purchase Rights Entitlement through on-market transaction, will stand to lose the purchase price, if they do not utilize the Rights Entitlement by applying in the Rights Issue and paying the application money. Those Rights Entitlement for which no corresponding application is received in the Rights issue, will be lapsed and no credit of Rights equity shares will be given unless the application is received alongwith application money towards the said Rights Entitlement.

72. ***Our Company will not distribute Issue Materials to overseas shareholders who have not provided an address in India for service of documents.***

We will distribute the Issue Materials to the shareholders who have provided an address in India for service of documents. The Issue Material will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. In the case that Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in the case that such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

However, the Companies Act requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act and the rules thereunder with respect to distribution of Issue Material in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. While our Company will request its shareholders to provide an address in India for the purposes of distribution of Issue Material, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with the Companies Act and may subject our Company to fines or penalties.

73. ***Any future issuance of Equity Shares by our Company or sales of our Equity Shares by any of our Company's significant shareholders may adversely affect the trading price of our Equity Shares.***

Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further equity shares or that the shareholders will not dispose of, pledge, or otherwise encumber their equity shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

SECTION III: INTRODUCTION

THE ISSUE

This Issue has been authorised by way of resolution passed by our Board on July 05, 2023, pursuant to section 62(1)(a) of the Companies Act and other applicable provisions. The terms and conditions of this Issue including the Rights Entitlement Ratio, Issue Price, Record Date, timing of this Issue and other related matters, have been approved by resolutions passed by the Rights Issue Committee at their meeting held on May 09, 2024.

The following is a summary of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "*Terms of the Issue*" on page 233.

Rights Equity Shares being offered by our Company	1,19,98,755 Rights Equity Shares
Rights Entitlement for the Rights Equity Shares	One Rights Equity Share for every three fully paid-up Equity Shares held on the Record Date
Record Date	May 15, 2024
Face Value per Equity Share	₹10 each
Issue Price	₹375.00 per Rights Equity Share (including a premium of ₹365.00 per Rights Equity Share). On Application, Investors will have to pay ₹131.25 per Rights Equity Share, which constitutes 35% of the Issue Price and the balance ₹243.75 per Rights Equity Share which constitutes 65% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined, from time to time, at its sole discretion, by our Board or the Rights Issue Committee.
Dividend	Such dividend, in proportion to the amount paid-up on the Rights Equity Shares, as may be recommended by our Board and declared by our Shareholders, in accordance with applicable law.
Issue Size	₹449.95 crore* **Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.*
Equity Shares issued, subscribed and paid up and outstanding prior to the Issue	3,59,96,267 Equity Shares issued, subscribed and paid-up. For further details, see "*Capital Structure*" on page 57.
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Equity Shares) and made fully paid up	4,79,95,022 Equity Shares
Security Codes for the Equity Shares, Rights Equity Shares and Rights Entitlements#	ISIN for Equity Shares: INE624Z01016 BSE Code: 541540 NSE Code: SOLARA ISIN for Rights Equity Shares (Partly Paid-up, at the time of Application): IN9624Z01014.
ISIN for Rights Entitlements	INE624Z20016
Terms of the Issue	For further information, see "*Terms of the Issue*" on page 233.
Use of Issue Proceeds	For further information, see "*Objects of the Issue*" on page 60.

#Our Company will obtain a separate ISIN for the Rights Equity Shares for each Call, as may be required under applicable laws.

For details in relation to fractional entitlements, see "*Terms of the Issue – Basis for this Issue and terms of this Issue – Fractional Entitlements*" on page 250.

Terms of Payment

For issue of 1,19,98,755 Rights Equity Shares

Amount payable per Rights Equity Share (Due Date)*	Face value (₹	Premium (₹)	Total (₹)
On Application.	3.50	127.75	131.25**
Additional call(s) as determined from time to time, at its sole discretion, by our Board or its Rights Issue Committee.	6.50	237.25	243.75***
Total	**10.00**	**365.00**	**375.00**

* For further details on Payment Schedule, see "*Terms of the Issue*" on page 233.
*** Constitutes 35% of the Issue Price.*
**** Constitutes 65% of the Issue Price.*

GENERAL INFORMATION

Our Company was originally incorporated under the provisions of the Companies Act as '*SSL Pharma Sciences Limited*', a public limited company, pursuant to a certificate of incorporation dated February 23, 2017, issued by Registrar of Companies, Central Registration Centre. Subsequently the name of our Company was changed to '*Solara Active Pharma Sciences Limited*' pursuant to which a fresh certificate of incorporation dated March 25, 2017, was issued by the RoC.

Pursuant to a scheme of arrangement between Strides, Sequent and our Company, (i) the commodity API business of Strides and (ii) the human API business of Sequent, was transferred to our Company. The Demerger Scheme was approved by the NCLT *vide* their order dated March 9, 2018, and was issued on March 22, 2018. Subsequent to the sanction of the Demerger Scheme, the shares of our Company were listed on the Stock Exchanges on June 27, 2018.

Changes in the Registered Office of our Company

There has been no change in the registered office of our Company since its incorporation.

Registered Office of our Company, CIN and registration number of our Company

Solara Active Pharma Sciences Limited
201, Devavrata, Sector 17, Vashi
Navi Mumbai – 400 703
Maharashtra, India
Telephone: +91 22 27892924
E-mail: investors@solara.co.in
Website: www.solara.co.in
CIN: L24230MH2017PLC291636
Registration Number: 291636

Corporate Office of our Company

2nd Floor, Admin Block,
27, Vandaloor Kelambakkam Road
Keelakottaiyur Village
Melakottaiyur (Post)
Chennai 600 127
Tamil Nadu, India
Telephone: + 91 44 4344 6700

Address of the RoC

Our Company is registered with the Registrar of Companies, Maharashtra at Mumbai, situated at the following address:

Registrar of Companies, Maharashtra, Mumbai
100, Everest, Marine Drive
Mumbai 400 002
Maharashtra, India

Company Secretary and Compliance Officer

Suddapalli Muralikrishna is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Suddapalli Muralikrishna
2nd Floor, Admin Block
27, Vandaloor Kelambakkam Road
Keelakottaiyur Village
Melakottaiyur (Post)

Chennai 600 127
Tamil Nadu, India
Telephone: + 91 44 4740 6700
Email: muralikrishna@solara.co.in

Lead Manager to the Issue

Choice Capital Advisors Private Limited
Sunil Patodia Tower, Plot No. 156-158,
J.B. Nagar, Andheri (East), Mumbai, 400 099,
Maharashtra, India.
Telephone: +91 22 6707 9999 / 7919
E-mail: solara.ri@choiceindia.com
Investor Grievance E-mail: regulator_advisors@choiceindia.com
Contact Person: Nimisha Joshi/ Mahima Shivratriwar
Website: www.choiceindia.com/merchant-investment-banking
SEBI Registration No.: INM000011872

Legal Advisor to the Issue

DSK Legal, Advocates & Solicitors
1701, One World Centre
Tower 2B, Floor 17
841, Senapati Bapat Marg, Elphinstone Road
Mumbai – 400 013, Maharashtra, India.
Telephone: +91 22 6658 8000

Statutory Auditors of our Company

M/s Deloitte Haskins & Sells LLP
Level 19, Prestige Trade Tower,
Palace Road, High Grounds,
Bengaluru, 560 001,
Karnataka, India
Telephone: +91 80 6188 6152
Email: skoushik@deloitte.com
Firm Registration Number: 117366W/W-100018
Peer Review Certificate No.: 013179

Independent Chartered Accountants
M/s Mahesh C. Solanki & Co.
803, Airen HeightsPU-3, Scheme No. 54
Opp. Mega Malhar mall, A.B. Road,
Indore – 452010, Madhya Pradesh, India.
Telephone: +91 731-2576077
Email: info@mcsca.com
Firm Registration Number: 006228C
Peer Review Certificate Number: 016526

Registrar to the Issue

Cameo Corporate Services Limited
Subramanian Building,
No.1, Club House Road,
Chennai – 600 002,
Tamil Nadu, India
Telephone: 044 – 4002 0700
E-mail: rights@cameoindia.com
Investor Grievance E-mail: https://wisdom.cameoindia.com
Contact Person: K. Sreepriya

Website: www.cameoindia.com
SEBI Registration No.: INR000003753

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post – Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Form, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see "*Terms of the Issue*" on page 233.

Experts

Our Company has received consent from its Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants through its letter dated April 24, 2024 to include its name as required under Section 26(1) of the Companies Act in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act in respect of the Annual Financial Statements and Unaudited Interim Financial Statements, and the reports issued by them and such consent has not been withdrawn as of the date of this Letter of Offer. However, the term "expert" and the consent thereof shall not be construed to mean an "expert" or consent within the meaning as defined under the Securities Act.

Our Company has received consent from M/s Mahesh C. Solanki & Co , Chartered Accountants through its letter dated April 22, 2024 to include its name as required under Section 26(1) of the Companies Act in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act in respect of the certificates issued by it in its capacity as an Independent Chartered Accountant and the Statement of Special Tax Benefits and such consent has not been withdrawn as of the date of this Letter of Offer.

Our Company has received consent from M Ravichandran, Chartered Engineer through his letter dated April 22, 2024 to include his name as required under Section 26(1) of the Companies Act in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act in respect of the certificates issued by him in his capacity as an independent chartered engineer and such consent has not been withdrawn as of the date of this Letter of Offer.

However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

Bankers to the Issue

YES Bank Limited
Yes Bank House,
Off Western Express Highway, Santacruz (E),
Mumbai 400 055
Maharashtra, India
Telephone: 0124 -4619 267
Email: dlbtiservices@yesbank.in
Contact Person: Sachin Shinde / Jagdish More
Website: https://www.yesbank.in/
SEBI Registration Number: INBI00000935

Self- Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Issue Schedule

Last Date for credit of Rights Entitlements	Monday, May 27, 2024
Issue Opening Date	Tuesday, May 28, 2024

Last date for On Market Renunciation of Rights Entitlements #	Wednesday, June 05, 2024
Issue Closing Date*	Tuesday, June 11, 2024
Finalization of Basis of Allotment (on or about)	Tuesday, June 18, 2024
Date of Allotment (on or about)	Wednesday, June 19, 2024
Date of credit (on or about)	Wednesday, June 19, 2024
Date of listing (on or about)	Thursday, June 20, 2024

#Eligible Equity Shareholders are requested to ensure that that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

**Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above Schedule is indicative and does not constitute any obligation on our Company or the Lead Manager.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar to the Issue, they are required to provide their demat account details to our Company or the Registrar to the Issue not later than two Working Days prior to the Issue Closing Date, i.e., June 06, 2024 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar at www.cameoindia.com. Such Eligible Equity Shareholders can make an application only after the Rights Entitlements are credited to their respective demat accounts.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar to the Issue will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the Applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, see the section "*Terms of the Issue – Process of making an Application to the Issue*" on page 234. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar to the Issue at www.cameoindia.com after keying in their respective details along with other security control measures implemented thereat. The link for the same shall also be available on the website of our Company at www.solara.co.in. For further details, see the section "*Terms of the Issue- Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 246.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Rights Issue for subscribing to the Rights Equity Shares offered under Issue.

***Inter-se* allocation of responsibilities**

Since Choice Capital Advisors Private Limited is the only Lead Manager for this Issue, accordingly, there is no requirement of an *inter-se* allocation of responsibilities. The Lead Manager will be responsible for all the responsibilities related to coordination and other activities in relation to this Issue.

Credit Rating

As the Issue is of Equity Shares, there is no credit rating required for the Issue.

Debenture Trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

Our Company has appointed CRISIL Ratings Limited as the Monitoring Agency for the Issue, in accordance with Regulation 82 of the SEBI ICDR Regulations. The details of the Monitoring Agency are as follows:

CRISIL Ratings Limited
CRISIL House, Central Avenue,
Hiranandani Business Park,
Powai, Mumbai – 400 076,
Maharashtra, India
Telephone: +91 44 6656 3100
E-mail: satyendra.yadav@crisil.com
Website: https://www.crisilratings.com/en/home/our-business/ratings.html
Contact Person: Satyendra Yadav

Appraising Entity

No appraising entity has been appointed in relation to the Issue.

Book Building Process

As this Issue is a rights issue, the Issue shall not be made through the book building process.

Minimum Subscription

The objects of this Issue are repayment and/or pre-payment, in full or part, of certain borrowings availed by our Company. Further, our Promoters and our Promoter Group have undertaken that they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other member of our Promoter Group), subject to the aggregate shareholding of our Promoters and our Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations. Accordingly, in terms of Regulation 86 of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue.

Any participation by our Promoters and our Promoter Group, over and above their Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

Underwriting

The Issue is not underwritten, and our Company has not entered into any underwriting agreement.

Filing

This Letter of Offer is being filed with Stock Exchanges and SEBI, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously, while filing this Letter of Offer with the Designated Stock Exchange do an online filing with SEBI through the SEBI intermediary portal at www.siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018, issued by SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

CAPITAL STRUCTURE

The share capital of our Company as at the date of this Letter of Offer, and the details of the Equity Shares proposed to be issued in this Issue, and the issued, subscribed and paid-up share capital after this Issue, are set forth below:

(in ₹ crore, except share data)

		Aggregate Value at Face Value	**Aggregate value at Issue Price**
A.	**AUTHORISED SHARE CAPITAL**		
	12,00,00,000 Equity Shares of ₹10 each	120.00	Not Applicable
B.	**ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL BEFORE THE ISSUE**		-
	3,59,96,267 Equity Shares of face value of ₹10 each	36.00	Not Applicable
C.	**PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER**(1)		
	1,19,98,755 Equity Shares of ₹10 each at a premium of ₹365.00 per Equity Shares, i.e., at a price of ₹375.00 per Equity Share(2)	12.00	449.49
D.	**ISSUED SHARE CAPITAL AFTER THE ISSUE**(3)		
	4,79,95,022 Equity Shares of ₹10 each		
E.	**SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE**		
	3,59,96,267 fully paid-up Equity Shares	36.00	
	1,19,98,755 partly paid-up Equity Shares	12.00	
F.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue as of date of this Letter of Offer		1,216.03(5)
	After all the Calls are made in respect of Rights Equity Shares (4)		1,653.99(6)

(1) The Issue has been authorised by our Board vide resolution passed at its meeting held on July 05, 2023, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by our Rights Issue Committee at its meeting held on May 09, 2024.

(2) On Application, Investors will have to pay ₹131.25 per Rights Equity Share which constitutes 35% of the Issue Price and the balance ₹243.75 per Rights Equity Share which constitutes 65% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined from time to time, at its sole discretion, by our Board or its Rights Issue Committee.

(3) Assuming full subscription for and Allotment of the Rights Equity Shares. Please note that the Payment Schedule and the right to call up the remaining paid-up capital in one or more Calls will be as determined from time to time, at its sole discretion, by our Board or its Rights Issue Committee.

(4) Assuming full payment of all Calls by holders of Rights Equity Shares.

(5) Unaudited financial information as on date of this Letter of Offer.

(6) Subject to finalization of Basis of Allotment, Allotment and deduction of Issue expenses.

Notes to the Capital Structure

1. No Equity Shares have been acquired by our Promoters or the members of our Promoter Group in the last one year immediately preceding the date of filing of this Letter of Offer with the Stock Exchanges and submission to SEBI.

2. 52,66,305 Equity Shares held by our Promoters and members of our Promoter Group are pledged or encumbered out of which none of the shares are locked in as of March 31, 2024.

3. **Subscription to the Issue by our Promoters and our Promoter Group**

   Our Promoters and members of our Promoter Group, have confirmed to that they intend to subscribe on their own account, and not through any nominated entity or person to: (a) the full extent of their Rights Entitlement (in part or full) in the Issue in accordance with the applicable provisions of the SEBI Takeover Regulations and not renounce their Rights Entitlement (except to the extent of Rights Entitlements renounced by any of them in favour of our other Promoters or other member(s) of our Promoter Group); and (b) renounce, any or all, of their rights entitlement (in part or full) in the Issue in favour of Promoter Group of our Company and/or subscription to additional Rights Equity Shares including subscription to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlement acquired through renunciation, either individually or jointly with any Promoters or any other members of the Promoter Group. if any, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations.

The Issue shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

4. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹460.10.

5. Our Company shall ensure that any transaction in the Equity Shares by our Promoters and the members of our Promoter Group during the period between the date of filing this Letter of Offer with the Stock Exchanges and the date of the closure of this Issue shall be reported to the Stock Exchanges within 24 hours of such transaction.

6. At any given time, there shall be only one denomination of the Equity Shares of our Company.

7. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to this Issue, shall be partly paid up. For further details on the terms of this Issue, see "*Terms of the Issue*" on page 233.

8. Except as stated below, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer.

   Our Company has formulated an employee stock option plan namely the "Solara Employees Stock Option Plan 2018" ("**ESOP 2018**") pursuant to the shareholders' resolution dated September 28, 2018, and the maximum options available under the ESOP 2018, as approved by the Stock Exchanges, are 12,28,778 of face value of ₹10 each where 8,22,000 options are already exercised, 2,93,800 options are granted and 1,12,978 options are available for grant as on the date of this Letter of Offer. The primary objective of ESOP 2018 includes, *inter alia*, to enable our Company to attract, retain and motivate talented and critical employees, to reward employee performance with ownership in our Company and to encourage management employees to create shareholder value.

9. **Shareholding pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations.**

   a. The shareholding pattern of our Company as of March 31, 2024, can be accessed on the website of BSE at https://www.bseindia.com/stock-share-price/solara-active-pharma-sciences-ltd/solara/541540/shareholding-pattern/ and on NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SOLARA&tabIndex=equity

   b. The statement showing holding of Equity Shares of persons belonging to the category "Promoters and Promoter Group" including the details of lock-in, pledge and encumbrance thereon, as of March 31, 2024, can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=541540&qtrid=121.00&QtrName=March%202024 and on NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SOLARA&tabIndex=equity

   c. The statement showing holding of Equity Shares of persons belonging to the category "*Public*" including Equity Shareholders holding more than 1% of the total number of Equity Shares as of March 31, 2024, as well as details of Equity Shares which remain unclaimed for public shareholders can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=541540&qtrid=121.00&QtrName=March%202024and on NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=SOLARA&tabIndex=equity

OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards the following objects:

1. Repayment and/or pre-payment, in full or part, of certain outstanding borrowings availed by our Company; and

2. General corporate purposes.

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable our Company to undertake (i) our existing activities; (ii) the activities for which the borrowings were availed and which are proposed to be repaid or prepaid from the Net Proceeds; and (iii) the activities for which funds earmarked towards general corporate purposes shall be used.

Issue Proceeds

The details of the Issue Proceeds are summarized in the table below:

(in ₹ crore)

Particulars	Amount
Gross Proceeds from the Issue*	449.95
Less: Estimated Issue related expenses**	3.67
Net Proceeds**	**446.28**

**Assuming full subscription in the Issue and receipt of all Call monies with respect to the Rights Equity Shares and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio. In the event the Issue is not fully subscribed, our Company shall first utilise the Net Proceeds towards repayments of certain borrowings up to the estimated amount mentioned above, and use the remaining Net Proceeds, if any, towards general corporate purposes, provided that the total amount utilised towards general corporate purposes shall not exceed 25% of the Issue Proceeds.*
***Estimated and subject to change. See "Objects of the Issue - Estimated Issue Related Expenses" on page 66.*

Requirement of funds and utilization of Net Proceeds

The proposed utilisation of the Net Proceeds by our Company is set forth in the following table:

(in ₹ crore)

Particulars	Amount
Repayment and/or pre-payment, in full or part, of certain outstanding borrowings availed by our Company	334.71
General Corporate purposes*	111.57
Total Net Proceeds**	**446.28**

**Subject to the finalization of the Basis of Allotment and the Allotment. The amount utilised for general corporate purposes shall not exceed 25% of the Issue Proceeds.*
***Assuming full subscription and Allotment and the receipt of all Call monies with respect to the Rights Equity Shares. In the event the Issue is not fully subscribed, our Company shall first utilize the Net Proceeds towards repayment and/or pre-payment of a portion of outstanding borrowings (including interest) availed by our Company up to the estimated amount mentioned above, and use the remaining Net Proceeds, if any, towards general corporate purposes, provided that the total amount utilised towards general corporate purposes shall not exceed 25% of the Issue Proceeds.*

Proposed Schedule of Implementation or Deployment of Net Proceeds:

Our Company is raising 35% of the Issue Proceeds on Application with balance monies being raised in subsequent Calls as may be decided by our Board or a committee of our Board from time to time. The following table provides for the proposed deployment of funds to be raised at Application after deducting Issue related expenses.

(in ₹ crore)

Particulars of objects	Amount proposed to be funded from the Net Proceeds	Proposed schedule for deployment of the Net Proceeds		
		Fiscal 2025	Fiscal 2026***	Fiscal 2027***
		At Application	Through first Call	Through last Call
Repayment and/or pre-payment, in full or part, of certain borrowings availed	334.71	117.15	117.15	100.41

Particulars of objects	Amount proposed to be funded from the Net Proceeds	Proposed schedule for deployment of the Net Proceeds		
		Fiscal 2025	Fiscal 2026***	Fiscal 2027***
		At Application	Through first Call	Through last Call
by our Company				
General corporate purposes*	111.57	39.05	39.05	33.47
Total Net Proceeds**	**446.28**	**156.20**	**156.20**	**138.88**

**Subject to the finalization of the Basis of Allotment and the Allotment. The amount utilised for general corporate purposes shall not exceed 25% of the Issue Proceeds.*
***Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement Ratio. In the event the Issue is not fully subscribed, our Company shall first utilise the Net Proceeds towards repayment of certain borrowings up to the estimated amount mentioned above, and use the remaining Net Proceeds, if any, towards general corporate purposes, provided that the total amount utilised towards general corporate purposes shall not exceed 25% of the Issue Proceeds.*
****Since our Company shall appoint a Monitoring Agency in terms of Regulation 82 of the SEBI ICDR Regulations, our Company can make Calls for payment of Call Monies beyond 12 months from the date of Allotment of Rights Equity Shares.*

The Net Proceeds will be completely utilized for the purposes stated above by Fiscal 2027, the same would be utilized for achieving the objects of the Issue in compliance with all applicable laws and regulations.

Objects for utilization of funds from call money on partly paid shares

Our Company may utilize the entire proceeds raised at Application towards pre-payment and/or re-payment of a portion of certain outstanding borrowings availed by our Company. The Call Monies will also be used for the objects of the Issue as set out above. Further, the utilisation of Net Proceeds towards general corporate purposes will be from the Call Monies in the proportion decided by our Board or a duly authorised committee of our Board, at its discretion, in compliance with all applicable laws and regulations.

Means of Finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our arrangement with the lenders. Our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, receipt of all Call monies with respect to the Rights Equity Shares and timely completion of the Issue, competitive environment, costs of raw materials, interest or exchange rate fluctuations, changes in government policies, demographic trends and credit availability. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of the management and may also be subject to timing of making subsequent Calls (one or more) in the future, as determined from time to time, at its sole discretion, by our Board or its Rights Issue Committee, in compliance with all applicable laws and regulations, with respect to the Rights Equity Shares for the balance ₹243.75 per Rights Equity Share which constitutes 65% of the Issue Price. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws. For further details, see "*Risk Factors - Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution or other independent agency and may be subject to change based on various factors, some of which are beyond our control*" on page 24.

Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds and identifiable internal accruals. Therefore, our Company is not required to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Details of the Objects of the Issue

The details in relation to objects of the Issue are set forth herein below:

1. ***Repayment and/or pre-payment, in full or part, of certain borrowings (including interest) availed by our Company .***

Our Company has, in the ordinary course of business, entered into financing arrangements with various banks and financial institutions. The borrowing arrangements entered into by our Company comprise, among others, working capital facilities, cash credit facilities and term loans. As of February 29, 2024, we had outstanding secured and unsecured borrowings aggregating to ₹953.72 crore, certain of which have been repaid as on the date of this Letter of Offer. Our Company proposes to utilize an amount of ₹334.71 crore from the Net Proceeds towards full or partial repayment and/or pre-payment, in full or part, of certain borrowings availed by our Company. Our Company may avail further loans and/ or draw down further funds under existing or new borrowing arrangements, from time to time.

The selection of borrowings proposed to be repaid or prepaid by us shall be based on various commercial considerations including, among others, the costs, expenses and charges relating to the facility including interest rate of the relevant borrowing, the amount of the borrowing outstanding, the remaining tenor of the borrowing, presence of onerous terms and conditions under the facility, levy of any prepayment penalties and the quantum thereof, provisions of any law, rules or regulations governing such borrowings, terms of prepayment to lenders, if any and mix of credit facilities provided by lenders. We may utilise the Net Proceeds for part or full repayment of any such additional borrowings or borrowings obtained to refinance any of our existing borrowings. We will choose to repay and/or pre-pay certain borrowings from those identified in the table below. Given the nature of these borrowings and the terms of repayment/pre-payment, the aggregate outstanding borrowing amounts may vary from time to time.

The following table provides the details of the borrowings availed by our Company, which is currently proposed to be fully repaid or partly repaid or pre-paid from the Net Proceeds:

Sr No.	**Name of Lender**	**Tenure of Loan**	**Nature of Loan**	**Sanctioned Amount** ***(in ₹ crore)***	**Total Outstanding amount as on February 29, 2024*** ***(in ₹ crore)***	**Interest Rate as of February 29, 2024 (%)**	**Repayment Schedule**	**Prepayment clause (if any)**	**Purpose**
1.	Aditya Birla Finance Limited	60 months	Term Loan	50.00	30.35	11.40	60 equal monthly instalments of ₹1.04 crore per month	2% prepayment penalty on the outstanding amount	Capital expenditure
2.	HDFC Bank Limited ("**HDFC**")	60 months	Term Loan	40.00	21.45	10.50	₹0.98 crore per month	Nil	Capital expenditure
3.	HDFC	60 months	Term Loan	70.00	50.19	10.30	₹1.72 crore per month	Nil	Capital expenditure
4.	ICICI Bank Limited ("**ICICI**")	55 months	Term Loan	170.00	75.12	10.90	₹3.95 crore per month starting from March 2022 (i.e after a moratoriu	1% on the principal amount prepaid	Capital expenditure

Sr No.	Name of Lender	Tenure of Loan	Nature of Loan	Sanctioned Amount *(in ₹ crore)*	Total Outstanding amount as on February 29, 2024* *(in ₹ crore)*	Interest Rate as of February 29, 2024 (%)	Repayment Schedule	Prepayment clause (if any)	Purpose
							m of 12 months)		
5.	IndusInd Bank Limited ("**IndusInd Bank**")	60 months	Term Loan	80.00	13.32	10.55	₹1.67 crore per month	No prepayment penalty if the same is out of own source	Capital expenditure
6.	YES Bank Limited ("**YBL**")	63 months	Term Loan	75.00	58.30	11.45	₹1.17 crore per month starting from February 2023 (i.e: 60 equal monthly instalments after a moratorium of three months)	1% prepayment penalty on the outstanding amount	Capital expenditure
7.	IDFC Bank Limited	180 days	Packing credit	150.00	52.20	8.95 to 9.45	Nil	Nil	Working capital requirements
8.		180 days	Working capital loan		67.22	10.90	Nil	Nil	Working capital requirements
9.		180 days	Cash credit		1.99	10.45	Nil	Nil	Working capital requirements
10.	RBL Bank Limited ("**RBL**")	180 days	Packing credit	120.00	36.82	7.89 to 8.88	Nil	Nil	Working capital requirements
11.		180 days	Working capital loan		70.95	9.95	Nil	Nil	Working capital requirements
12.		180 days	Cash credit		4.17	9.95	Nil	Nil	Working capital requirements
13.	ICICI	180 days	Working capita	50.00	29.77	10.20	Nil	Nil	Working capital requirement

Sr No.	Name of Lender	Tenure of Loan	Nature of Loan	Sanctioned Amount *(in ₹ crore)*	Total Outstanding amount as on February 29, 2024* *(in ₹ crore)*	Interest Rate as of February 29, 2024 (%)	Repayment Schedule	Prepayment clause (if any)	Purpose
			l loan						s
14.		180 days	Cash credit		15.27	11.10	Nil	Nil	Working capital requirements
15.	HDFC	180 days	Working capital loan	210.00	125.74	10.20	Nil	Nil	Working capital requirements
16.		180 days	Cash credit		82.36	10.20	Nil	Nil	Working capital requirements
17.	IndusInd Bank	180 days	Working capital loan	62.50	37.34	12.00	Nil	Nil	Working capital requirements
18.	RBL	180 days	Buyers credit #	25.67	25.67	5.85 to 7.55	Nil	Nil	Working capital requirements
19.		15 months	Term Loan	50.00	14.97	9.40	Bullet repayment at the end of 15th month from the date of disbursement	Nil	Working capital requirements
20.	YBL	180 days	Packing credit	65.00	23.69	8.38 to 8.79	Nil	Nil	Working capital requirements
21.			Working capital loan		40.83	11.45	Nil	Nil	Working capital requirements
22.	Aryakube Capital Private Limited (“**ACPL**”)	361 days	Unsecured loan	8.00	4.00	15.00	In two equal installments	Lock in period of 180 days from the date of disbursement of loan	General Corporate Purposes
23.	ACPL	361 days	Unsecured loan	18.00	18.00	15.00	In six equal monthly instalments starting	Prepayment is allowed only on March	General Corporate Purposes

Sr No.	Name of Lender	Tenure of Loan	Nature of Loan	Sanctioned Amount *(in ₹ crore)*	Total Outstanding amount as on February 29, 2024* *(in ₹ crore)*	Interest Rate as of February 29, 2024 (%)	Repayment Schedule	Prepayment clause (if any)	Purpose
							from March 31, 2024	31, 2024 or on June 30, 2024 by giving atleast 21 days notice	
24.	ACPL	361 days	Unsecured loan	10.00	9.00	15.00	In five equal monthly instalments starting from April 30, 2024	Prepayment is allowed only on April 30, 2024 or on June 30, 2024 by giving atleast 21 days notice	General Corporate Purposes
25.	Shine Star Build Capital Private Limited	Six months	Unsecured loan	22.50	22.50	18.00	Within six months from the date of disbursement or repayable from the proceeds of rights issue	Nil	General Corporate Purposes
26.	Chartered Finance & Leasing Limited	Six months	Unsecured loan	22.50	22.50	18.00	Within six months from the date of disbursement or repayable from the proceeds of rights issue	Nil	General Corporate Purposes

Note: As certified by M/s Mahesh C. Solanki & Co, Chartered Accountants vide their certificate dated April 22, 2024. Further, M/s Mahesh C. Solanki & Co, Chartered Accountants, have confirmed that the above borrowings have been utilized for the purposes for which they were availed.

**The total outstanding amount as on February 29, 2024, is net of unamortised processing fee.*

#The buyer's credit facility is sanctioned as a sub-limit under letter of credit limit sanctioned for ₹80.00 crore. Out of the total letter of credit limit of ₹80.00 crore, which is fungible, our Company has availed ₹25.67 crore towards buyers credit as of February 29, 2024.

The amounts outstanding against the loans and the interest rates as disclosed above may vary from time to time, in accordance with the amounts drawn down and the prevailing interest rates.

Some of our financing agreements provide for levy of pre-payment penalties or premiums at the rates determined by lenders. Our Company will take pre-payment penalties or premiums, that will be payable by our Company, applicable interest rates and other factors as set out above into consideration and decide the portion of borrowings to be repaid or pre-paid from the Net Proceeds. However, the Net Proceeds to be utilised for such repayments and/or pre-payments, will not exceed ₹334.71 crore. In the event the Net Proceeds are insufficient for the said payment of prepayment penalty or premiums, such payment shall be made from the internal accruals of our Company. For details, see "*Risk Factors - Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution or other independent agency and may be subject to change based on various factors, some of which are beyond our control*" on page 24.

2. General corporate purposes

Our Company intends to deploy the balance Net Proceeds aggregating to ₹111.57 crore towards general corporate purposes, provided that the amount to be utilized for general corporate purposes shall not exceed 25% of the Issue Proceeds. Such utilisation towards general corporate purposes shall be to drive our business growth, including, amongst other things, brand building and other marketing expenses, meeting any expenses incurred in the ordinary course of business by our Company, including salaries and wages, rent, administration expenses, insurance related expenses, and the payment of taxes and duties, repair, maintenance, strategic initiatives, leasehold improvements, meeting of exigencies which our Company may face in the course of any business and any other purpose as permitted by applicable laws, subject to meeting regulatory requirements and obtaining necessary approvals / consents, as applicable and other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof for funding growth opportunities.

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes, in compliance with all applicable laws and regulations.

Estimated Issue Related Expenses

The estimated Issue related expenses are as follows:

(unless otherwise specified, in ₹ crore)

Sr. No.	Particulars	Amount	Percentage of total estimated Issue expenditure (%)	Percentage of Issue Size (%)
1.	Fees of the Lead Manager and legal advisors, other professional service providers	1.14	31.06	0.25
2.	Fees of Registrar to the Issue	0.12	3.27	0.03
3.	Advertising and marketing expenses	0.08	2.18	0.02
4.	Fees payable to regulators (including Stock Exchanges/SEBI, depositories and other statutory fee as applicable)	0.95	25.89	0.21
5.	Printing and stationery, distribution, postage etc.	0.06	1.63	0.01
6.	Other expenses (including miscellaneous expenses)#	1.32	35.97	0.29
Total estimated Issue related expenses*		**3.67**	**100.00**	**0.82**

**Includes applicable taxes. Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Issue Proceeds received at the time of receipt of the initial subscription amount to the Rights Equity Shares.*

 # Includes fees payable to Statutory Auditors, Independent Chartered Accountant, CareEdge Research for preparing the CARE Report, and any such expense not specifically covered above in S. Nos. 1-5.

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim Use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have the flexibility to temporarily deposit the Net Proceeds, in compliance with all applicable laws and regulations, pending utilisation of the Net Proceeds for the purposes described above, in one or more scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934 or in any such other manner as permitted under the SEBI ICDR Regulations.

Monitoring Utilization of Funds from the Issue

Our Company has appointed CRISIL Ratings Limited as the Monitoring Agency in relation to the Issue. Our Board and the Monitoring Agency will monitor the utilization of the Net Proceeds and the Monitoring Agency will submit a report to our Board in terms of Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate instances, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The report submitted by the Monitoring Agency will be placed before the Audit Committee of our Company, so as to enable the Audit Committee to make appropriate recommendations to our Board for further action, if appropriate.

Further, in terms of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above and details of category wise variations in the utilisation of the Net Proceeds from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the directors' report in the annual report.

Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors.

Appraising entity

None of the objects of the Issue for which the Net Proceeds will be utilised has been appraised.

Strategic or Financial Partners

There are no strategic or financial partners to the objects of the Issue.

Other confirmations

No part of the proceeds of the Issue will be paid by our Company to our Promoters, our Promoter Group, our Directors or Key Managerial Personnel or Senior Management.

There are no material existing or anticipated transactions in relation to utilisation of Net Proceeds with our Promoters, Directors or Key Managerial Personnel, Senior Management or associate companies (as defined under the Companies Act).

Our Company does not require any material government and regulatory approvals in relation to the objects of the Issue.

STATEMENT OF SPECIAL TAX BENEFITS

To,

The Board of Directors
Solara Active Pharma Sciences Limited
201, Devavrata, Sector 17,
Vashi, NA Navi Mumbai, Thane – 400703,
Maharashtra, India

Re: Rights issue of equity shares of face value of ₹10 each ("Equity Shares") of Solara Active Pharma Sciences Limited ("Company" and such offering, the "Issue") pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI Regulations") and the Companies Act, as amended (the 'Act').

We, M/s. Mahesh C Solanki & Co., Chartered Accountants, an Independent Chartered Accountant, hereby confirm that the enclosed Annexure states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made by Finance Act 2020 (hereinafter referred to as "**IT Act**"), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective state Goods and Services Tax Act, 2017, Customs Act, 1962, Customs Tariff Act, 1975, as amended, the rules and regulations there under, Foreign Trade Policy, presently in force in India under the respective tax laws of their country as on the signing date, for inclusion in the Letter of Offer ("**LOF**") of the Company or in any other documents in connection with the Issue ("**Offer Documents**") for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or the shareholders of the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement cover only special tax benefits available to the Company and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this statement.

Further, the preparation of the enclosed statement and its contents was the responsibility of the management of the Company. We were informed that this statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed Issue.

We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' ('**the Guidance Note**') issued by the Institute of Chartered Accountants of India ('**ICAI**'). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements.

We do not express any opinion or provide any assurance as to whether:

- the Company or the shareholders of the Company will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable, have been / would be met with.

The contents of the enclosed statement are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Offer Documents and submission of this statement to the Securities and Exchange Board of India, the stock exchanges where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

For and on behalf of M/s Mahesh C Solanki & Co.,
Chartered Accountants
Firm Registration Number: 006228C
Name: Vinay Kumar Jain
Partner

ICAI Membership Number: 232058
UDIN: 24232058BKCZQU2795
Date: April 22, 2024
Place: Chennai

Encl: As above

ANNEXURE I

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS:

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND TO THE SHAREHOLDERS OF THE COMPANY:

I. Special tax benefits available to the Company:

1. Claim for additional depreciation under section 32 of the IT Act

   The Company is eligible for additional depreciation at the rate of 20% of the actual cost of specified machinery or plant acquired and installed during the respective year over and above the normal machinery.

2. Expenditure on scientific research under section 35 of the IT Act

   The Company is engaged in research and development ("**R&D**") activities and has R&D centre in Chennai, which is recognised by the Department of Scientific and Industrial Research (DSIR). The Company is eligible to claim deduction under section 35(1)(iv) read with section 35(2) of the IT Act, of a sum equal to 100% of any capital expenditure (except expenditure on acquisition of land) on scientific research related to the business carried on by the Company at the aforesaid centres. Where a deduction is allowed under section 35(1)(iv) of the IT Act in respect of expenditure represented wholly or partly by an asset, depreciation under section 32(1)(ii) of the IT Act, shall not be allowed in respect of that asset. Subject to the provisions of section 72(2) of the IT Act relating to business loss and section 73(3) of the IT Act relating to speculation loss, the unabsorbed capital expenditure on scientific research (if any) would be deemed to be an expenditure of the following previous year and so on for the succeeding previous years and deduction shall be allowed accordingly.

3. Deduction under the provisions of section 10AA of the IT Act (deduction for units in Special Economic Zone)

   The Company has a unit located in a Special Economic Zone. To promote exports and attract foreign investment, the Government of India introduced Section 10AA under IT Act. However, it became fully functional in 2006 after which tax concessions were offered to specific businesses. On fulfilling certain conditions, Section 10AA of the IT Act allows new businesses or units offering services in Special Economic Zones (SEZs) to enjoy income tax exemption and holidays.

   The amount of deduction available under this existing section is as follows:

   - 100% of the profit coming from export is entitled to tax deduction for the first 5 consecutive years.
   - 50% of the profit coming from export is entitled to tax deduction for the next 5 years.
   - Not more than 50% of the profit coming from export is entitled to tax deduction for the next 5 years.

4. Minimum Alternate Tax ("**MAT**") credit under section 115JAA of the IT Act

   The Company would be entitled to claim credit for MAT paid under section 115JB of the IT Act in an earlier year. The amount of credit available would be the difference between the tax payable as per the normal provisions of the Income Tax Act and the tax paid under section 115JB of the IT Act for that assessment year. MAT credit is to be allowed for set-off for subsequent assessment year to the extent of difference between MAT paid in an earlier year and the amount of tax payable as per the provisions of the IT Act.

   MAT credit is eligible for carry forward and set-off for up to 15 years succeeding the assessment year in which the MAT credit arises.

5. Concessional rate of tax under Section 115BAA of the IT Act

   Section 115BAA of the IT Act, as inserted *vide* The Taxation Laws (Amendment) Act, 2019, provides that domestic company can opt to pay tax at a rate of 22% (plus applicable surcharge and education cess) for the financial year 2019-20 onwards, provided the total income of the company is computed without claiming certain specified deductions or set–off of losses, depreciation etc., and claiming depreciation determined in the prescribed manner. In case a company opts for section 115BAA of the IT Act, provisions of Minimum Alternate Tax would not be applicable and the MAT credit for the earlier year will not be available for set–off. The option needs to be exercised on or before the due date of filing the income tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year. Further, if the conditions mentioned in section 115BAA of the IT Act are not satisfied in any year, the option exercised shall become invalid in respect of such year and subsequent years, and the other provisions of the Act shall apply as if the option under section 115BAA of the IT Act had not been exercised.

The Company has the option available to it in future to pay tax under section 115BAA of the IT Act.

II. Special tax benefits available to the shareholders of the Company

1. The Company would be required to deduct tax at source on the dividend paid to the shareholders, at applicable rates based on the provisions of the IT Act. In case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, and every artificial juridical person, surcharge would be restricted to 15%, irrespective of the amount of dividend. The shareholders would be eligible to claim the credit of such tax in their return of income.

2. With respect to a domestic corporate shareholder, deduction shall be available under section 80M of the IT Act on fulfilling the conditions detailed in section 80M of the IT Act. The section inter-alia provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the IT Act.

3. As per Section 112A of the IT Act, long-term capital gains arising from transfer of an equity share shall be taxed at 10% plus applicable surcharge and cess (without indexation) of such capital gains subject to fulfilment of prescribed conditions under the IT Act. It is worthwhile to note that tax shall be payable where such long-term capital gains exceed ₹ 1,00,000.

4. As per Section 111A of the IT Act, short term capital gains arising from transfer of a listed equity share, shall be taxed at 15% plus applicable surcharge and cess subject to fulfilment of prescribed conditions under the IT Act.

5. In respect of non-resident shareholders, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile and subject to entitlement to such treaty benefit.

Notes:

1. The benefits in I and II above are as per the current tax law as amended by the Finance Act, 2023.

2. This statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.

3. Surcharge is to be levied on domestic companies at the rate of 7% where the income exceeds ₹ 1.00 crore but does not exceed ₹10 crores and at the rate of 12% where the income exceeds ₹10 crores.

4. We note that if the Company opts for concessional income tax rate under section 115BAA of the IT Act, surcharge shall be levied at the rate of 10% irrespective of the amount of total income.

5. Health and Education Cess @ 4% on the tax and surcharge is payable by all category of tax payers.

6. Business losses, arising during the year can be set off against the income under any other head of income, other than income under the head 'salaries'. Balance business loss can be carried forward and set off against business profits for 8 subsequent years. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of the IT Act, however, subject to section 115BAA of the IT Act.

7. We note that if the Company opts for concessional tax rate under section 115BAA of the Act it will not be allowed to claim any of the following deductions:

   - Deduction under the provisions of section 10AA of the IT Act (deduction for units in Special Economic Zone)

   - Deduction under clause (iia) of sub-section (1) of section 32 of the IT Act (Additional depreciation)

   - Deduction under section 32AD or section 33AB or section 33ABA of the IT Act (Investment allowance in backward areas, Investment deposit account, site restoration fund)

   - Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or subsection(2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)

   - Deduction under section 35AD or section 35CCC of the IT Act (Deduction for specified business, agricultural extension project)

   - Deduction under section 35CCD of the IT Act (Expenditure on skill development)

   - Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA and section 80M of the IT Act;

   - No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above;

   - No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A of the IT Act, if such loss or depreciation is attributable to any of the deductions referred above

8. Further, it is also clarified in section 115JB(5A) of the IT Act that if the Company opts for concessional income tax rate under section 115BAA of the IT Act, the provisions of section 115JB of the IT Act regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT.

9. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

STATEMENT OF POSSIBLE INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY AND THE SHAREHOLDERS OF THE COMPANY

I. Special indirect tax benefits available to the Company

- Exemption and benefits provided as per Section 26 of the Special Economic Zone Act, 2005

  The Company has a manufacturing unit which is located under a Special Economic Zone and the following benefits are available to that manufacturing unit.

  1. Exemption from any duty of customs, under the Customs Act, 1962 or the Custom Tariff Act, 1975 or any other law for the time being in force, on goods imported into, or service provided in, a Special Economic Zone or a Unit, to carry on the authorized operations by the Developer or entrepreneur;

  2. Exemption from any duty of customs, under the Customs Act, 1962 or the Customs Tariff Act, 1975

or any other law for the time being in force, on goods exported from, or services provided, from a Special Economic Zone or from a Unit, to any place outside India;

3. Drawback or such other benefits as may be admissible from time to time on goods brought or services provided from the Domestic Tariff Area into a Special Economic Zone or Unit or services provided in a Special Economic Zone or Unit by the service providers located outside India to carry on the authorized operations by the Developer or entrepreneur;

4. Exemption from the levy of Goods and Services Tax under Central Goods and Services Act 2017 (read with Central Goods and Services Tax Rules, circulars, notifications), respective State Goods and Services Tax Act, 2017 (read with respective State Goods and Services Tax Rules, circulars, notifications), Integrated Goods and Services Tax Act, 2017 (read with Integrated Goods and Services Tax Rules, circulars, notifications) on supply of notified goods and/or services if such goods and/or services are meant to carry on the authorized operations by the Developer or entrepreneur.

- Where the company exports its goods, refund benefit under zero rated supply can be availed subject to satisfaction of required conditions.

- Remission of Duties and Taxes on Exported Products (RoDTEP) Scheme is available on export of goods outside India. The benefits of the scheme can be availed by the company on satisfaction of prescribed conditions. The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme was announced by Government of India (GOI) on 14th September 2019 to boost exports by allowing reimbursement of taxes and duties, which are not exempted or refunded under any other scheme in accordance with World Trade Organization (WTO) norms.

- Duty drawback under the Customs Act, 1962 can be availed on satisfaction of conditions mentioned.

- The Company can avail the benefit under the Advance Authorisation Scheme under the Foreign Trade policy. This scheme allows duty free import of inputs, which are physically incorporated in an export product. The inputs imported are exempt from duties like Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-Dumping Duty, Safeguard Duty and Transition Product-Specific Safeguard Duty, Integrated Goods and Services Tax, Compensation Cess, wherever applicable, subject to certain conditions.

- The Company has certain manufacturing units which are Export Oriented Units (EOU). Export Oriented Units have been defined under the Foreign Trade Policy as those units undertaking to export their entire production of goods and services (except permissible sales in Domestic Tariff Area) where the import of inputs will be allowed to be made duty-free if they are physically incorporated in a product which is going to be exported. The inputs imported are exempt from duties like Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-Dumping Duty, Safeguard Duty and Transition Product-Specific Safeguard Duty, Integrated Goods and Services Tax, Compensation Cess, wherever applicable, subject to certain conditions

II. Special indirect tax benefits available to Shareholders

- There are no special indirect tax benefits available to the shareholders for investing in the shares of the Company.

Notes:

1. The above statement of possible indirect tax benefits is based on the provisions of the specified Indirect tax laws thereof prevailing in the country, as on the date of this annexure.

2. The above statement of possible indirect tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences.

3. These benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Tax laws.

4. The above statement covers only certain relevant indirect tax law benefits and does not cover benefit under any other law.

   No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

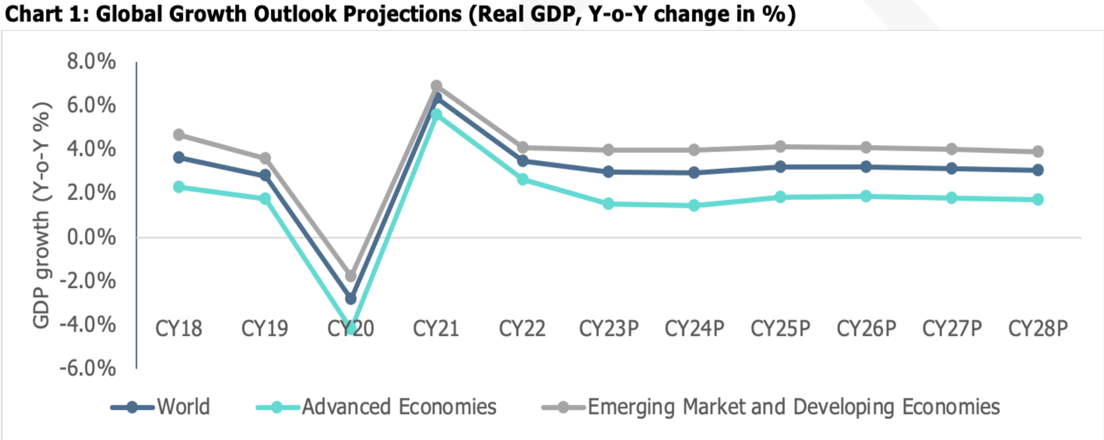
*We officially engaged CareEdge Research in connection with the preparation of the report titled "Industry Research Report on API (Pharma) Industry" published in February 2024 (the "**CARE Report**") pursuant to an engagement letter dated December 19, 2023. The information in this section is derived from the CARE Report. We commissioned and paid for the CARE Report for an agreed fee for the purposes of confirming our understanding of the industry exclusively in connection with the Issue. The data included in this section includes excerpts from the CARE Report. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CARE Report and included herein with respect to any particular year, refers to such information for the relevant year.*

1. Economic Outlook

1.1 Global Economy

As per the International Monetary Fund (IMF)'s World Economic Outlook growth projections released in October 2023, the global economic growth for CY22 stood at 3.5% on a year-on-year (y-o-y) basis, down from 6.3% in CY21 due to disruptions resulting from the Russia-Ukraine conflict and higher-than-expected inflation worldwide. On the other hand, the global economic growth for CY23 is projected to slow down further to 3.0% and 2.9% in CY24, attributed to compressing global financial conditions, expectant steeper interest rate hikes by major central banks to fight inflation, and spill-over effects from the Russia-Ukraine conflict, with gas supplies from Russia to Europe expected to remain tightened. For the next 4 years, the IMF projects world economic growth in the range of 3.0%-3.2% on a y-o-y basis.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Notes: P-Projection;
Source: IMF – World Economic Outlook, October 2023

Table 1: GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)									
	CY19	CY20	CY21	CY22	CY23P	CY24P	CY25P	CY26P	CY27P	CY28P
India	3.9	-5.8	9.1	7.2	6.3	6.3	6.3	6.3	6.3	6.3
China	6.0	2.2	8.5	3.0	5.0	4.2	4.1	4.1	3.7	3.4
Indonesia	5.0	-2.1	3.7	5.3	5.0	5.0	5.0	5.0	5.0	5.0
Saudi Arabia	0.8	-4.3	3.9	8.7	0.8	4.0	4.2	3.3	3.3	3.1
Brazil	1.2	-3.3	5.0	2.9	3.1	1.5	1.9	1.9	2.0	2.0
Euro Area	1.6	-6.1	5.6	3.3	0.7	1.2	1.8	1.7	1.5	1.3
United States	2.3	-2.8	5.9	2.1	2.1	1.5	1.8	2.1	2.1	2.1

P- Projections; Source: IMF- World Economic Outlook Database (January 2024)

Advanced Economies Group

For the major advanced economies GDP is projected to decline to 1.5% in CY24 from 1.6% in CY23.

Going forward it is projected to rise thereafter to 1.8% in CY25. The 2024 growth projection is adjusted upwards by 0.1%, driven by stronger-than-anticipated growth in the US but tempered by slower growth in the euro area.

One of the major countries from this group is the United States. In the United States, economic growth is anticipated to decline from 2.5 percent in 2023 to 2.1 percent in 2024 and further to 1.7 percent in 2025. This trajectory is attributed to the delayed impacts of monetary policy tightening, incremental fiscal tightening, and a moderation in labor market dynamics, all of which are projected to dampen aggregate demand. The upward adjustment of 0.6 percentage points for 2024, compared to the October 2023 World Economic Outlook (WEO), is primarily driven by statistical carryover effects stemming from the stronger-than-expected growth observed in 2023.

Further, the Euro area's growth is forecasted to rebound from a low estimated rate of 0.5 percent in 2023, attributed to significant exposure to the Ukraine conflict, to 0.9 percent in 2024 and further to 1.7 percent in 2025. This recovery is underpinned by stronger household consumption as the impact of energy price shocks diminishes, coupled with a decrease in inflation, thereby bolstering real income growth. However, compared to the October 2023 World Economic Outlook (WEO) forecast, there's a downward revision of 0.3 percentage points for 2024, mainly due to carryover effects from the weaker-than-expected outcome in 2023.

Emerging Market and Developing Economies Group

For the emerging market and developing economies group, GDP growth stood at 4.1% in CY23, like 4.1% in CY22. This growth is further projected to remain constant at 4.1% in CY24 and 4.2% in CY25. All the emerging economies are projected to make positive growth. While the remaining economies, including the low-income countries, are expected to progress slower. Further, in China, projected growth is revised to 4.6% in CY24 followed by 4.1% in CY25. The upgrade is driven by carryover effects from stronger-than-expected growth in 2023 and heightened government spending on capacity building to address natural disasters. Whereas, India is projected to remain strong at 6.5% for both CY24 and CY25 backed by resilient domestic demands despite external headwinds.

The Indonesian economy is expected to register growth of 5% both in CY24 and CY25 with a strong recovery in domestic demands, a healthy export performance, policy measures, and normalization in commodity prices. In CY22, Saudi Arabia was the fastest-growing economy in this peer set with 8.7% growth. The growth is accredited to robust oil production, non-oil private investments encompassing wholesale and retail trade, construction and transport, and surging private consumption. Saudi Arabia’s growth slowed at -1.1% in CY23 attributed to lower oil production. Going forward, GDP is expected to grow at 2.7% and 5.5% in CY24 and CY25, respectively. On the other hand, Brazil is expected to project growth of 1.7% in CY24 driven by strong domestic demand and increase in trading partner companies. Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the nominal GDP has been estimated to be at USD 3.4 trillion for CY22 and is projected to reach USD 5.2 trillion by CY27. India’s expected GDP growth rate for coming years is almost double compared to the world economy. Besides, India stands out as the fastest-growing economy among the major economies. The country is expected to grow at more than 6% in the period of CY24-CY28, outshining China’s growth rate. By CY27, the Indian economy is estimated to emerge as the third-largest economy globally, hopping over Japan and Germany. Currently, it is the third-largest economy globally in terms of Purchasing Power Parity (PPP) with a ~7% share in the global economy, with China [~18%] on the top followed by the United States [~15%]. Purchasing Power Parity is an economic performance indicator denoting the relative price of an average basket of goods and services that a household needs for livelihood in each country.

Despite Covid-19’s impact, high inflationary environment and interest rates globally, and the geopolitical tensions in Europe, India has been a major contributor to world economic growth. India is increasingly becoming an open economy as well through growing foreign trade. Despite the global inflation and uncertainties, Indian economy continues to show resilience. This resilience is mainly supported stable financial sector backed by well-capitalized banks and export of services in trade balance. With this, the growth of Indian economy is expected to fare better than other economies majorly because of strong investment activity bolstered by the government’s capex push and buoyant private consumption, particularly among higher income earners.

1.2 Indian Economic Outlook

1.2.1 GDP Growth and Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook

India's GDP grew by 9.1% in FY22 and stood at Rs. 149.3 trillion despite the pandemic and geopolitical Russia-Ukraine spillovers. In Q1FY23, India recorded 13.2% y-o-y growth in GDP, largely attributed to improved performance by the agriculture and services sectors. Following this double-digit growth, Q2FY23 witnessed 6.3% y-o-y growth, while Q3FY23 registered 4.5% y-o-y growth. The slowdown during Q2FY23 and Q3FY23 compared to Q1FY23 can be attributed to the normalization of the base and a contraction in the manufacturing sector's output.

Subsequently, Q4FY23 registered broad-based improvement across sectors compared to Q3FY23 with a growth of 6.1% y-o-y. The investments, as announced in the Union Budget 2022-23 on boosting public infrastructure through enhanced capital expenditure, have augmented growth and encouraged private investment through large multiplier effects in FY23. Supported by fixed investment and higher net exports, real GDP for full-year FY23 was valued at Rs. ~160. trillion registering an increase of 7.2% y-o-y.

Furthermore, in Q1FY24, the economic growth accelerated to 7.8%. The manufacturing sector maintained an encouraging pace of growth, given the favorable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities. This momentum was maintained in the Q2FY24 with GDP growth at 7.6%, mainly supported by acceleration in investments. However, private consumption growth was muted due to weak rural demand and some moderation in urban demand amid elevated inflationary pressures in Q2FY24. On the supply side, a significant improvement in manufacturing and construction activities supported growth. Overall, the economy expanded by 7.7% in H1FY24 compared to 5.3% in H2FY23. As per recent Ministry of Statistics and Programme Implementation (MoSPI)'s advanced estimate release, the real GDP growth for FY24 is pegged at 7.3% and will attain a level of ~ Rs. 171.79 trillion.

GDP Growth Outlook

- Driven by resilience in urban demand and the front loading of the government's capital expenditure, the H1FY24 witnessed a strong growth. While festive cheer will support urban demand in Q3, the outlook for rural demand revival remains clouded amid monsoon deficiency and likely hit to the agricultural production.

- The recent announcements of various relief measures such as LPG price reduction and extension of Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) are expected to provide some cushion and so far, investment demand has remained robust. However, there could be some moderation in H2FY24 as both the government and private sector may restrain their capital spending ahead of the general elections. Despite some expected moderation in the H2FY24, India's overall GDP growth for FY24 is expected to remain on a firm footing. In terms of fiscal deficit for the year, the Finance Ministry has estimated it to be at 5.1% of GDP.

- Strong credit growth, resilient financial markets, and the government's continual push for capital spending and infrastructure are likely to create a compatible environment for investments. In the Interim Budget 2024-25, significant emphasis is placed on infrastructure development with an increased capital expenditure outlay of Rs. 11,11,111 crores, amounting to 3.4% of the GDP.

- External demand is likely to remain subdued with a slowdown in global activities, thereby indicating adverse implications for exports. Additionally, heightened inflationary pressures and resultant policy tightening may pose a risk to the growth potential.

Prior to the Interim Budget, in December 2023, the RBI in its bi-monthly monetary policy meeting estimated a real GDP growth of 7% y-o-y for FY24 comparatively lower from MoSPI's estimate of 7.2%.

Table 2: RBI's GDP Growth Outlook (Y-o-Y %)

FY25P (complete year)	Q4FY24P	Q1FY25P	Q2FY25P	Q3FY25P	Q4FY25P
7.0%	6.5%	7.2%	6.8%	7.0%	6.9%

Note: P-Projected; Source: Reserve Bank of India

1.2.2 Gross Value Added (GVA)

Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side whereas GDP represents consumption.

Industry and Services sector leading the recovery charge

The gap between GDP and GVA growth turned positive in FY22 (after a gap of two years) due to robust tax collections. Of the three major sector heads, the service sector has been the fastest-growing sector in the last 5 years.

- The agriculture sector was holding growth momentum till FY18. In FY19, the acreage for the rabi crop was marginally lower than the previous year which affected the agricultural performance. Whereas FY20 witnessed growth on account of improved production. During the pandemic-impacted period of FY21, the agriculture sector was largely insulated as timely and proactive exemptions from COVID-induced lockdowns to the sector facilitated uninterrupted harvesting of rabi crops and sowing of kharif crops. However, supply chain disruptions impacted the flow of agricultural goods leading to high food inflation and adverse initial impact on some major agricultural exports. However, performance remained steady in FY22. In FY23, the agriculture sector performed well despite weather-related disruptions, such as uneven monsoon and unseasonal rainfall, impacting yields of some major crops and clocked a growth of 4% y-o-y, garnering Rs. 22.3 trillion. In Q1FY24, this sector expanded at a slower pace of 3.5% y-o-y growth compared to y-o-y growth a quarter ago. This further stumbled to 1.2% in Q2FY24. Overall, H1FY24 registered a 2.4% growth with weakest monsoon experience caused by El Nino conditions. In the Interim Budget 2024-25, the government plans to boost private and public investment in post-harvest activities and expand the application of Nano-DAP across agro-climatic zones. Strategies for self-reliance in oilseeds and dairy development are to be formulated, alongside ramping up the Pradhan Mantri Matsaya Sampada Yojana and establishing Integrated Aquaparks. Allocation for PM-Formalisation of Micro Food Processing Enterprises scheme has increased from Rs. 639 crores in FY24 to Rs. 880 crores in FY25. Going forward, rising bank credit to the sector and increased exports will be the drivers for the agriculture sector. However, a deficient rainfall may have impact on the reservoir level, weighing on prospects of Kharif sowing. Considering these factors, the agriculture sector is estimated to attain Rs. 22.7 trillion and mark 1.8% y-o-y growth for complete FY24.

- The industrial sector witnessed a CAGR of 4.7% for the period FY16 to FY19. From March 2020 onwards, the nationwide lockdown due to the pandemic significantly impacted industrial activities. In FY20 and FY21, this sector felt turbulence due to the pandemic and recorded a decline of 1.4% and 0.9%, respectively, on a y-o-y basis. With the opening of the economy and resumption of industrial activities, it registered 11.6% y-o-y growth in FY22, albeit on a lower base. The industrial output in FY23 grew by 4.4% with estimated value Rs. 45.2 trillion owing to a rebound in manufacturing activities and healthy growth in the construction sector. The industrial sector grew by 5.5% in Q1FY24, while Q2FY24 growth was up by 13.2% owing to positive business optimism and strong growth in new orders supported manufacturing output. The industrial growth was mainly supported by sustained momentum in the manufacturing and construction sectors. Within manufacturing, industries such as pharma, motor vehicles, metals, petroleum and pharma witnessed higher production growth during the quarter. The construction sector (13% growth in Q2FY24) benefited from poor rainfall during August and September and higher implementation of infrastructure projects. This was reflected in robust cement and steel production and power demand in Q2FY24. Overall, H1FY24 picked up by 9.3% with manufacturing and construction activities witnessing significant acceleration. India's industrial sector is experiencing strong growth, driven by significant expansion in manufacturing, mining, and construction. This growth is supported by positive business sentiment, declining commodity prices, beneficial government policies like production-linked incentive schemes, and efforts to boost infrastructure development. These factors collectively contribute to the sustained buoyancy in industrial growth due to which the industrial growth is estimated at 7.9% on y-o-y basis registering the value of Rs. 48.9 trillion in FY24.

- The Services sector recorded a CAGR of 7.1% for the period FY16 to FY20, which was led by trade, hotels, transport, communication, and services related to broadcasting, finance, real estate, and professional services. This sector was the hardest hit by the pandemic and registered an 8.2% y-o-y decline in FY21. The easing of restrictions aided a fast rebound in this sector, with 8.8% y-o-y growth witnessed in FY22.Overall, in FY23, benefitting from the pent-up demand, the service sector was valued at Rs. 20.6 trillion and registered growth of 9.5% y-o-y. In Q1FY24, the services sector growth jumped to 10.3%. Within services, there was a broad-based improvement in growth across different sub-sectors. However, the sharpest jump was seen in financial, real estate, and professional services. Trade, hotels, and transport sub-sectors expanded at a healthy pace gaining from strength in discretionary demand. The service sector growth in Q2FY24 moderated to 5.8% partly due to the normalization of base effect and some possible dilution in discretionary demand. Considering these factors, service sector marked 8% growth in H1FY24.

With this performance, steady growth in various service sector indicators like air passenger traffic, port cargo traffic, GST collections, and retail credit are expected to support the services sector. With this, the growth of service sector is estimated at Rs. 86.2 trillion registering 7.7% growth in FY24 overall.

Table 3: Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

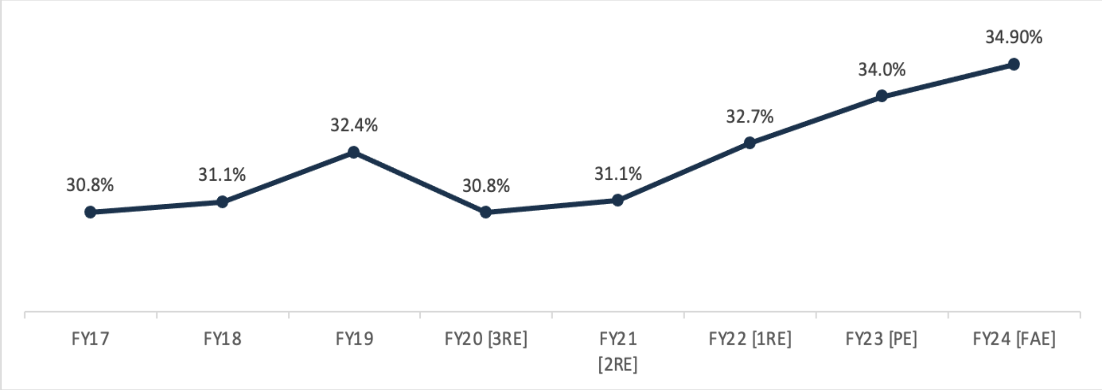
At constant Prices	FY19	FY20	FY21	FY22 (FRE)	FY23 (PE)	FY24 (FAE)
Agriculture, Forestry & Fishing	**2.1**	**6.2**	**4.1**	**3.5**	**4.0**	**1.8**
Industry	**5.3**	**-1.4**	**-0.9**	**11.6**	**4.4**	**7.9**
Mining & Quarrying	-0.9	-3.0	-8.6	7.1	4.6	8.1
Manufacturing	5.4	-3.0	2.9	11.1	1.3	6.5
Electricity, Gas, Water Supply & Other Utility Services	7.9	2.3	-4.3	9.9	9.0	8.3
Construction	6.5	1.6	-5.7	14.8	10.0	10.7
Services	**7.2**	**6.4**	**-8.2**	**8.8**	**9.5**	**7.7**
Trade, Hotels, Transport, Communication & Broadcasting	7.2	6.0	-19.7	13.8	14.0	6.3
Financial, Real Estate & Professional Services	7.0	6.8	2.1	4.7	7.2	8.9
Public Administration, Defence and Other Services	7.5	6.6	-7.6	9.7	7.2	7.7
GVA at Basic Price	**5.8**	**3.9**	**-4.2**	**8.8**	**7.0**	**6.9**

Note: FRE – First Revised Estimates, PE – Provisional Estimate, FAE – First Advance Estimate; Source: MOSPI

1.2.3 Investment Trend in Infrastructure

Gross Fixed Capital Formation (GFCF), which is a measure of the net increase in physical assets, witnessed an improvement in FY22. As a proportion of GDP, it is estimated to be at 32.7%, which is the second-highest level in 7 years (since FY17). In FY23, the ratio of investment (GFCF) to GDP climbed up to its highest in the last decade at 34%. Continuing in its growth trend, this ratio is expected to reach 34.9% in FY24.

Chart 2: Gross Fixed Capital Formation (GFCF) as % of GDP (At constant prices):



Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate, FAE-First Advance Estimate; Source: MOSPI

Overall, the support of public investment in infrastructure is likely to gain traction due to initiatives such as Atmanirbhar Bharat, Make in India, and Production-linked Incentive (PLI) scheme announced across various sectors.

1.2.4 Industrial Growth

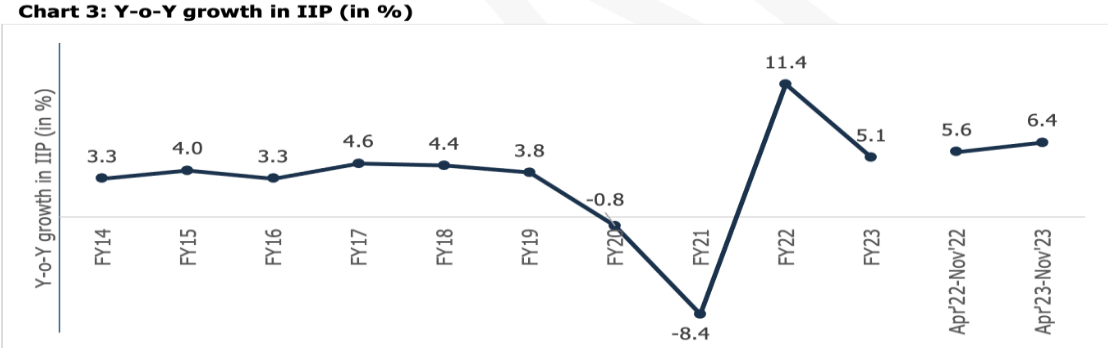
Improved Core and Capital Goods Sectors helped IIP Growth Momentum

The Index of Industrial Production (IIP) is an index to track manufacturing activity in an economy. On a cumulative basis, IIP grew by 11.4% y-o-y in FY22 post declining by 0.8% y-o-y and 8.4% y-o-y, respectively, in FY20 and FY21. This high growth was mainly backed by a low base of FY21.

During FY23, the industrial output recorded a growth of 5.1% y-o-y supported by a favorable base and a rebound in economic activities. The period April 2023 – November 2023, industrial output grew by 6.4% compared to the 5.6% growth in the corresponding period last year. For the month of November 2023, the IIP growth slowed down to 2.4% compared to the last year primarily on account of a normalization of base.

So far in the current fiscal, while the infrastructure-related sectors have been doing well, slowing global growth and downside risks to rural demand have posed a challenge for industrial activity. Though the continued moderation in inflationary pressure offers some comfort, pain points in the form of elevated prices of select food items continue to persist.

Chart 3: Y-o-Y growth in IIP (in %)



Source: MOSPI

1.2.5 Consumer Price Index

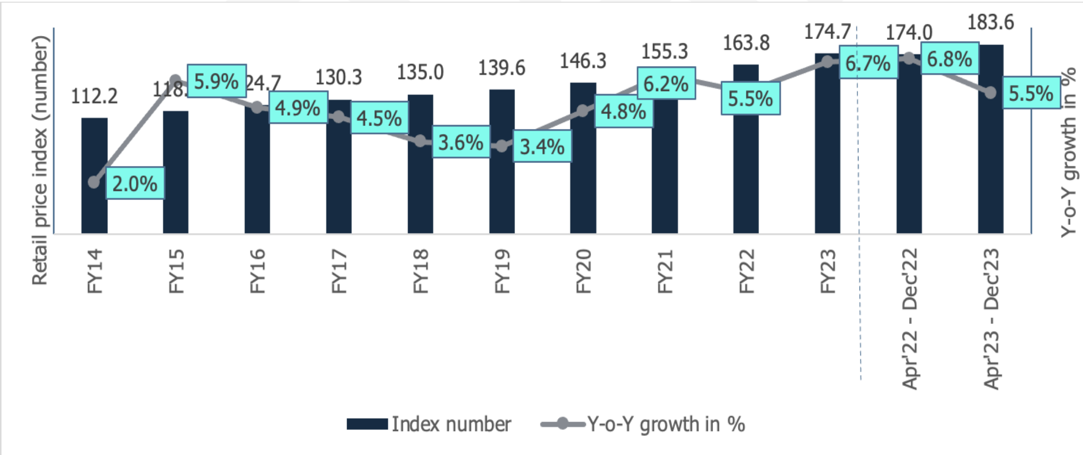
India's consumer price index (CPI), which tracks retail price inflation, stood at an average of 5.5% in FY22 which was within RBI's targeted tolerance band of 6%. However, consumer inflation started to upswing from October 2021 onwards and reached a tolerance level of 6% in January 2022. Following this, CPI reached 6.9% in March 2022.

CPI remained elevated at an average of 6.7% in FY23, above the RBI's tolerance level. However, there was some respite toward the end of the fiscal wherein the retail inflation stood at 5.7% in March 2023, tracing back to the RBI's tolerance band. Apart from a favorable base effect, the relief in retail inflation came from a moderation in food inflation.

In the current fiscal FY24, the CPI moderated for two consecutive months to 4.7% in April 2023 and 4.3% in May 2023. This trend snapped in June 2023 with CPI rising to 4.9%. In July 2023, the CPI had reached the RBI's target range for the first time since February 2023 at 7.4% largely due to increased food inflation. This marked the highest reading observed since the peak in April 2022 at 7.8%. The notable surge in vegetable prices and elevated inflation in other food categories such as cereals, pulses, spices, and milk have driven this increase. Further, the contribution of food and beverage to the overall inflation had risen significantly to 65%, surpassing their weight in the CPI basket. In August 2023, the food inflation witnessed some moderation owing to government's active intervention. This was further moderated for second consecutive month in September 2023 to 5%, led by a sharp correction in vegetables prices and lower LPG prices. Helped by deflation in the fuel and light category, the retail inflation in October 2023 softened at 4.9%. This trend reversed in November 2023 due to spike in certain vegetable prices as well as sticky inflation in non-perishable food items such as cereals, pulses and spices and the CPI rose to 5.6%. In the month of December 2023, elevated food prices and an unfavourable base drove headline inflation to a four-month peak of 5.7%.

While the consistent decrease in core inflation due to falling commodity prices and diminishing demand-side pressures is encouraging, the ongoing high food inflation, potentially exacerbated by a projected drop in Kharif production and uncertainties around Rabi sowing, remains worrisome. Despite these concerns, the favourable base effect throughout Q4FY24 and the expected easing of food price pressures with the arrival of fresh crops from January to March could help mitigate inflation risks.

Chart 4: Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100)

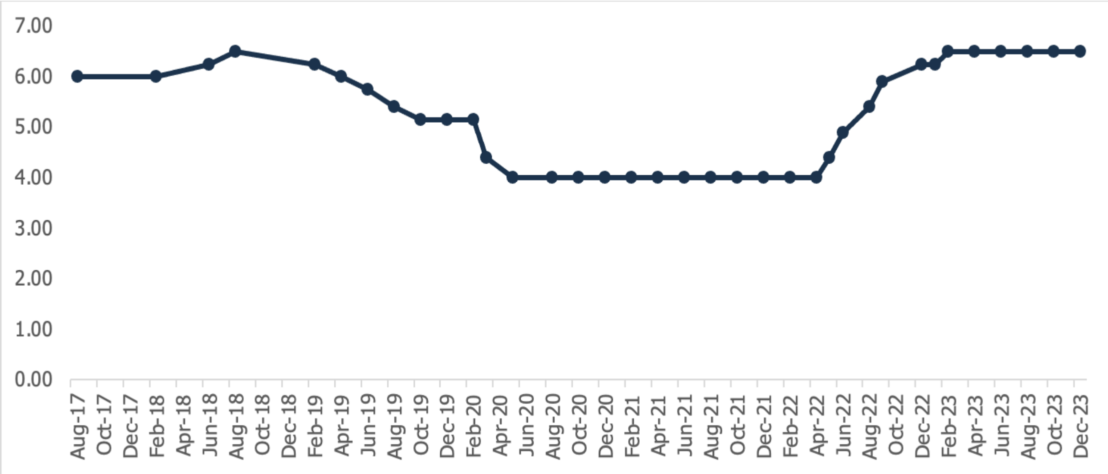


Source: MOSPI

The CPI is primarily factored in by RBI while preparing their bi-monthly monetary policy. At the bi-monthly meeting held in December 2023, RBI projected inflation at 5.4% for FY24 with inflation during Q3FY24 at 5.6%, Q4FY24 at 5.2%, while for FY25 it is pegged at 4.5% and in Q1FY25 at 5.0%, Q2FY25 at 4.0%, Q3FY25 at 4.6% and Q4FY25 at 4.7%.

The RBI has increased the repo rates with the rise in inflation in the past year from 4% in April 2022 to 6.5% in January 2023. Considering the current inflation situation, RBI has kept the repo rate unchanged at 6.5% in the last five meetings of the Monetary Policy Committee.

Chart 5: RBI historical Repo Rate



Source: RBI

In a meeting held in December 2023, RBI also maintained the liquidity adjustment facility (LAF) corridor by adjusting the standing deposit facility (SDF) rate of 6.25% as the floor and the marginal standing facility (MSF) at the upper end of the band at 6.75%.

Further, the central bank continued to remain focused on the withdrawal of its accommodative stance. With domestic economic activities gaining traction, RBI has shifted gears to prioritize controlling inflation. While RBI has paused on the policy rate front, it has also strongly reiterated its commitment to bringing down inflation close to its medium-term target of 4%. Given the uncertain global environment and lingering risks to inflation, the Central Bank has kept the window open for further monetary policy tightening in the future, if required.

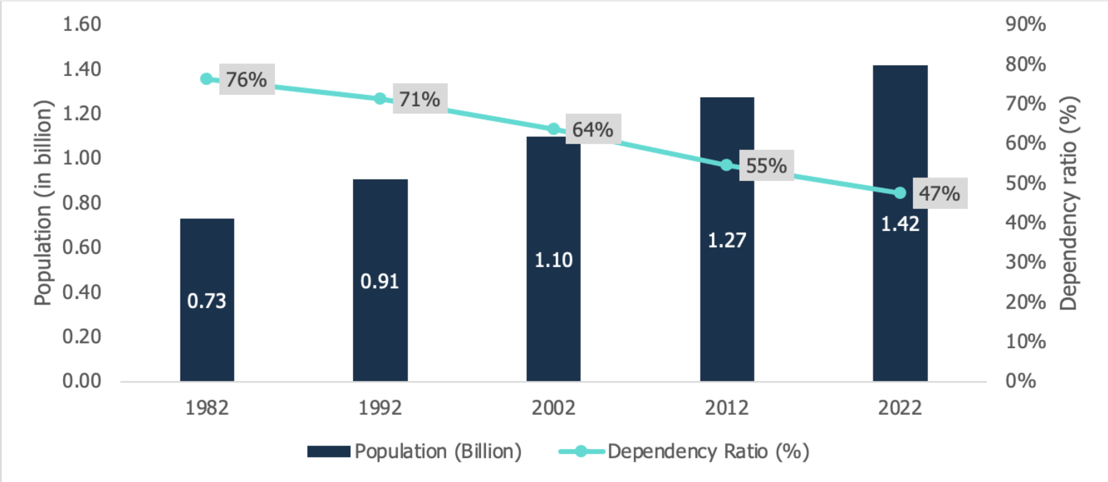
1.2.6 Overview on Demographic Drivers

Population Growth and Urbanization

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanization. According to the world bank, India’s population in 2022 surpassed 1.42 billion slightly higher than China’s population 1.41 billion and became the most populous country in the world.

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64. This ratio has been on a declining trend. It was as high as 76% in 1982, which has reduced to 47% in 2022. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy.

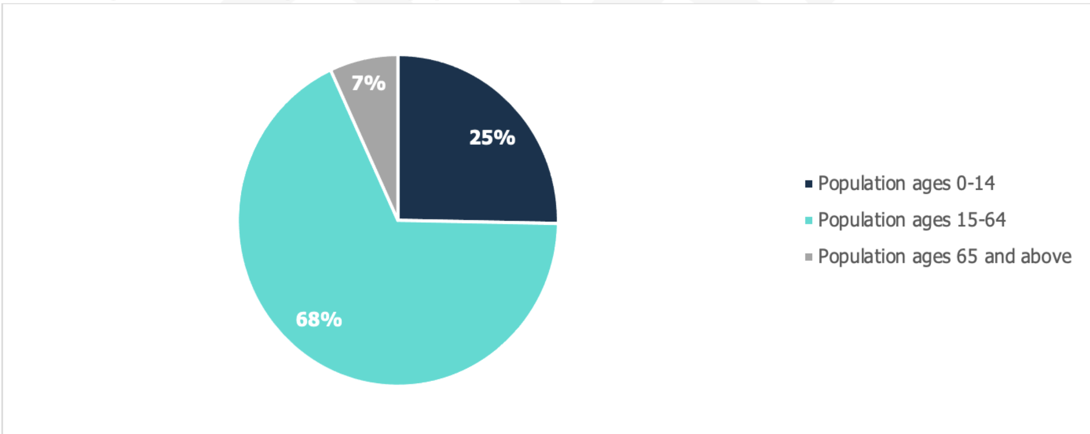
Chart 6: Trend of India Population vis-à-vis dependency ratio



Source: World Bank Database

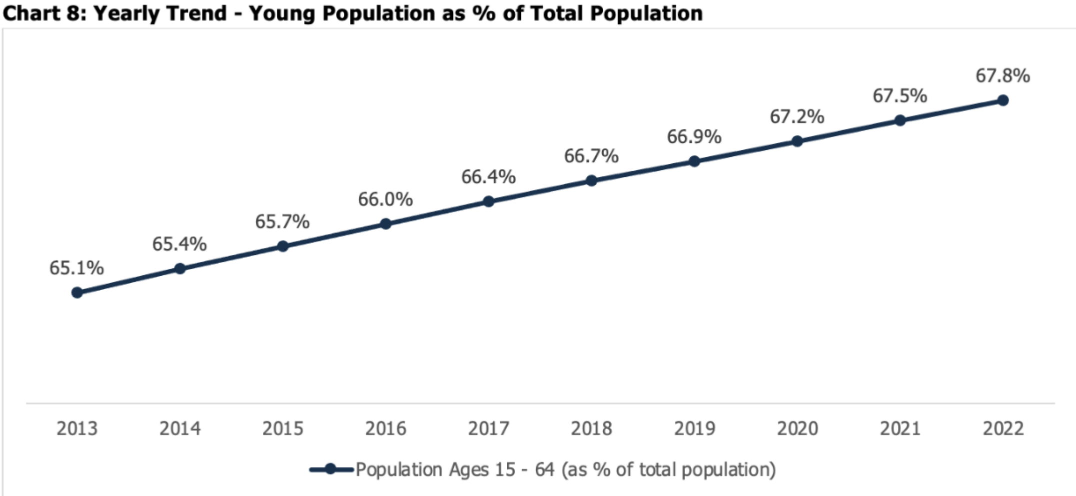
With an average age of 29, India has one of the youngest populations globally. With vast resources of young citizens entering the workforce every year, it is expected to create a 'demographic dividend'. India is home to a fifth of the world's youth demographic and this population advantage will play a critical role in economic growth.

Chart 7: Age-Wise Break Up of Indian population



Source: World Bank Database

Chart 8: Yearly Trend - Young Population as % of Total Population

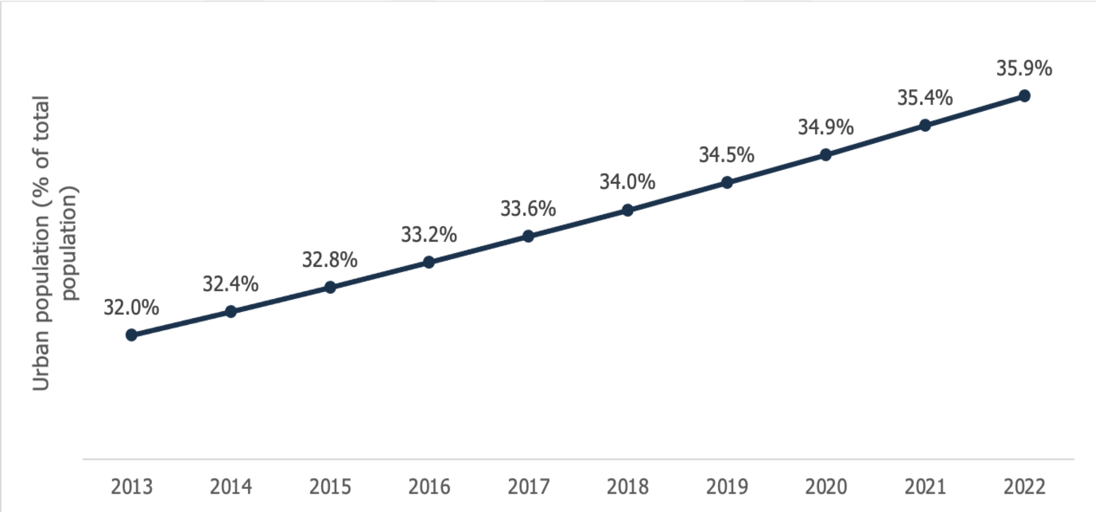


Source: World Bank database

Urbanization

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 403 million (31.6% of total population) in the year 2012 to 508 million (35.9% of total population) in the year 2022. People living in Tier-2 and Tier-3 cities have greater purchasing power.

Chart 9: Urbanization Trend in India



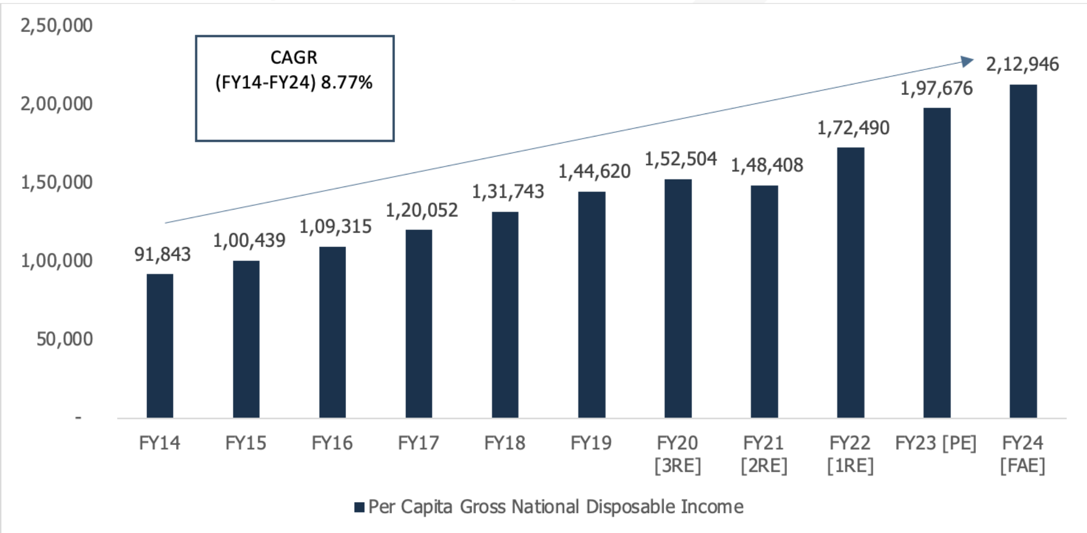
Source: World Bank Database

Increasing Per Capita Disposable Income

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY14 to FY24, per capita GNDI at current prices registered a CAGR of 8.77%. More disposable income drives more consumption, thereby driving economic growth.

The chart below depicts the trend of per capita GNDI in the past decade:

Chart 10: Trend of Per Capita Gross National Disposable Income

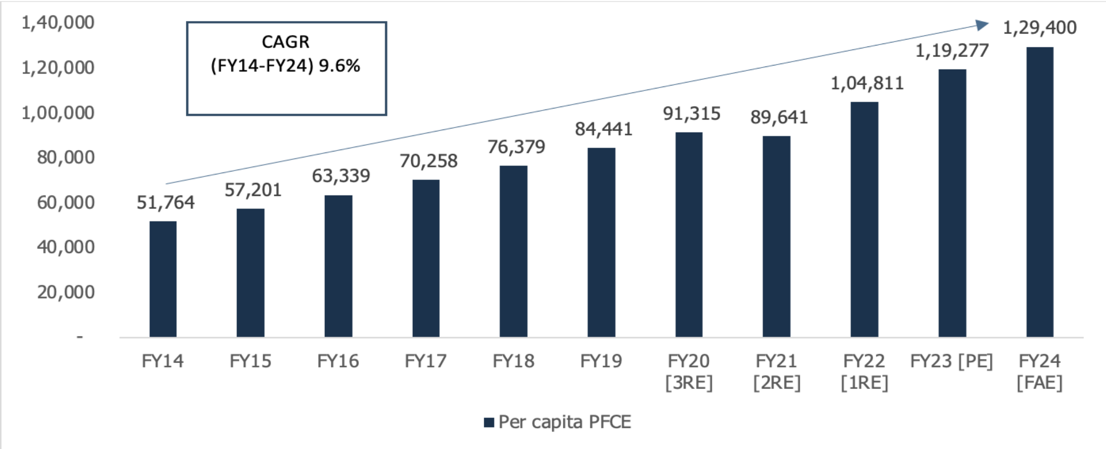


Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate; Source: MOSPI

Increase in Consumer Spending

With increase in disposable income, there has been a gradual change in consumer spending behaviour as well. Private Final Consumption Expenditure (PFCE) which is measure of consumer spending has also showcased significant growth in the past decade at a CAGR of 9.6%. Following chart depicts the trend of per capita PFCE at current prices:

Chart 11: Trend of Per Capita Private Final Consumption Expenditure (Current Price)



Source: MOSPI

1.2.7. Concluding Remarks

The major headwinds to global economic growth are escalating geopolitical tensions, volatile global commodity prices, and a shortage of key inputs. Despite the global economic growth uncertainties, the Indian economy is relatively better placed in terms of GDP growth compared to other emerging economies. According to IMF's forecast, it is expected to 6.3% in CY24 compared to the world GDP growth projection of 3%. The bright spots for the economy are continued healthy domestic demand, support from the government towards capital expenditure, moderating inflation, and improving business confidence.

Likewise, several high-frequency growth indicators including the purchasing managers index, auto sales, bank credit, and GST collections have shown improvement in FY23. Moreover, normalizing the employment situation after the opening up of the economy is expected to improve and provide support to consumption expenditure.

Further, as per the Indian Meteorological Department (IMD), the rainfall witnessed a deficit until September 2023. A drop-in yield due to irregular monsoons and a lower acreage can lead to a demand-supply mismatch, further increasing the inflationary pressures on the food basket. Moreover, the consumption demand is expected to pick up in Q3FY24 due to the festive season. Going forward, the rising domestic demand will be driven by the rural economy's performance and continual growth in urban consumption. However, high domestic inflation and global headwinds pose a downside risk to domestic demand.

At the same time, public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about Rs. 10 lakh crores for FY24. The private sector's intent to invest is also showing improvement as per the data announced on new project investments. However, volatile commodity prices and economic uncertainties emanating from global turbulence may slow down the improvement in private CapEx and investment cycle.

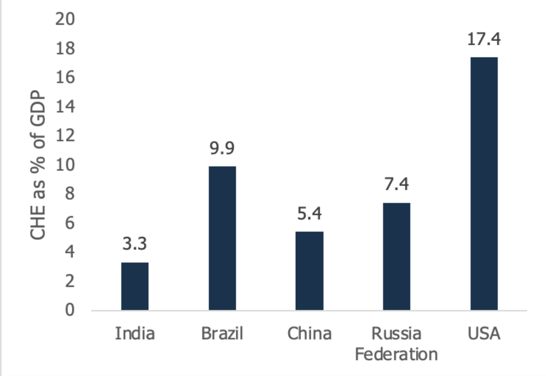
2. Overview of Global and India's Healthcare Expenditure

2.1 Healthcare Expenditure as % of GDP India Vs Global

India's current health expenditure (CHE) as percentage of GDP is the lowest compared to the countries mentioned in the chart here. India's current health expenditure as percentage of GDP is 3.3% for the year 2021. Of this, contribution by the government towards health expenditure is around 34.2% and the contribution of domestic private health expenditure (PVT-D) as percentage of current health expenditure (CHE) is 63.5%. For USA, the current health expenditure as percentage of GDP is at stupendous 17.4%. Of this, the share of private health expenditure in current health expenditure for USA stood at 44.6%

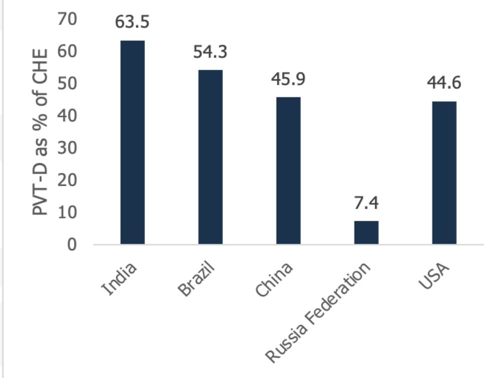
during 2021.

Chart 12: Country-wise CHE as % of GDP - 2021



Source: World Bank
Note: CHE is current health expenditure

Chart 13: Percentage contribution of PVT –D in CHE - 2021

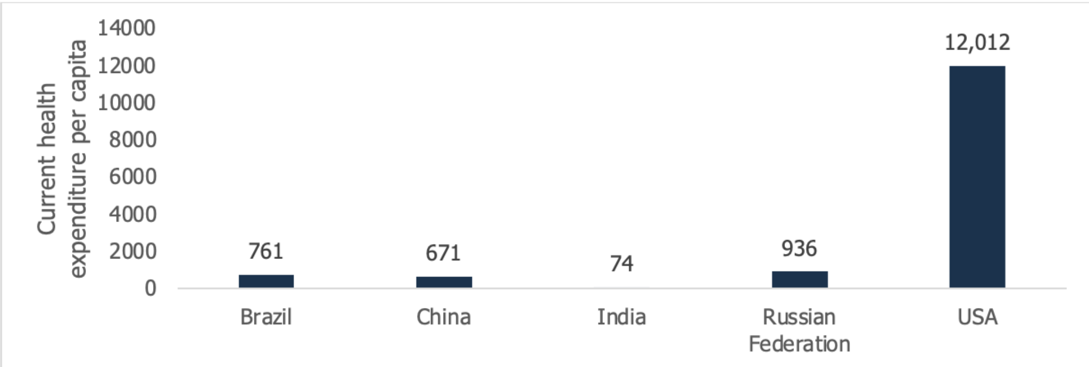


Source: World Bank
Note: PVT-D is domestic private health expenditure

2.2 Per-Capita Current Expenditure on Health

For year 2021, India's health expenditure per capita was as low as USD 74 compared to health expenditure per capita of Brazil, China and Russian Federation that was in the range of USD 671-USD 936. For USA, this expenditure was as high as USD 12,012.

Chart 14: Current health expenditure per capita in 2021 (in USD)



Source: World Health Organization (WHO)

Poverty is one of the reasons for lower health expenditure in India. As per National Health Profile 2021, 22% of the total population in India falls below poverty line (it represents data for percentage of population below poverty line 2011-12) and it is very likely that this population is unable to spend sufficiently on healthcare treatments. In addition to this, lower medical care expenditure by rural population (that accounts for about 68% of the total population in India) compared to urban populace contributed to this low health expenditure. ¬For 2011-12, the monthly per capita expenditure on medical care for rural population was Rs.95, while for urban population it stood at Rs.146.

In addition to this, concentrated healthcare facilities in urban areas also compound the problem as these facilities are not so easily accessible and within the monetary reach of most of the people living in rural and remote areas of the country. In rural areas, there were 23,236 functioning primary health center and 3,346 community health centers in 2005 which increased to 25,140 and 5,481 in 2021 respectively.

2.3 Outlook – India

For the betterment of overall health of citizens and facilities, the Government has made various efforts under the National Health Mission and various such schemes. For ensuring universal health coverage, there is rising importance of public healthcare and social security. The primary healthcare expenditure has increased to 55.9% in 2019-20 from 51.3% in 2014-15 . This not only ensures quality services at the grassroot level but also reduces the chances of ailments requiring secondary or tertiary healthcare services.

On account of various initiatives introduced, there is major development in the healthcare space and the development is expected to continue. Indian healthcare is among the largest network in the world. And to support the network, healthcare infrastructure is also expected to grow in the near to medium term.

The foreseeable future presents a promising outlook for the industry in exports market, characterised by increasing demand within both regulated and emerging pharmaceutical markets. Furthermore, the impending expiration of patents on certain drugs presents an opportunity for substantial export growth, anticipated to be around 8% during FY24 and FY25. Indian pharmaceutical industry expanded from approximately USD 34.7 billion in FY17 to reach approximately USD 50 billion in FY23; and is envisaged to further increase to USD 57 billion by FY25.

3. Pharmaceuticals Industry – Bulk Drugs

3.1 Executive Summary

The Indian pharmaceutical industry (IPI) is ranked 3rd globally in terms of volume and 13th in terms of value. The lower market share in terms of value can be attributed to the predominance of IPI in generic medicines (accounting for about 70% of the industry’s revenues) which command lower prices.

Growth in the domestic pharma market is expected to be driven by increase in the penetration of health insurance, improving access to healthcare facilities, rising prevalence of chronic diseases and rising per capita income. The export growth is expected to be led by increasing generic penetration in the regulated markets on the back of enhanced focus on the niche and complex product segments, patent expiries, medicine patent pool announcing licensing agreement with pharmaceutical companies and growing demand from semi-regulated pharma markets. In the long term, growth in the export market will be sustained by emerging markets such as Russia, Brazil, and South Africa, etc.

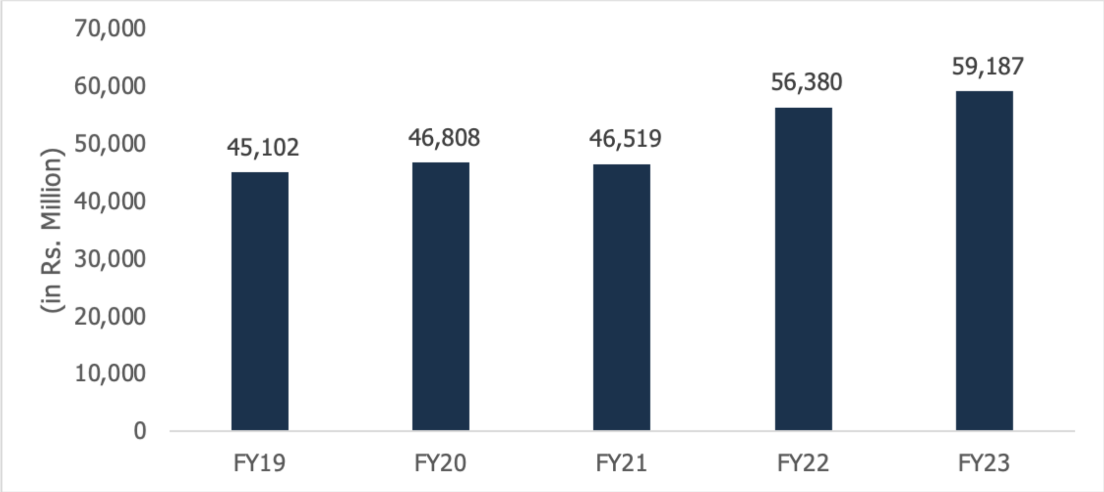
In terms of trade, in exports, USA has a great significance. As on FY23, USA has a share of ~30% in Indian exports and the American continent accounted for around 40% share in pharma outbound shipments. China has ~75% share in inbound shipments, majorly on account of the cheap availability of APIs and bulk drugs in China. The low prices prompt the Indian drug manufacturers to import bulk drugs from China which, in turn, affects the manufacturing capabilities of the Indian API/bulk drugs industry. Thus, any disruption in China’s bulk drugs market has a direct influence on the Indian pharma industry.
One of the primary reasons for India's prominence in the pharmaceutical industry is its cost-effective manufacturing capabilities. The country offers lower production costs compared to many developed nations, making it an attractive destination for outsourcing and contract manufacturing. In terms of regulatory compliance, India has the largest USFDA-compliant pharma plants outside of USA. Additionally, the focus on R&D helps in the development of novel formulations and the discovery of new APIs, contributing to the industry's growth and competitiveness. In the next 2-3 years, patented products worth USD 240 billion are expected to go off patent and it is expected the India pharma companies will be benefitted with this opportunity.

Active Pharmaceutical Ingredient (API) is the chemical component responsible for the therapeutic effect of a drug. It contributes to around 35% of the Indian pharmaceutical market. There are 500 API manufacturers in the country contributing about 8% in the global API industry. Additionally, there are some challenges being faced by the industry in terms of competition, comparatively lower R&D investments, price volatility due to high dependence on one source and pollution control which restrict the growth. However, with the increased investments and support from the government, the API industry is expected to grow exhibiting an upward trajectory.

3.2 Market Size

The production of APIs has increased at a CAGR of 7.0% from Rs. 45,102 million in FY19 to Rs. 59,187 million in FY23. API is a crucial segment of the pharmaceutical industry, contributing to around 35% of the market. Post FY20-21, there has been a significant increase in production of APIs on account of introduction of PLI scheme in FY20. Under the PLI scheme, manufacturing of 35 APIs, representing around 67% of APIs for which India has 90% import dependence has already started. API's demand is expected to follow a growing trajectory as it is an essential substance to cure, mitigate, prevent a disease or impact in restoring, correcting, or modifying physiological functions in human beings. Further, the demand for such an essential ingredient is expected to continue on an upward trajectory.

Chart 15: Production of Active Pharmaceutical Ingredients (APIs)



Source: CMIE

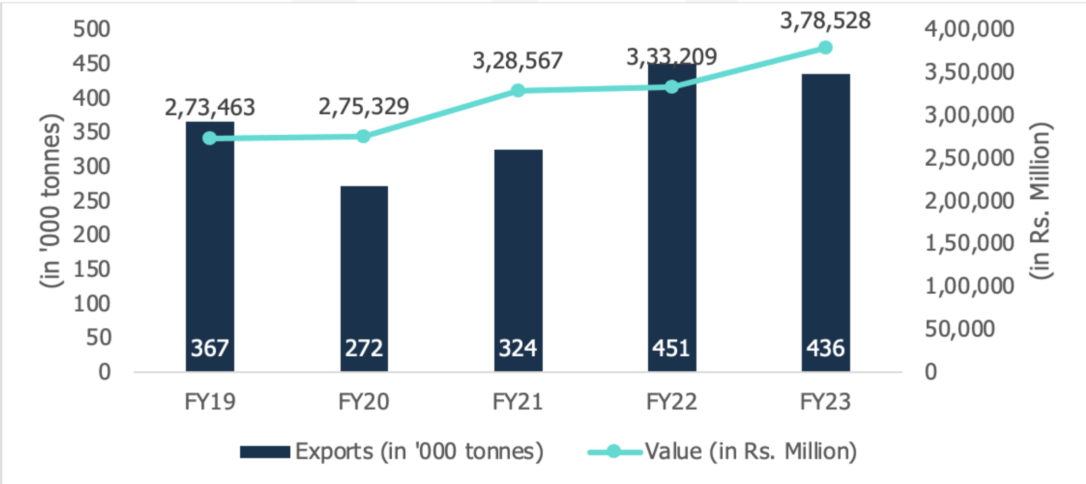
Note: APIs include vitamins, antibiotics, anti-pyretics and hypo-lipidemics only

3.2.1 Trade Scenario

Exports: India is one of the key players in the global pharma market. Indian export has reached to more than 200 countries. Remarkably, India contribute more than 50% of Africa's generics demand, around 40% of generic demand in the US and around 25% of all medicine in the UK.

The exports of bulk drugs have increased at a CAGR of 4.4% from 2,73,463 thousand tonnes in FY19 to 3,78,528 thousand tonnes in FY23. Post the implementation of PLI Scheme 2.0 in FY21, there has been an exponential rise in the exports of bulk drugs majorly on account of increase in production of the bulk drugs and APIs.

Chart 16: Exports of Bulk Drugs (in '000 tonnes) and Value of Exports (in Rs. Million)



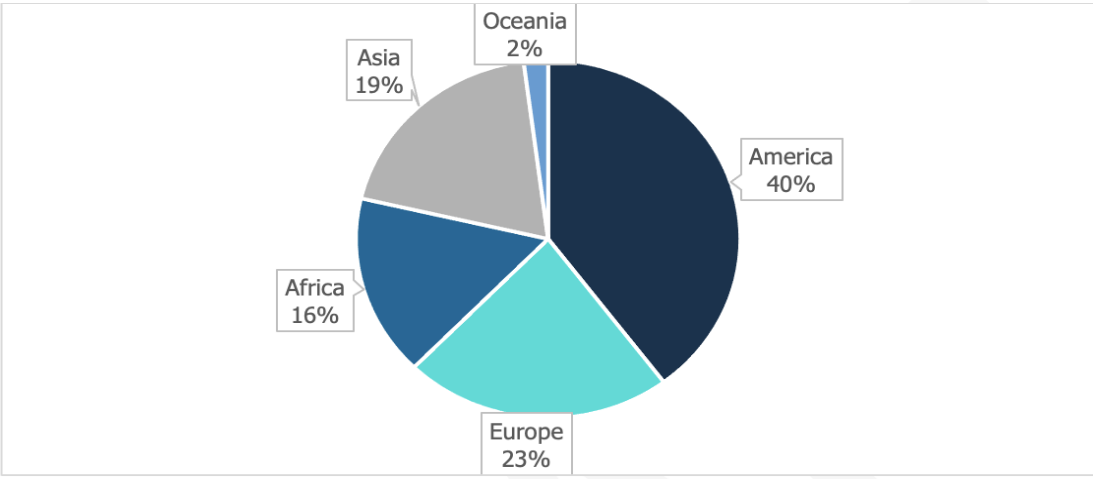
Source: CMIE

India is the third largest producer of API globally and accounts for a share of 8% in the global API industry. Post the Covid-19 pandemic, India has gained importance in terms of substitute of China and the exports have grown notably.

American continent driving demand for pharmaceutical industry in the international market

The pharma outbound shipments by India is majorly driven by the American continent. During FY23, the American continent accounted for 40% followed by Europe, Asia, Africa and Oceania with a share of 23%, 19%, 16% and 2% respectively.

Chart 17: Continent-wise pharma exports FY23



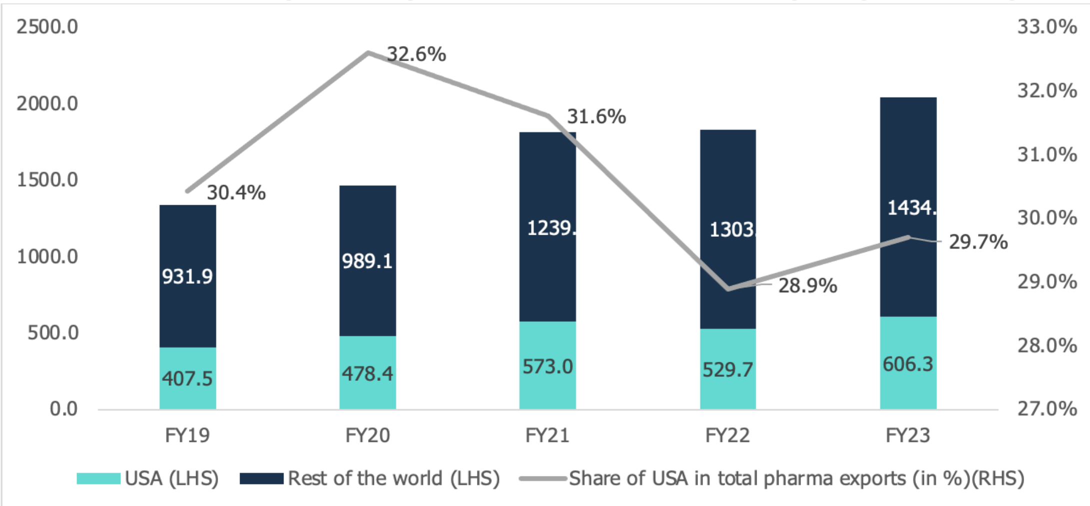
Source: CMIE

Significance of USA in Indian pharma exports

Among the countries, United States of America is the primary export destination for India. Exports to USA saw an uptrend in FY23 after experiencing a downtrend in FY22 on account of revival of plant inspections which were halted by global health regulators, beginning of treatments for non-covid ailments.

For other countries like South Africa, UK, Russia, Germany, Nigeria, Brazil, Canada, France, Netherlands, China, Belgium, Australia, UAE the share of each of these countries in total drugs & pharma exports remained in the range of 1.4%-2.9% in FY23.

Chart 18: Trend in India's pharma exports and share of USA in total exports (in Rs. Billion)



Source: CMIE

The top countries in volume-wise exports of bulk drugs and intermediates are Indonesia (13.51%), USA (11.13%) and UAE (6.65%). In FY22, there was a trade agreement signed with UAE, which has paved way for the entry in the Gulf Cooperation Council (GCC) and is expected to further boost Indian exports.

Table 4: Volume-wise Top 5 Export-Destinations of Bulk Drugs & Intermediates for India 2022-23

Country	Share
Indonesia	13.51%
USA	11.13%
UAE	6.65%
Bangladesh	2.90%
Brazil	2.45%

Source: CMIE

USA holds a higher share (10.95%) in value-wise export of bulk drugs and intermediates compared to the volume-wise export of the same. After USA, China holds the second highest share of 5.46% followed by Brazil (4.84%).

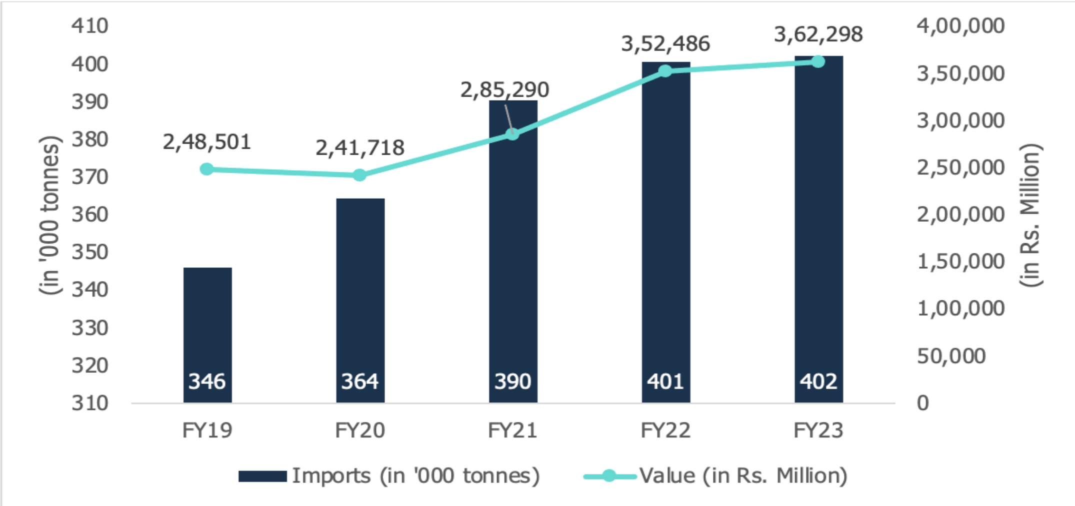
Table 5: Value-wise Top 5 Export-Destinations of Bulk Drugs & Intermediates for India 2022-23

Country	Share
USA	10.95%
China	5.46%
Brazil	4.84%
Bangladesh	3.60%
Germany	3.42%

Source: CMIE

Imports: The imports of bulk drugs and intermediates have increased at a CAGR of 3.8% from 2,48,501 thousand tonnes in FY19 to 3,62,298 thousand tonnes in FY23. The imports of bulk drugs and intermediates has increased on account of increase in production of drugs and pharmaceuticals.

Chart 19: Imports of Bulk Drugs (in '000 tonnes) and Value of Imports (in Rs. Million)



Source: CMIE

Table 6: Volume-wise Top 5 Import-Destinations of Bulk Drugs & Intermediates for India 2022-23

Country	Share
China	74.64%
Singapore	8.08%
Japan	3.63%
USA	1.46%
Belgium	0.76%

Source: CMIE

From the table above, we can infer China has the largest share of 74.64% followed by Singapore (8.08%) and Japan (3.63%).

Table 7: Value-wise Top 5 Import-Destinations of Bulk Drugs & Intermediates for India 2022-23

Country	Share
China	70.52%
USA	4.69%
Singapore	2.52%
Italy	2.38%
Spain	1.98%

Source: CMIE

In case of value-wise top import destinations, China has the lion's share of 70.52% and has major hold over the imports in the country. The second highest share is held by USA (4.69%) followed by Singapore (2.52%)

3.2 Key Growth Drivers

Some of the growth drivers for the Indian API Industry are as follows:

Lower cost of production

The Indian pharmaceutical industry holds a strong position in terms of production volumes in the global pharma market as the country contributes around 10% of the world production volumes and in terms of value, India holds a share of around 2.4% globally. Lower cost of production coupled by efficient scientific and technical skills of human resources are the prime reasons for India's strong position. The cost of drugs manufactured in India is one of the lowest in the world.

Table 8: Relative cost comparison in India

Cost in developed countries	100%
Production cost in India	50%
R&D cost in India	12.5%
Clinical trial cost in India	10%

Source: Pharmexcil
Note: Costs in India as % of costs in developed countries

It can be understood from the relative cost comparison table that the production cost in India is almost half than that in the developed countries. The R&D cost and clinical trial cost in India are cheaper as the costs of these activities are about 87% and 90% lower in India than that of the developed countries. Hence, the API industry in India benefits from lower costs and makes it an attractive destination for outsourcing by global pharmaceutical companies.

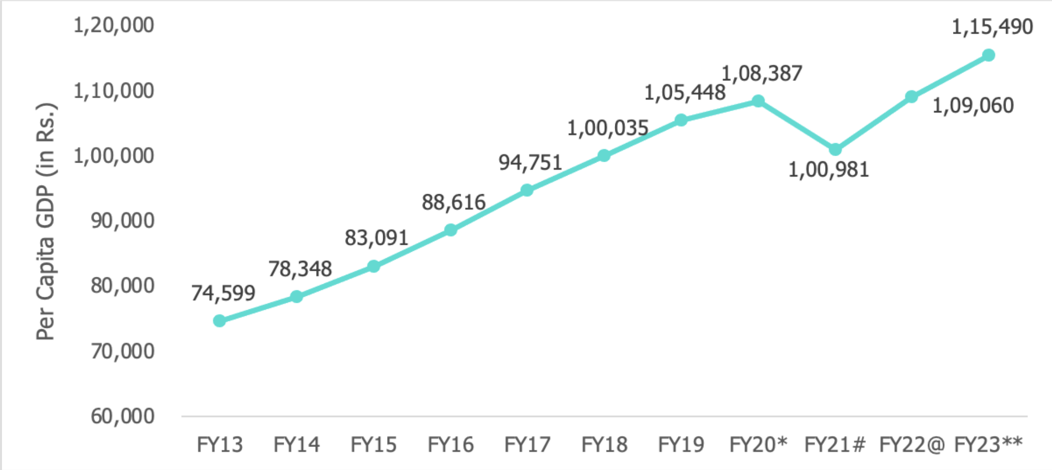
Patent cliff

Patent expiry allows the generic drugs to penetrate in the market and diversify product offerings. Over the next 3-4 years till 2026, the patented products worth of about USD 240 billion are expected to go off-patent. This provides a large opportunity to Indian generic formulation companies. Many of the Indian pharma companies are already working to develop the generic version of patented products to exploit the upcoming opportunity. It is expected that Indian pharma companies might get an opportunity worth around USD 5-6 billion due to patent expiry in next 4-5 years.

Increase in per capita income

The per capita income of India is on an increase which paves the way for more demand of healthcare services as a rise in per capita income increases the ability of population to afford various expenses. This, in turn, supports the need of quality medical care that comes at a relatively higher price.

Chart 20: Trend in India's per capita gross domestic product (GDP) at constant market prices



Source: MOSPI, Base year 2011-12
Note: ** refers to Provisional Estimates; @ refers to First Revised Estimates;
refers Second Revised Estimates; * refers to Third Revised Estimates

India's per capita GDP increased in each of the years during FY13 to FY23 on y-o-y basis and grew at a CAGR of 4.5% during this period. The per capita GDP however witnessed a fall of 6.8% y-o-y in FY21 on account of Covid-19 crisis which induced lockdown in the country and thus resulted in shutdown of various businesses which, in turn, led to job losses across several industries. Subsequently, this decreased the country's per capita GDP during FY21.

However, it becomes equally important to pay attention to the fact that an increase in per capita income does not necessarily imply that income from weaker sections of the society is on a rise as people in India are at different levels of income distribution. Therefore, the improvement in healthcare expenditure is likely to be led by households that have a higher spending capacity.

Transition in disease profile

Over the years, there has been a substantial change in the disease profile of Indians. As shown the table, the share of communicable, maternal, neonatal, and nutritional diseases for death decreased to 27.5% in 2016 from 53.6% in 1990 and that of non-communicable diseases increased to 61.8% in 2016 from 37.9% in 1990. This represents the transition or shift in the disease profile of population in India which provides an ample scope of opportunity for healthcare services and pharmaceutical industry in the country as the non-communicable diseases tend to be of long duration which, in turn, increases the need for pharmaceutical and healthcare services with respect to non-communicable diseases. This will further augur well for the API industry in India.

Table 9: Contribution of major disease group to total deaths in India

	1990	2016
Share of communicable, maternal, neonatal, and nutritional diseases	53.6%	27.5%
Share of non-communicable diseases	37.9%	61.8%
Share of injuries	8.5%	10.7%

Source: Health of the Nation's States 2017: India Council of Medical Research

Malaria, dengue fever, common cold, cholera etc. are referred to as communicable diseases and diseases like cancer, diabetes, cardiovascular diseases and stroke etc. are referred to as non-communicable diseases.

Regulatory compliance

The Indian API industry has been focusing on maintaining high-quality standards and adhering to international regulatory requirements. Compliance with regulatory standards, such as those set by the USFDA and the European Medicines Agency (EMA), enhances the industry's reputation and facilitates global market access. India has the distinction of having the largest number of USFDA-compliant pharma plants outside of USA. With the available USFDA compliant infrastructure, it is expected that India will lead the patent cliff opportunity in USA.

Skilled workforce

India has a pool of skilled scientists, researchers, and engineers who contribute to the development and manufacturing of APIs. The availability of a well-educated and trained workforce is a crucial factor in the growth of the pharmaceutical industry.

Increasing contract manufacturing and outsourcing activities

There is an increasing demand for pharmaceuticals in global markets as well as emerging markets. Many economies do not have the skillset or the infrastructure needed to produce the APIs and other bulk drugs. Given the low cost of production in India and expertise, India is a preferred destination for contract manufacturing as well as outsourcing.

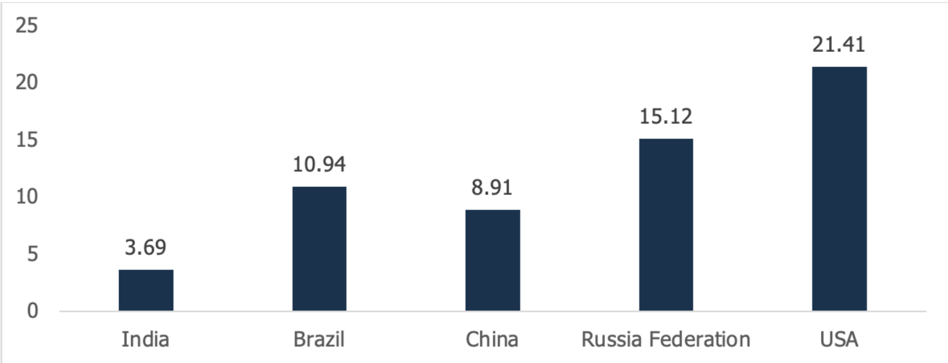
3.3 Expenditure on Healthcare

Domestic General Government Health Expenditure (GGHE – D) as percentage of General Government Expenditure (GGE) (%)

Domestic general government health expenditure as a percentage of the total general government expenditure is a measure that indicates the amount government spends on health from their own domestic public resources. It specifies the government's priority of spending on current health expenditure from the government domestic sources relative to the total size of government expenditure.

The government domestic sources for health include internal government transfers and grants, subsidies to voluntary schemes as well as social health insurance contributions. From the chart below, we can infer India has the lowest domestic general government health expenditure relative to the total general government expenditure. The highest share is held by USA at 21.41%, followed by Russia Federation (15.12%) and Brazil (10.94%).

Chart 21: Domestic General Government Health Expenditure (GGHE – D) as percentage of General Government Expenditure (GGE) (%)



Source: World Health Organization (WHO)

This implies the lack of support by the government and it also means Indians pay the highest from their pockets for availing healthcare services. The expenditure on healthcare by the government is very less compared to the developed nations and hence it highlights the rising need for the increase in expenditure.

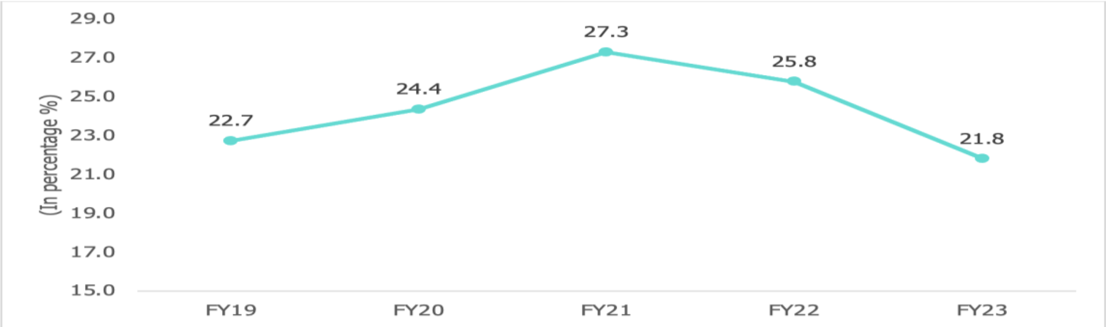
3.4 SWOT Analysis of Pharmaceuticals Industry

Strength	Weakness
- Healthy investment to enhance India's manufacturing capabilities and contribution towards product diversification to high-value goods in the sector - Patents worth ~USD 240 billion are expected to go off-patent by 2026, which provides a large opportunity to Indian generic formulation companies - Increase in budgetary allocation toward government spending on healthcare - Government schemes such as Scheme on Promotion of Bulk Drug Parks and Production Linked Incentive (PLI) scheme for promotion of domestic manufacturing - Healthy demand domestically and globally backed by increase in per capita income, transition in disease profile, increasing ageing global population and health awareness	- High reliance on China with respect to pharma inputs - Relatively low R&D (Research and Development) investments - Lack of mega bulk drug parks - Stricter implementation of pollution control norms
Opportunity	**Threat**
- Business prospects in US expected to improve backed by shortage of drugs in the US, subsiding pricing pressures and rising prices of drugs - Increase of entry of pharmaceutical firms into untapped markets - On account of implementation of various PLI schemes, the manufacturing of APIs will go up significantly and aid in the reduction of imports - Signing of trade agreements with various countries like Australia and United Arab Emirates (UAE) and many such countries will provide a gateway for Indian exports	- Rising prices of APIs (Active Pharmaceutical Ingredients), Key Starting Materials (KSMs), - Rise in freight and energy cost - Rising instances of observations by the United States Food and Drug Administration (USFDA)

3.5 Profitability

The industry's operating profit margin in FY23 stood at 21.8%. It has been range bound since FY19. The operating expenses for the industry have been on the rise on account of supply chain disruptions.

Chart 22: Industry Operating Margin



Source: CMIE
Note: The set for the companies vary each year and are in the range of 300-500

Due to supply chain disruptions the prices of some APIs/ KSM have increased between 25% to 120%

while prices of excipients have risen between 15%-200% during the last year. Apart from the cost of raw material, the cost of packing material also saw an upward movement of 25-100%. The cost of power, fuel and coal witnessed a rise of more than 50% during the last one year while the cost of freight saw a jump of more than 2 times. This has impacted the operating margins of the company and caused the decline. However, the costs associated with packing and freight have started cooling off now.

4. Industry Overview – Bulk Drugs and Active Pharmaceutical Ingredients (APIs)

4.1 Segment Definition

Active Pharmaceutical Ingredients (API) is the primary active ingredient that is manufactured in the initial stage of pharmaceutical and drug production. It is the ingredient that results in desired therapeutic effect in the human body. Bulk drugs are active chemical substances and are used in the manufacturing of pharmaceutical and drug formulations. API/bulk drugs can be considered as inputs that are used in making of formulations. There are 500 API manufacturers in the country contributing about 8% in the global API industry.

4.2 Products

Some of the products that use API are:

- Therapeutic drugs: The API is the core component of a drug that produces the desired therapeutic effect. Pharmaceutical companies invest in research and development to identify and develop effective APIs for the treatment of various medical conditions. The term "therapeutic drugs" encompasses a wide range of medications used to treat various medical conditions, and each drug has its own specific API or combination of APIs. Therapeutic drugs can be classified into various categories based on their intended use and mode of action. Some common categories include:

    - Antibiotics: These are used to treat bacterial infections by inhibiting the growth and killing the bacteria.
    - Analgesics and pain relievers: These help in alleviating the pain and the range includes over the counter (OTC) drugs like ibuprofen to crocin.
    - Antidepressants and antianxiety drugs: These drugs help in managing mood disorders and anxiety related disorders.
    - Antivirals: These drugs help in inhibition of replication of viruses to combat viral infections
    - Anti-inflammatory drugs: These drugs are used to reduce inflammation and used for conditions such as arthritis.
    - Antihypertensives: These medications lower blood pressure to treat hypertension and reduce the risk of cardiovascular events.
    - Antidiabetic drugs: These medications control the blood sugar levels in individuals.
    - Anticoagulants and antiplatelet drugs: These medications prevent clotting of blood and reduce the risk of thrombosis.
    - Hormonal therapies: These help in regulation of hormonal imbalance and are used in conditions like hormone-dependent cancers.
    - Antipsychotics: These medications help in the treatment of psychiatric disorders such as schizophrenia and bipolar disorder.

Some of the other therapeutic drugs include antifungals that treat the fungal infection in the body, antiemetics that are used during chemotherapy or post-surgery which help in reducing nausea and vomiting, immunosuppressants that are used to suppress immune system in conditions like organ transplant recipients or autoimmune diseases and bronchodilators and corticosteroids which help in managing respiratory conditions like asthma and chronic obstructive pulmonary disease.

The development and use of therapeutic drugs involve rigorous research, clinical trials, and regulatory approval processes to ensure safety and efficacy. These drugs play a crucial role in modern medicine by improving the quality of life, preventing diseases, and prolonging survival for many individuals.

- Dosage: Dosage in the context of drugs refers to the amount of a therapeutic substance (active pharmaceutical ingredient or API) contained in a single unit of a medication. Proper dosage is crucial for ensuring the effectiveness and safety of a drug. The dosage of a drug is typically specified in terms of the quantity of the active ingredient per unit of administration (e.g., per tablet, capsule, milliliter of liquid, etc.). Some of the common dosage forms include:

    - Tablets and capsules: These are typically taken orally and are in solid form.

    - Liquid formulations: These medications are measured in milliliters and are in the form of solutions, suspensions or syrups.

    - Injections: These are administered through various routes such as intravenous (IV), intramuscular (IM) or subcutaneous (SC).

    - Topical preparations: These are generally in the form of creams, ointments or patches that are directly applied to the skin.

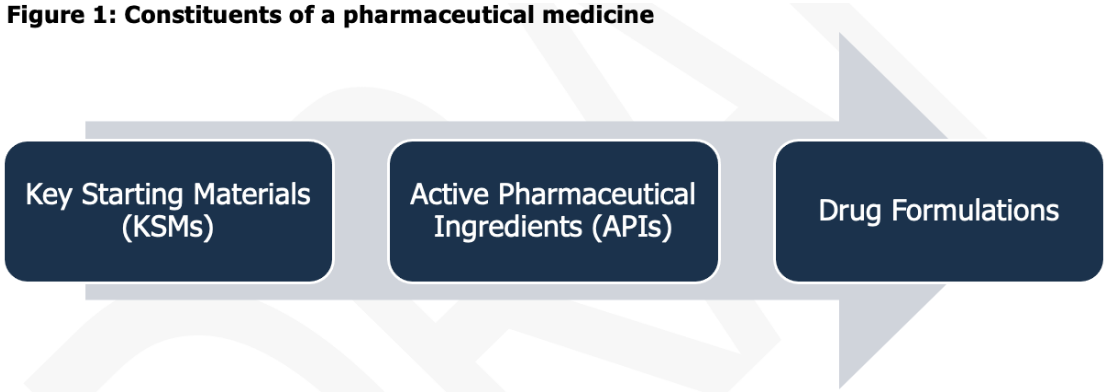
    - Inhalers: These are for respiratory conditions to deliver the drug in aerosol form.

It's crucial for healthcare professionals to prescribe the correct dosage based on the specific needs of the patient and the therapeutic goals. Incorrect dosage can lead to inadequate treatment or adverse effects, highlighting the importance of precision in pharmaceutical dosing.

4.3 Competitive Scenario

Key Starting Materials (KSMs) are the raw materials or intermediates that are used in the production of API and it constitutes a significant structural fragment into the structure of API. These KSMs are largely imported from China.

Figure 1: Constituents of a pharmaceutical medicine



Source: CareEdge Research

China is deeply rooted in the pharmaceutical supply chains and extensively produces KSMs, APIs and intermediates, all of which are crucial for the pharmaceutical industry. More than 50% APIs are imported in India and majority of these imports are from China. Some of the key APIs for which India is dependent on China are:

- Penicillin G
- Levodopa
- Streptomycin

- Meropenem
- Carbidopa
- Vancomycin
- Gentamicin

Any constraints in the supply of these can cause supply disruption in the domestic market. Chinese API Industry has inherent advantages like economies of scale and government support in the form of infrastructure and subsidies. These majorly drive the Chinese API market.

Considering the situation and dependency of India on China for KSM and API, the Union Cabinet approved the following schemes for pharma industry on 21 March 2020:

The scheme on Promotion of Bulk Drug Parks for financing Common Infrastructure Facilities in three Bulk Drug Parks with financial implication of Rs.3,000 crore for 5 years from FY 2020-21 to FY 2024-25. This scheme will facilitate common facilities, 3 bulk drug parks - Rs.1,000 crore for each park, lower manufacturing cost of bulk drugs among others.

Production Linked Incentive (PLI) Scheme for promotion of domestic manufacturing of identified 53 critical KSMs/Drug Intermediates and APIs in the country with financial implications of Rs.6,940 crore. The tenure of the scheme is from FY 2020-21 to FY 2029-30. (PLI 1.0). However, on 29 October 2020, the government announced certain relaxations with respect to PLI 1.0.

Objective of the above scheme is to promote domestic manufacturing of 41 identified bulk drugs to address their high import dependence. Under the scheme, financial incentive will be given for six years to eligible manufacturers of 41 bulk drugs on their incremental sales over the base year.

Category	Rate of incentives
Fermentation based products	First 4 years (FY24 to FY27) - 20%
	5th year (FY28) - 15%
	6th year (FY29) - 5%
Chemically synthesized products	Entire 6 years (FY23 to FY28) - 10%

Source: Department of Pharmaceuticals

Apart from this, another PLI scheme (PLI 2.0) was approved by the government on 24 February 2021 for the pharma sector that will spread over a period of FY21 to FY29. The scheme is expected to bring an investment of Rs.15,000 crore in the sector. The objective of the scheme is to enhance India's manufacturing capabilities by increasing investment and production in the sector and contributing to product diversification to high-value goods in the pharmaceutical sector. The scheme shall cover pharmaceutical goods under 3 categories as mentioned below with their respective rate of incentives:

	Category 1	Category 2	Category 3
Drugs covered	Biopharmaceuticals; Complex generic drugs; Patented drugs or drugs nearing patent expiry; Cell based or gene therapy drugs; Orphan drugs; Special empty capsules like HPMC, Pullulan, enteric etc.; Complex excipients; Phyto-pharmaceuticals: Other drugs as approved.	Active Pharmaceutical Ingredients / Key Starting Materials / Drug Intermediates.	Repurposed drugs; Auto immune drugs, anti-cancer drugs, anti-diabetic drugs, anti-infective drugs, cardiovascular drugs, psychotropic drugs and anti-retroviral drugs; In vitro diagnostic devices; Other drugs as approved; Other drugs not manufactured in India.
Rate of incentives	First 4 years - 10% (of incremental sales value)		First 4 years - 5% (of incremental sales value)
	5th year - 8%		5th year - 4%
	6th year - 6%		6th year - 3%

Source: Department of Pharmaceuticals

Implementation of these schemes is expected to boost our production as well as exports and will provide a competitive edge to India. However, the schemes are in implementation stage and the progress is slow.

It will require 3-5 years for enhancing the infrastructure facilities and manufacturing to pick up pace.

4.4 Risk Profile Factors

4.4.1 Implementation of pollution control norms

Under the current norms, companies have to go through a fresh approval process every time they want to change their product mix or increase their production or want to add an equipment. This approval process can take 4 months to 8 months or even more, which is leading to higher cost of manufacturing APIs in India.

4.4.2 Price control

There are certain drugs that fall under the national list of essential medicines, the prices and inclusion of which are fixed by the government. Hence, the players in the industry are restricted to spend on Research and Development (R&D).

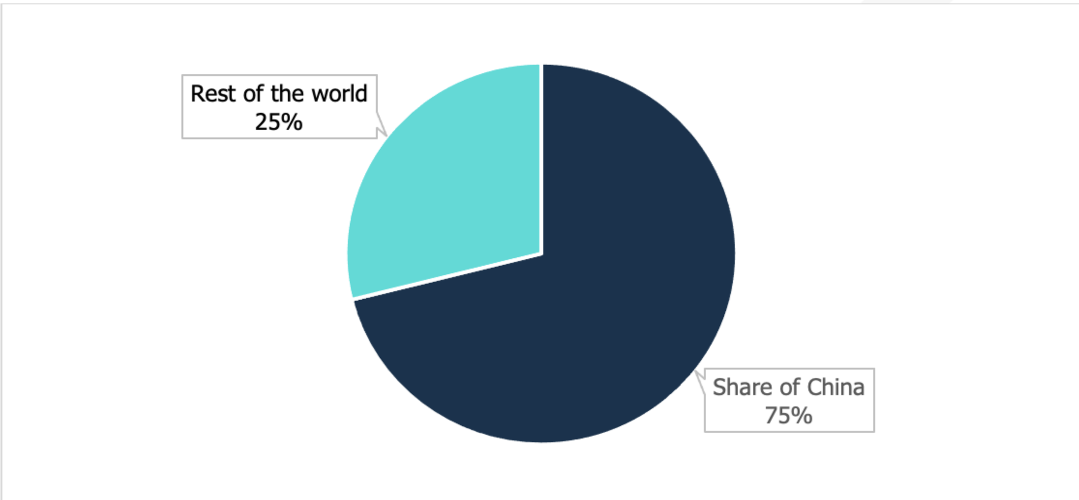
Recently India's drug pricing authority allowed a price hike of 12.1% for scheduled drugs. This is the highest price hike allowed by it during the past many years which is expected to support the profitability of the pharma sector to an extent. In order to cope with decisions pertaining to scheduled vs non-scheduled formulations, new drugs, demand notices for overcharging, the India pharma companies were compelled to develop business strategies to move on the upper end of the value chain and focus on commercially attractive segments like finished formulations and complex APIs. Thus, the local formulation players ended up sourcing from low cost locations like China, which eventually has led to increased dependence on single source and high fluctuation in API prices.

4.4.3 High reliance on China

India is a net importer of bulk drugs and intermediates and the country is highly dependent on China. The dependency of India on imports of API/bulk drugs, is considerable. About more than 60% of APIs are sourced from other countries, and in case of certain specific APIs, the import dependence is 80%-90%.

From the chart below, we can infer that imports from China have the largest share in the overall bulk drugs and drug intermediate imports by India. China accounted 75% of the total bulk drugs and drug intermediate imports by India during FY23. This high import dependency is due to the cheap availability of APIs and bulk drugs in China. The low prices prompt the Indian drug manufacturers to import bulk drugs from China which, in turn, affects the manufacturing capabilities of the Indian API/bulk drugs industry. Thus, any disruption in China’s bulk drugs market has a direct influence on the Indian pharma industry.

Chart 23: Share of China in India’s bulk drugs imports during FY23



Source: CMIE

High dependency on imports constrains manufacturing capacity at home and significant dependence on a particular source becomes a threat as a disruption at this source has the potential to impact the overall Indian pharma industry supply chain. Similarly, supply disruptions in China due to Covid-19 pandemic impacted the procurement of bulk drugs by India and thus the supply chain of the Indian pharma industry. Considering such situations, it becomes imperative for India to reduce the dependency on a single source (China) to avoid any disruptions to the pharma industry. In line with this aim, the Government of India has announced certain schemes to encourage manufacturing of APIs/bulk drugs domestically which is likely to help in reducing the dependency on imports. It is important to note that the government has announced certain schemes to encourage manufacturing of APIs/bulk drugs domestically and thus reduce the dependency on imports.

4.4.4 Lack of bulk drug parks

There is a lack of large clusters of bulk drug parks. These parks will require common facilities for pollution control, treatment of effluents and single environmental clearance. This leads to high capex requirement. In FY20, production linked incentive scheme for promotion of bulk drugs and parks was implemented. However, it is still in process and will take a considerable amount of time to start.

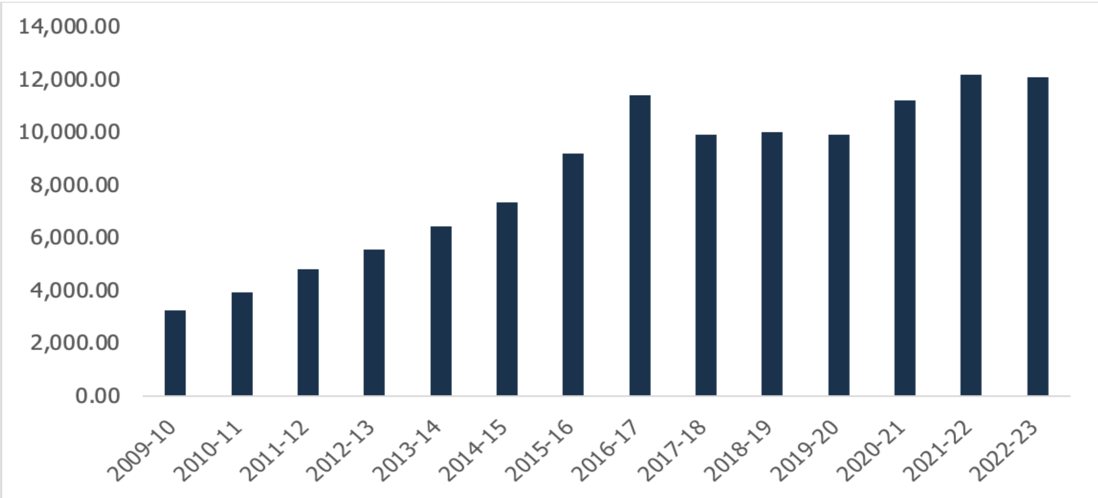
4.4.5 Difficulties being faced by fermentation industry

On account of cheap rates offered by China, substantial amounts of APIs were being imported from China which forced the local manufacturers to shut down operations. On the other hand, China is the sole manufacturer of penicillin and they have also started manufacturing intermediates from penicillin and because of this monopoly, they have strategically priced penicillin which makes manufacturing of intermediates uneconomical in India.

4.4.6 Relatively low Research & Development (R&D) investments

R&D investments for the companies has grown at a CAGR of 10.6% from 2010 to 2023. This is relatively low compared to that of these company’s global counterparts.

Chart 24: Trend in R&D expenses of listed companies (in Rs. Crores)



Source: CMIE
Note: R&D expenses include capital and current expenses
Note: The set for the companies vary each year and are in the range of 130-165

The investment in R&D allows development and innovation in future product pipeline and is one of the important sources of future growth for a pharma company. Correct investments towards R&D leads to better prospects for pharma companies as it results in development of new products and also renders supplementary uses for in-line and alliance products. The R&D investments, in turn, help to achieve a definite pipeline that can support revenues of the companies over a period of time. Thus, investments towards R&D plays critical role towards the growth of pharma companies.

4.5 Government Regulations

Central Drugs Standard Control Organization (CDSCO)

CDSCO under Directorate General of Health Services, Ministry of Health & Family Welfare, Government of India is the National Regulatory Authority (NRA) of India. The headquarters are located in New Delhi and it also has six zonal offices, four sub zonal offices, thirteen Port offices and seven laboratories spread across the country. The Drugs & Cosmetics Act,1940 and rules 1945 have entrusted various responsibilities to central & state regulators for regulation of drugs & cosmetics. It envisages uniform implementation of the provisions of the Act & Rules made there under for ensuring the safety, rights and well-being of the patients by regulating the drugs and cosmetics. CDSCO is constantly thriving upon to bring out transparency, accountability and uniformity in its services in order to ensure safety, efficacy and quality of the medical product manufactured, imported and distributed in the country. Under the Drugs and Cosmetics Act, CDSCO is responsible for approval of drugs, conduct of clinical trials, laying down the standards for drugs, control over the quality of imported drugs in the country. Also, it is responsible for co-ordination of the activities of State Drug Control Organizations by providing expert advice with a view of bring about uniformity in the enforcement of the Drugs and Cosmetics Act. Further CDSCO along with state regulators, is jointly responsible for grant of licenses of certain specialized categories of critical drugs such as blood and blood products, I. V. Fluids, Vaccine and Sera.

National Pharmaceutical Pricing Authority (NPPA)

NPPA is an organization of the Government of India which was established, inter alia, to fix/ revise the prices of controlled bulk drugs and formulations and to enforce prices and availability of the medicines in the country, under the Drugs (Prices Control) Order, 1995. The organization is also entrusted with the task of recovering amounts overcharged by manufacturers for the controlled drugs from the consumers. It also monitors the prices of decontrolled drugs in order to keep them at reasonable levels.

Functions of NPPA

- To implement and enforce the provisions of the Drugs (Prices Control) Order in accordance with the powers delegated to it.
- To deal with all legal matters arising out of the decisions of the authority;
- To monitor the availability of drugs, identify shortages, if any, and to take remedial steps;
- To collect/ maintain data on production, exports and imports, market share of individual companies, profitability of companies etc., for bulk drugs and formulations;
- To undertake and/ or sponsor relevant studies in respect of pricing of drugs/ pharmaceuticals;
- To recruit/ appoint the officers and other staff members of the authority, as per rules and procedures laid down by the government;
- To render advice to the central government on changes/ revisions in the drug policy;
- To render assistance to the central government in the parliamentary matters relating to the drug pricing.

5 Peer Comparison

5.1 Benchmarking based on Operational Parameters

Following players in the pharmaceutical segment have been considered for peer benchmarking of Solara Active Pharma Sciences Ltd:

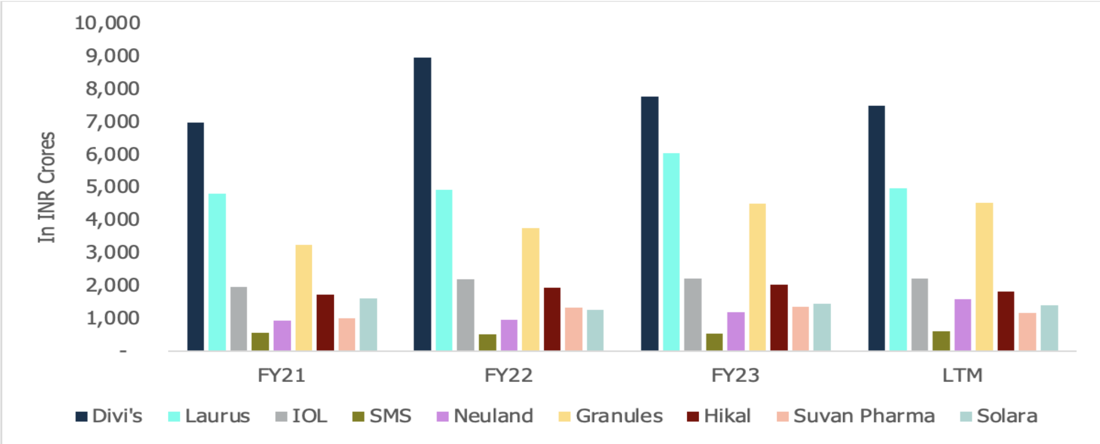
Name of the Company	Business Overview
Solara Active Pharma Sciences Ltd (SAPSL)	The company is an international supplier of Active Pharmaceutical Ingredients (APIs), Contract Research and Manufacturing Services (CRAMS). The company specialises in production of commercial APIs in therapeutic category. They also have a proven track record of developing complex products including polymer-based APIs and injectables. SAPSL has around 137 scientists and 2,361 employees on board. They have a global presence across 75 countries. They are also in the

	process of developing 10+ APIs. They have 6 API manufacturing facilities and 2 R&D centres in India.
Divi's Laboratories	The company was founded in 1990 and is one of the leading manufacturers of APIs, intermediates and registered starting materials. They have a global presence in over 100+ countries. They have 2 manufacturing facilities in India. They have around 16,500 trained professionals across departments and ~400 scientists on board.
Laurus Labs	Laurus Labs was founded in 2005 in Hyderabad. It operates in various segments of the industry such as production of APIs, custom synthesis of APIs, generics and specialty ingredients. Their main focus areas include anti-retroviral, hepatitis C and oncology drugs. They have commercialized 60+ products since inception across three distinct business units: Generics API, Generics FDF and Synthesis. The company has 11 manufacturing facilities.
IOL Chemicals & Pharmaceuticals (ICP)	IOL Chemicals and Pharmaceuticals was established in 1986 in Punjab. They are focused on production of APIs and pharmaceutical intermediates and other specialty chemicals used in the pharmaceutical industry. The company has 10 API facilities and 3 specialty chemicals dedicated facilities. Their global presence in 80+ countries. They are focused on therapeutic areas like anti-inflammatory, analgesic, anti-pyretic, anti-diabetic, proton pump inhibitor, etc.
SMS Pharmaceuticals	SMS Pharmaceuticals was founded in 1990 and based in Hyderabad. They are involved in manufacturing of APIs, intermediates and finished dosage forms. SMS has 4 multi product facilities and 2 research centers with more than 1000 employees on board. They have over 40+ products, 30+ process patents and 80+ regulatory filings.
Neuland Laboratories Ltd (NLL)	Neuland Laboratories Ltd was founded in 1984 and is a manufacturer of APIs and an end-to-end solution provider for the pharmaceutical industry's chemistry needs. Neuland has 100+ APIs across 10 therapeutic areas. They have 3 manufacturing plants in India and a global presence in 80+ countries and more than half of the comes from exports. The company has 1,573 employees on board.
Granules India Ltd (GIL)	GIL was founded in 1984 and is a pharmaceutical manufacturing company based in Hyderabad. The company manufactures several off-patent drugs including paracetamol, ibuprofen, metformin and guaifenesin on a large scale for customers in regulated and other markets across the globe. They are also focused on contract research and manufacturing. GIL has 7 manufacturing plants and a global presence in 80+ countries. They also have 60+ ANDA filings. They have 5000+ employees on board.
Hikal Ltd	Hikal Ltd is a prominent provider of APIs, intermediates and contract research and manufacturing as well as contract development services. They have 3 manufacturing facilities in India. And have 1,664 human capital employed.

	They focus on therapeutic category products for humans as well as animals.
Suven Pharmaceuticals	Suven Pharmaceuticals was founded in 2018 and is a global pharmaceutical company based in India. The company is primarily engaged in drug discovery, development, and manufacturing of active pharmaceutical ingredients (APIs) and intermediates. Suven Pharmaceuticals has a strong emphasis on research and development, particularly in the field of neuroscience. The company is involved in the discovery of new chemical entities (NCEs) for CNS disorders.

5.2 Benchmarking based on Financial Parameters

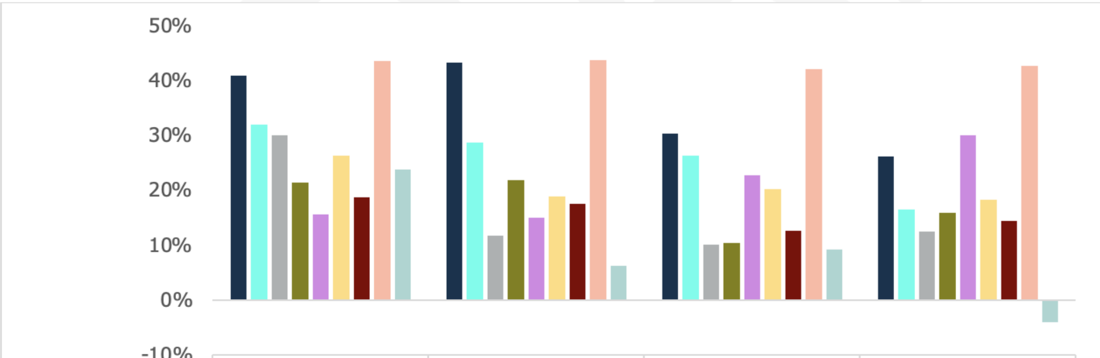
Chart 25: Comparison of Revenue



Source: Company Reports
LTM- Last 12 Months

In terms of revenue, Granules India Limited is the fastest growing company in the past three years. It has exhibited a CAGR of 18.1%. However, as on FY23, Neuland Laboratories Limited have the highest y-o-y growth of 25.2%. Other companies have a CAGR in the range of 5.6% to 15.2%.

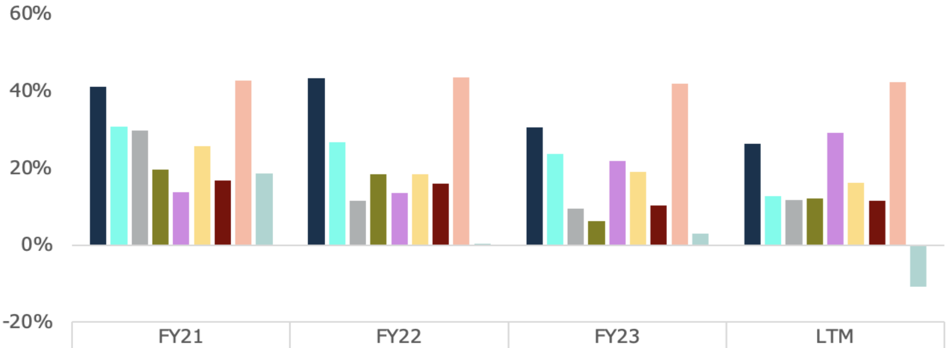
Chart 26: Comparison of EBITDA Margin (in %)



	FY21	FY22	FY23	LTM
Divi's	41.0%	43.3%	30.5%	26.2%
Laurus	32.1%	28.8%	26.4%	16.5%
IOL	30.1%	11.8%	10.2%	12.5%
SMS	21.5%	22.0%	10.4%	15.9%
Neuland	15.7%	15.0%	22.8%	30.1%
Granules	26.4%	19.0%	20.3%	18.3%
Hikal	18.8%	17.5%	12.7%	14.5%
Suvan Pharma	43.6%	43.9%	42.3%	42.8%
Solara	23.9%	6.3%	9.3%	-4.0%

Source: Company Reports
LTM- Last 12 Months

Chart 27: Comparison of EBIT Margin (in %)

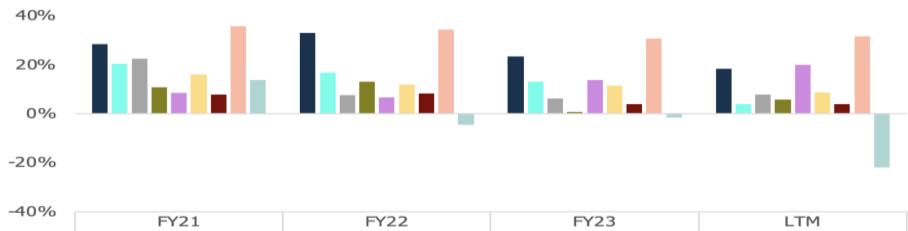


	FY21	FY22	FY23	LTM
Divi's	41.0%	43.3%	30.5%	26.2%
Laurus	30.7%	26.7%	23.6%	12.8%
IOL	29.8%	11.4%	9.4%	11.7%
SMS	19.5%	18.4%	6.2%	12.0%
Neuland	13.8%	13.6%	21.7%	29.2%
Granules	25.6%	18.4%	19.0%	16.2%
Hikal	16.7%	15.9%	10.3%	11.5%
Suvan Pharma	42.7%	43.4%	41.9%	42.4%
Solara	18.6%	0.4%	3.0%	-10.8%

Source: Company Reports
LTM- Last 12 Months

In FY23, Solara Active Pharma Sciences Ltd exhibited the highest y-o-y growth in their EBIT margin followed by Neuland Laboratories Limited. The other companies in the peerset experienced degrowth in the margins during the same period.

Chart 28: Comparison of PAT margin (in %)

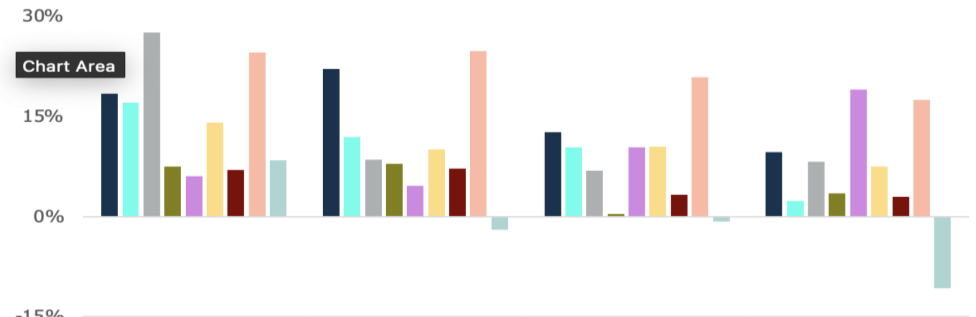


	FY21	FY22	FY23	LTM
Divi's	28.5%	33.0%	23.5%	18.5%
Laurus	20.4%	16.9%	13.1%	3.9%
IOL	22.6%	7.7%	6.3%	7.7%
SMS	10.8%	13.1%	0.7%	5.7%
Neuland	8.6%	6.7%	13.7%	20.1%
Granules	16.2%	12.0%	11.4%	8.7%
Hikal	7.7%	8.3%	3.9%	3.9%
Suvan Pharma	35.9%	34.4%	30.7%	31.8%
Solara	13.7%	-4.6%	-1.5%	-21.9%

Source: Company Reports
LTM- Last 12 Months

The highest PAT margin in FY23 was for Suven Pharma (30.7%). However, in terms of y-o-y growth, Suven Pharma had a degrowth of 10.7%. Majorly the PAT margin for the companies has degrown in the peerset.

Chart 29: Comparison of Return on Assets (in %)

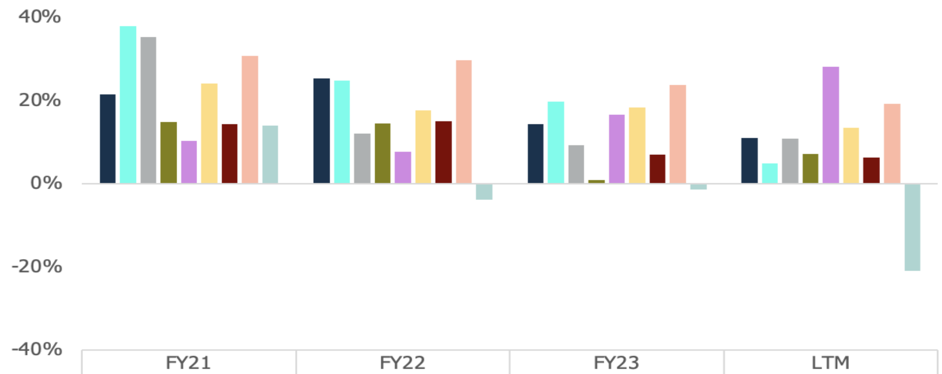


	FY21	FY22	FY23	LTM
Divi's	18.4%	22.1%	12.6%	9.7%
Laurus	17.1%	11.9%	10.4%	2.4%
IOL	27.6%	8.5%	6.9%	8.2%
SMS	7.5%	7.9%	0.4%	3.5%
Neuland	6.1%	4.6%	10.4%	19.0%
Granules	14.1%	10.0%	10.5%	7.5%
Hikal	7.0%	7.3%	3.3%	3.0%
Suvan Pharma	24.6%	24.8%	20.9%	17.5%
Solara	8.5%	-2.0%	-0.8%	-10.7%

Source: Company Reports
LTM- Last 12 Months

The return on asset for the companies in the peer set in FY23 have been in the range -0.8% to 20.9%. The highest return on asset is for the company Suven Pharmaceuticals (20.9%). Additionally, Neuland Laboratories Ltd exhibited exponential growth in the return on assets during the period of 1 year.

Chart 30: Comparison of Return on Equity (in %)

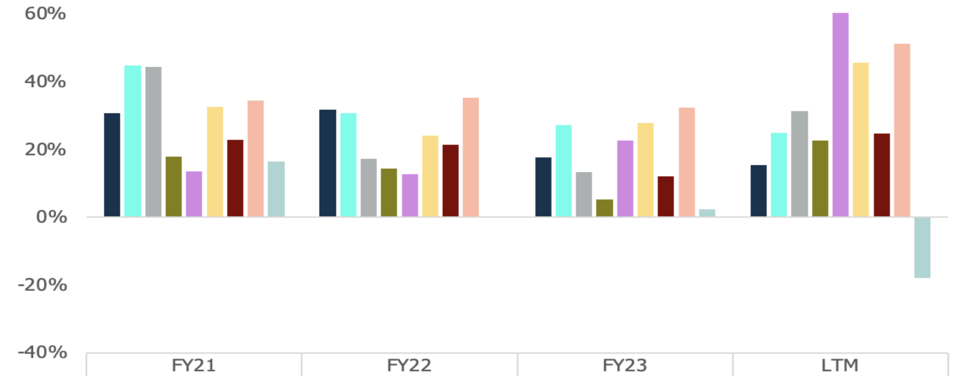


	FY21	FY22	FY23	LTM
Divi's	21.3%	25.2%	14.3%	10.9%
Laurus	37.8%	24.8%	19.6%	4.8%
IOL	35.3%	12.0%	9.2%	10.8%
SMS	14.8%	14.4%	0.8%	7.1%
Neuland	10.3%	7.6%	16.4%	28.0%
Granules	24.1%	17.5%	18.2%	13.3%
Hikal	14.3%	15.0%	6.9%	6.3%
Suvan Pharma	30.7%	29.7%	23.7%	19.2%
Solara	13.9%	-3.8%	-1.5%	-21.0%

Source: Company Reports
LTM- Last 12 Months

The return on equity for the companies in the peer set in FY23 have been in the range -1.5% to 23.7%. The highest return on equity is for the company Suven Pharmaceuticals (23.7%). However, for majority of the companies in the peer set, the return on equity has decreased in the past year.

Chart 31:Comparison of Return on Capital Employed (in %)

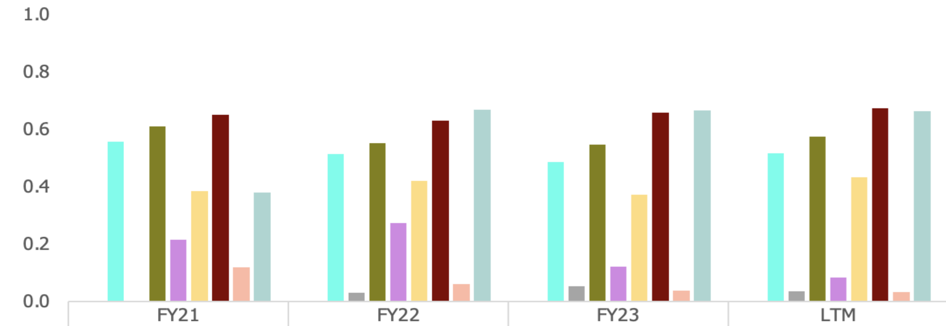


	FY21	FY22	FY23	LTM
Divi's	30.8%	31.9%	17.7%	15.5%
Laurus	44.8%	30.8%	27.3%	24.9%
IOL	44.4%	17.3%	13.4%	31.4%
SMS	17.8%	14.4%	5.2%	22.7%
Neuland	13.5%	12.7%	22.7%	73.0%
Granules	32.6%	24.1%	27.8%	45.7%
Hikal	22.8%	21.4%	12.1%	24.7%
Suvan Pharma	34.4%	35.4%	32.3%	51.1%
Solara	16.5%	0.2%	2.4%	-17.8%

Source: Company Reports
LTM- Last 12 Months

In FY23, the highest return on capital employed is exhibited by Suven Pharmaceuticals (32.3%). For Solara Active Pharma Sciences Ltd, the y-o-y growth in the return on capital employed offered has grown tremendously. The return on capital employed for the companies in the peer set in FY23 have been in the range 2.4% to 32.3%.

Chart 32: Comparison of Debt to Equity (in times)

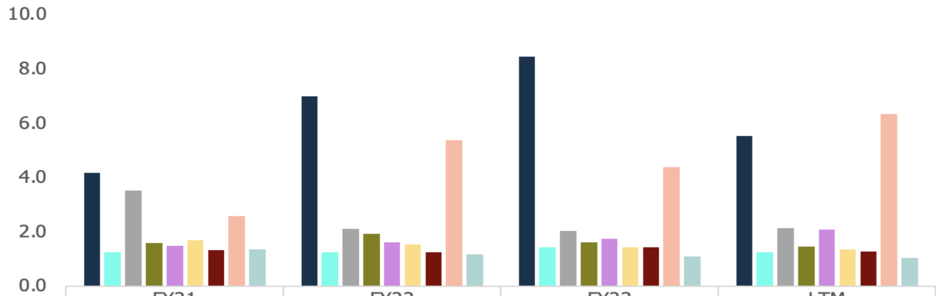


	FY21	FY22	FY23	LTM
Divi's	0.00	0.00	0.00	0.00
Laurus	0.56	0.52	0.49	0.52
IOL	0.00	0.03	0.05	0.04
SMS	0.61	0.55	0.55	0.58
Neuland	0.22	0.27	0.12	0.08
Granules	0.39	0.42	0.37	0.43
Hikal	0.65	0.63	0.66	0.68
Suvan Pharma	0.12	0.06	0.04	0.03
Solara	0.38	0.67	0.67	0.66

Source: Company Reports
LTM- Last 12 Months

The debt equity ratio for the companies in the peer set is ideal and it has been in the range of 0-0.7 in FY23. The debt equity ratio has not fluctuated largely for the peer set.

Chart 33: Comparison of Current Ratio (in times)



	FY21	FY22	FY23	LTM
Divi's	4.17	6.99	8.46	5.53
Laurus	1.25	1.25	1.42	1.25
IOL	3.52	2.11	2.02	2.14
SMS	1.58	1.92	1.61	1.47
Neuland	1.49	1.60	1.73	2.07
Granules	1.70	1.53	1.42	1.35
Hikal	1.34	1.25	1.42	1.28
Suvan Pharma	2.57	5.36	4.39	6.34
Solara	1.34	1.17	1.08	1.03

Source: Company Reports
LTM- Last 12 Months

The average current ratio for the companies in the peer set is 2.62 times. This ratio is fairly good for the pharmaceutical industry given the current assets are higher than current liabilities for the companies in the industry.

OUR BUSINESS

All references in this section to "the Company", "our Company", "we" and "us" refers to Solara Active Pharma Sciences Limited and our Subsidiaries on a consolidated basis. Some of the information in the following section, especially information with respect to our plans and strategies, contain forward looking statements that involve risks, assumptions, estimates and uncertainties. This section should be read in conjunction with the sections "Forward Looking Statements", "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 17, 21 and 188, respectively for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward looking statements.

Our financial year ends on March 31 of each year, and references to a particular Financial Year are to the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Annual Financial Statements and Unaudited Interim Financial Statements included in this Letter of Offer. For information, see "Financial Statements" on page 127.

*Further, the information has also been derived from a report titled "Industry Research Report on API (Pharma) Industry" published in February 2024, prepared by CARE ("**CARE Report**"). The CARE Report has been prepared and issued by CareEdge Research, commissioned and paid for by our Company, for the purposes of confirming our understanding of the Indian pharmaceutical industry in connection with the Issue, for an agreed fees.*

Overview

Our Company is an R&D focused, API company, based in India, engaged in manufacturing and development of APIs and offering services, including contract research and manufacturing services ("**CRAMS**") for development of semi-synthetic new chemical entity ("**NCE**") APIs. Our Company was formed pursuant to the demerger of the commodity API business of Strides and the human API business of Sequent and is backed with a significant pharma experience of over 30 years. Our Company has (a) five globally compliant API facilities located in Puducherry, Ambernath (Maharashtra) Cuddalore (Tamil Nadu), Mangalore (Karnataka) and Vishakhapatnam (Andhra Pradesh); and (b) an API facility at Mysuru (Karnataka) (collectively, the "**Manufacturing Facilities**"). We believe our six Manufacturing Facilities, presence across 73 countries (as on February 29, 2024), an array of diversified products and established customer relationships, has helped us in creating a foundation in the B2B space of API manufacturing and development.

Our Manufacturing Facilities have an aggregate installed capacity of 2,584 KL as of December 31, 2023. Our Manufacturing Facilities are compliant with global manufacturing standards and most of our manufacturing facilities have valid certifications from USFDA (United States), EU and PMDA (Japan). For details, see "*Our Business – Manufacturing Facilities and Approvals*" on page 114. Our Company is quality compliant, with the last USFDA inspection at our Manufacturing Facilities (except Mysuru facility) including the R&D Centre have been cleared with zero 483s observations. In addition to the regulatory inspections, our Manufacturing Facilities have also been subject to audits by our customers with regard to adherence to their specifications and standards.

Our API business comprises manufacturing and development of generic and commercial APIs including in the anthelmintic, anti-malarial, anti-infective, antipsychotic and anti-hyperkalemia categories.

Our Company is involved in API manufacturing and contract manufacturing services for APIs for our varied customer base, in terms of products manufactured as well as geography catered. We have extensive operations including in North America, Latin America, Europe, Japan, South Korea, China, India and the Middle East. We offer CRAMS, where we collaborate with third-party pharmaceutical companies to develop semi-synthetic NCE APIs at our Manufacturing Facilities.

Our Company has a basket of diversified product offerings for the global market, with 67 APIs predominantly in the pain management, anthelmintic, anti-malaria, anti-infective, anticonvulsant, anesthetics, antipsychotic, anti-hyperkalemia categories and 95 drug master files ("**DMFs"**) filed with USFDA as on December 31, 2023. Our Company identifies API products, early through a rigorous process, based on the value that our products would generate for our customers. The ability to identify such products early enables us to build intellectual property in a timely and successful manner. We have a portfolio of intellectual properties for our varied base of products. Further, our Company is focused on research and development and we have a dedicated, DSIR recognized, R&D Centre located in Chennai which enables us to focus on products characterized by complex molecules across diverse therapeutic categories as well as products developed specifically for our regulated markets. Our R&D initiatives focus on critical activities including new product development, cost improvement, process improvement and scale up initiatives.

Our Company is led by an experienced management team which has significant experience in the pharmaceutical industry. Our Promoter, Arunkumar Pillai has been associated with our Company since incorporation. Poorvank Purohit, our CEO and Managing Director of our Company, has 20 years of experience in pharmaceutical industry. Our senior management team includes our chief quality officer, Sundara Moorthy V, having an experience of 19 years, in the pharmaceutical sector. Further, as on February 29, 2024, our Company has 3,093 employees, comprising 2,205 permanent employees.

Our manufacturing facilities located at Ambernath, Cuddalore, Puducherry, Mangalore is ISO 14001:2015 and ISO 45001:2018 compliant.

Our Manufacturing Facilities and R&D Centre

For Fiscals 2023 and 2022, our consolidated revenue from operation was ₹1,443.81 crore and ₹1,268.34 crore, respectively. For Fiscals 2023 and 2022, our loss after tax was ₹22.25 crore and ₹58.29 crore, respectively. Further, for the nine month period ended December 31, 2023 and December 31, 2022, our consolidated revenue from operations were ₹1,026.28 crore and ₹1,063.19 crore, respectively and loss after tax was ₹311.51 crore and ₹26.00 crore, respectively.

A summary of our financial performance during the last two Fiscals and for the nine month period ended December 31, 2023 and December 31, 2022 are as follows:

Particulars	As at and for the nine month period ended December 31, 2023	As at and for the nine month period ended December 31, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022
Total Income *(₹ crore)*	1,029.95	1,081.06	1,466.36	1,288.36

Particulars	As at and for the nine month period ended December 31, 2023	As at and for the nine month period ended December 31, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022
EBITDA *(₹ crore)*(1)	(103.32)	99.14	150.65	92.23
PAT *(₹ crore)*(2)	(311.51)	(26.00)	(22.25)	(58.29)
PAT Attributable to owners of the Company *(₹ crore)* (3)	(312.05)	(25.94)	(22.18)	(58.15)
EBITDA Margin (%)(4)	(10.03)	9.17	10.27	7.16
PAT Margin (%)(5)	(30.25)	(2.41)	(1.52)	(4.52)
Return on Net Worth (%)(6)	(23.21)	(1.72)	(1.47)	(3.74)

(1) EBITDA is profit before exceptional items and tax minus interest income plus finance costs, depreciation and amortisation expense for the periods presented in the table above.
(2) PAT refers to our profit after tax from our Annual Financial Statements and Unaudited Interim Financial Statements for the periods presented in the table above.
(3) PAT attributable to owners of the company is PAT adjusted for share of profit/(loss) for non-controlling interests
(4) EBITDA Margin is the percentage of EBITDA divided by total income.
(5) PAT Margin is calculated as profit for the year after tax as a percentage of total income presented in the table above.
(6) Return on Net Worth is calculated as PAT attributable to the owners of the company for the period as presented in the consolidated statement of profit and loss in the Financial Statements / Average Net Worth on consolidated basis. Average net worth is the average of opening and closing net worth. Net worth here refers to the aggregate of equity and other equity share capital as shown on the face of Annual Financial Statements and Unaudited Interim Financial Statements.

For further details, see "*Accounting Ratios*" on page 186.

Our Strengths

Strong foundation with an experienced management team having significant experience in the pharmaceutical industry

Formed pursuant to a demerger, we believe our Company has been continuously leveraging the significant experience and business relationships established by its predecessors coupled with our current business operations that is spread across 73 countries as on February 29, 2024, and repeat customer base, which we believe has been able to create a strong foundation for our Company. Further, our six Manufacturing Facilities are compliant with global manufacturing standards and most of our manufacturing facilities have valid certifications from USFDA (United States), EU and PMDA (Japan). For details, see "*Our Business – Manufacturing Facilities and Approvals*" on page 114. Further, our Company has also adopted the culture of maintaining the EHS practices of ensuring safety at our manufacturing facility located at Puducherry. We have been awarded a bronze medal as a recognition of our EcoVadis sustainability rating for our sustainability efforts. Our manufacturing operations and service offerings are also supported by our R&D capabilities which provide us with the ability to develop and file DMF applications in various markets. Our R&D operations are in-turn supported by our intellectual property assessment capabilities and global regulatory expertise.

Our Company is led by an experienced management team which has significant experience in the pharmaceutical industry. Our Promoter, Arunkumar Pillai has been associated with our Company since incorporation. Poorvank Purohit, our CEO and Managing Director of our Company, has 20 years of experience in pharmaceutical industry. Our senior management team includes our chief quality officer, Sundara Moorthy V, having an experience of 19 years, in the pharmaceutical sector. Further, as on February 29, 2024, our Company has 3,903 employees, comprising 2,205 permanent employees. We believe that our experienced management team and well-trained employees has helped us in successfully implementing our development and operating strategies.

We have maintained long standing relationships with our customers. Five of our top 10 customers for Fiscal 2023 and Fiscal 2022 have been with us for at least five years and these customers, in aggregate, contributed to approximately 37.43% and 42.96% of our total revenue, respectively. Our API products are supplied to the US and European markets, where we believe our product quality, regulatory compliant manufacturing and customer relationships have helped us to strengthen our competitive position.

Varied product portfolio

Our Company has a basket of diversified product offerings for the global market, with 67 APIs predominantly in the pain management, anthelmintic, anti-malaria, anti-infective, anticonvulsant, anesthetics, antipsychotic and anti-hyperkalemia categories and 95 DMFs filed with USFDA as on December 31, 2023. We also have complex chemistry capabilities to produce polymer-based, iron based, oncology-based products, handling of catalytic hydrogenation, hydride reductions and organometallic reactions, which supports our CRAMS offerings. Further, our Company has a pipeline of products under different stages of development. Our DSIR recognized R&D Centre and experience with global regulators have enabled us to develop the ability to develop and file DMF applications in various markets.

We have a rigorous process of selecting APIs for manufacturing, with the end customers in mind. We consciously favour value over volumes to limit the impact of pricing pressure in the long term and create capabilities after the demand for the product is assured. Further, our R&D capability, which includes advanced analytical equipment to meet latest standards of API development, has enabled us to develop over an entirely new cycle with new and better technologies at competitive costs. Our approach towards creation of intellectual properties is also directed towards the early identification of products of value which enables us to generate intellectual properties, in a timely manner. We believe that our project management team has enabled us to develop quality pharmaceutical products with value for customers, together with our intellectual property assessment capabilities and global regulatory expertise.

Diversified business operations in key geographies

Our Company has widespread operations, and we have customers across 73 countries, as on February 29, 2024, including North America, Latin America, Europe, Japan, South Korea, China, India and the Middle East. The table below reflects our established business operations in regulated markets such as Asia Pacific, North America, South America and Europe and their contribution to our revenue from operations in the Financial Year 2023 and Financial Year 2022:

(₹ in crore)

Revenue from contract with customers in countries	**Nine month period ended December 31, 2023**		**Nine month period ended December 31, 2022**		**Financial Year ended March 31, 2023**		**Financial Year ended March 31, 2022**	
	Revenue from operations *(in ₹ crore)*	% of revenue from operations	Revenue from operations *(in ₹ crore)*	% of revenue from operations	Revenue from operations *(in ₹ crore)*	% of revenue from operations	Revenue from operations *(in ₹ crore)*	% of revenue from operations
Asia Pacific	658.38	63.92	638.57	59.07	846.04	57.70	841.28	65.30
Europe	199.54	19.37	229.97	21.27	329.95	22.50	219.14	17.01
North America	61.13	5.94	52.87	4.89	72.05	4.91	33.89	2.63
South America	12.47	1.21	19.72	1.82	37.18	2.54	44.42	3.45

We have an established presence in Europe and our relationship with key generic players provides us with a firm foundation to launch new products. Further, as part of our business operations in the USA, we serve both generic and innovator companies and supply commercial APIs as well as have contracts for contract research and manufacturing. As on December 31, 2023, we have 95 DMFs filed with USFDA. Further, over the years, we have ventured into markets such as China, Brazil (under our agency agreements), and Russia, directly through our customers.

During the last two Fiscals, the geographical distribution of sales is as under:

Sales	Nine month period ended December 31, 2023		Nine month period ended December 31, 2022		Financial Year ended March 31, 2023		Financial Year ended March 31, 2022	
	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue
Domestic	414.90	40.28	559.44	51.75	711.87	48.55	652.87	50.67
Exports	615.05	59.72	521.62	48.25	754.49	51.45	635.49	49.33
Total	**1,029.95**	**100.00**	**1,081.06**	**100.00**	**1,466.36**	**100.00**	**1,288.36**	**100.00**

Our diversified business operations enable us to service our customers through both, supply of APIs manufactured by us, and by providing research and contract manufacturing services. Our business operations are directed towards expanding our business presence in key geographies around the globe, by targeting potential customers with products offering great value.

Large scale, globally compliant infrastructure facilities with significant manufacturing capabilities and strong quality control

Our business operations are driven by our six Manufacturing Facilities located in Puducherry, Cuddalore, Mangalore, Mysuru, Vishakhapatnam and Ambernath, and R&D Centre located in Chennai. Our Manufacturing Facilities have an aggregate installed capacity of 2,584 KL as of December 31, 2023. Our Manufacturing Facilities include a pilot plant and a multi-purpose API manufacturing facility located in Cuddalore. Our facilities are compliant with global manufacturing standards and most of our manufacturing facilities have valid certifications from USFDA (United States), EU and PMDA (Japan). We also have an integrated QMS from supply chain to product delivery to ensure consistent quality, efficacy and safety of products. Our facilities are regularly inspected for compliance with current Good Manufacturing Practices ("**cGMP**"), and the WHO and the USFDA, assess such compliance. We are quality compliant with the last USFDA inspections at our Manufacturing Facilities (except Mysuru facility), including the R&D Centre, have been cleared with zero 483s observations.

Our Manufacturing Facilities enables our Company to provide a backward integrated setup, ensuring timely supply to our customers. Under Make-Inhouse strategy, to de-risk supply, better capacity utilisation and cost reduction, we have strategically selected 10 input materials, based on a combination of high value and high-volume approach, out of which five inputs materials have been already backward integrated in three of our manufacturing facilities and the rest five are in the pipeline for backward integration in the current financial year. The input materials shall cater to our seven products, to gain edge in the price competition and profitability. Further, our diversified Manufacturing Facilities provide our Company the ability to provide mirrored capabilities for production, and to mitigate regulatory risks.

Focus on development of new products through R&D and process innovation

We have an in-house research team of 131 scientists that is constantly working with a focus on undertaking dedicated R&D in areas, which we believe, have significant growth potential. We have set up a dedicated DSIR recognized R&D Centre in Chennai which has been approved by major regulatory authorities like the USFDA.

Our R&D initiatives focus on critical activities including new product development, cost improvement, process improvement and scale up initiatives.

Our Strategies

Continue to focus on operations for offering novel API solutions

We intend to continue to select and develop APIs which add value to us and our customers, by identifying the key markets and segments in which we can introduce our products. For instance, we are focused on identification, development and manufacture of molecules for focus markets with limited competition. Our API selection is based on early development of products which are still under patent. Further, we intend to seek out API's where patents have expired, and where we would have an opportunity to offer API's at a better price to our customers. We also intend to continue to seek out APIs and leverage our relationships with existing customers, to seek out partners (formulators) who could become the first generic players for a particular market, thereby, enabling us to become a generic API supplier.

Expand the size and scope of operations of our Company including through augmentation of our manufacturing capacity and infrastructure.

Currently, we have widespread operations, and have customers across 73 countries, as on February 29, 2024, including key markets of Japan, USA and Europe. Further, over the years, we have ventured into markets such as China and Brazil, (under our agency agreements) and Russia, directly through our customers. We intend to expand our current business operations by exploring new geographies, including through association with agents. We also intend to expand our operations to Brazil, Russia and China, which we believe are currently undergoing regulatory changes and are moving towards becoming well-regulated markets with clear guidelines from the Ministry of Health for Brazil and Russia and the Chinese FDA.

Further, we intend to continue to invest in our R&D for strengthening our generic API portfolio and CRAMS to meet the growing demands for our existing products as part of our strategy of increasing market share through market extensions, addressing regulatory requirements for new products.

Expansion of our CRAMS business in terms of growth through new chemical areas and foray into speciality chemical space

Our Company is an R&D focused, API company, based in India, engaged in manufacturing and development of APIs and offering services, including CRAMS for development of semi-synthetic NCE APIs. We offer CRAMS, where we collaborate with third-party pharmaceutical companies to develop semi-synthetic NCE APIs at our Manufacturing Facilities. Our Company is renewing its focus on research and development and commercial manufacturing in the new areas of peptide chemistry, HPAPI, flow chemistry, oligonucleotide building block etc. To capitalise on our existing presence in Japan in the API space, our Company intends to explore the CRAMS market of Japan. Our R&D Centre, recognized by DSIR, located in Chennai enables us to focus on products characterized by complex molecules across diverse therapeutic categories as well as products developed specifically for our key markets. We also have complex chemistry capabilities to produce polymer-based, iron-based products, oncology products, handling of catalytic hydrogenation, hydride reductions and organometallic reactions, which supports our CRAMS offerings.

Focusing on backward integration to reduce costs.

Our Company has invested and created capacity for manufacturing few key raw materials to reduce overall cost of product and reduce dependency on suppliers. Under Make-Inhouse strategy, to de-risk supply, better capacity utilisation and cost reduction, we have strategically selected 10 input materials, based on a combination of high value and high-volume approach, out of which five inputs materials have been already backward integrated in three of our manufacturing facilities and the rest five are in the pipeline for backward integration in the current financial year. The input materials shall cater to some of our products, to gain edge in the price competition and profitability.

Risk diversification with multiple manufacturing facilities

Our Company has six Manufacturing Facilities which are compliant with global manufacturing standards and most of our manufacturing facilities have valid certifications from USFDA (United States), EU and PMDA (Japan). Our Manufacturing Facilities which offer mirrored capabilities for production would enable us to minimize the regulatory risk inherent in the pharmaceutical manufacturing business. Further, we intend to leverage our mirrored manufacturing capabilities to counter any supply chain oversights which may arise during our operations. With the aim of maximizing our operational efficiency, and ensuring supply chain security, we have mirrored the production capabilities for eight of our products in three different production plants.

Description of our business

We are an R&D focused, API company, based in India, engaged in manufacturing and development of APIs and offering services, including CRAMS for development of semi-synthetic NCE APIs. We currently have three Subsidiaries and operate six Manufacturing Facilities and one DSIR recognized R&D Centre at Chennai.

While our API manufacturing business is focused on manufacturing and developing generic APIs, our CRAMS business is focused on contract research and development of NCE, contract manufacturing, analytical services, impurity synthesis and profiling.

Particulars	Nine month period ended December 31, 2023		Nine month period ended December 31, 2022		Financial Year ended March 31, 2023		Financial Year ended March 31, 2022	
	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue
Revenue generated from sale of APIs	980.04	95.49	1,013.19	95.30	1,380.41	95.61	1,204.24	94.95
Revenue generated from CRAMS	46.24	4.51	50.00	4.70	63.40	4.39	64.10	5.05
Total	**1,026.28**	**100.00**	**1,063.19**	**100.00**	**1,443.81**	**100.00**	**1,268.34**	**100.00**

API Manufacturing Business

Our Company has a basket of diversified product offerings for the global market, with 67 APIs predominantly in the pain management, anthelmintic, anti-malaria, anti-infective, anticonvulsant, anesthetics, antipsychotic, anti-hyperkalemia categories. We export and sell our products across 73 countries, as on February 29, 2024, including North America, Latin America, Europe, Japan, South Korea, China, India and Middle East, with an established business operation in regulated markets such as Asia Pacific, USA and Europe, contributing to 57.70%, 4.91% and 22.50%, respectively of our revenue from operations in Fiscal 2023.

Our API business comprises manufacturing and development of generic APIs including in the anthelmintic, anti-malarias, anti-infective, anti-psychotic, anticonvulsant, anesthetics and anti-hyperkalemia categories. Our strong foundation of business operations over the last three decades, based on the business relationships established by our predecessors coupled with our current business operations, and our approach of selectively introducing products in key geographies, has enabled us to have a large customer base globally.

For nine month period ended December 31, 2023 and December 31, 2022, and for the Financial Year ended March 31, 2023, and March 31, 2022, our revenue from our API manufacturing business was ₹980.04 crore, ₹1,013.19 crore, ₹1,380.41 crore and ₹1,204.24 crore, constituting 95.49%, 95.30%., 95.61% and 94.95% each, of our revenue from operations, respectively.

CRAMS Business

As a part of the CRAMS business of our Company, we provide differentiated services for APIs, including contract development, custom synthesis, contract manufacturing, analytical services, impurity synthesis and profiling to third party pharmaceutical companies for developing semi-synthetic NCE APIs at our Manufacturing Facilities. Our Company also has the capabilities to provide analytical and regulatory support by capitalising on its global regulatory expertise.

Our service offerings are designed to support the business of manufacturers at different stages of production. We offer chemistry services, which include lead synthesis and lead optimization and pre-clinical services, which include synthesis and purification. We also offer CRAMS services to innovator companies who discover and develop products, which require process optimization and cGMP production.

We have capabilities for contract development on a full-time equivalent basis for lead analogues, building blocks and reference studies and custom synthesis for pilot campaigns and clinical supply. Our contract manufacturing services are primarily directed towards manufacturing of APIs and advanced intermediates.

Our Company is renewing its focus on research and development and commercial manufacturing in the new areas of peptide chemistry, HPAPI, flow chemistry, oligonucleotide building block etc.

Our experienced project management team drives project execution and responds to the needs of our customers**.**

We also ensure confidentiality in our operations, and our employees execute standard non-disclosure agreements to ensure the protection of client information.

For the nine month period ended December 31, 2023 and December 31, 2022 and Financial Year ended March 31, 2023 and March 31, 2022, our revenue from our CRAMS business was ₹46.24 crore and ₹50.00 crore, ₹63.40 crore and ₹64.10 crore, constituting 4.51%, 4.70%, 4.39% and 5.05% each, of our revenue from operations, respectively.

Manufacturing Facilities and Approvals

Our manufacturing footprint is spread across India with six facilities. Some of our manufacturing facilities have received accreditations from, amongst others, the USFDA (United States), PMDA (Japan), MFDS (Korea) and EU compliant. The following is the summary of our Manufacturing Facilities:

Sr. No.	Manufacturing Facility and complete location	Accreditation
1.	Puducherry	USFDA (United States), PMDA (Japan), EU GMP (Germany), CDSCO, ISO 14001 and ISO 45001.
2.	Cuddalore, Tamil Nadu	USFDA (United States), PMDA (Japan), EU GMP (Czech Republic), ISO 14001, ISO 45001, cGMP and CDSCO
3.	Mangalore, Karnataka	USFDA (United States), PMDA (Japan), EU GMP (Spain), ISO 14001, ISO 45001, cGMP and CDSCO
4.	Ambernath, Maharashtra	USFDA (United States), PMDA (Japan), ISO 14001 and ISO 45001, cGMP and CDSCO
5.	Vishakhapatnam, Andhra Pradesh	USFDA (United States), cGMP and CDSCO.
6.	Mysuru, Karnataka	cGMP

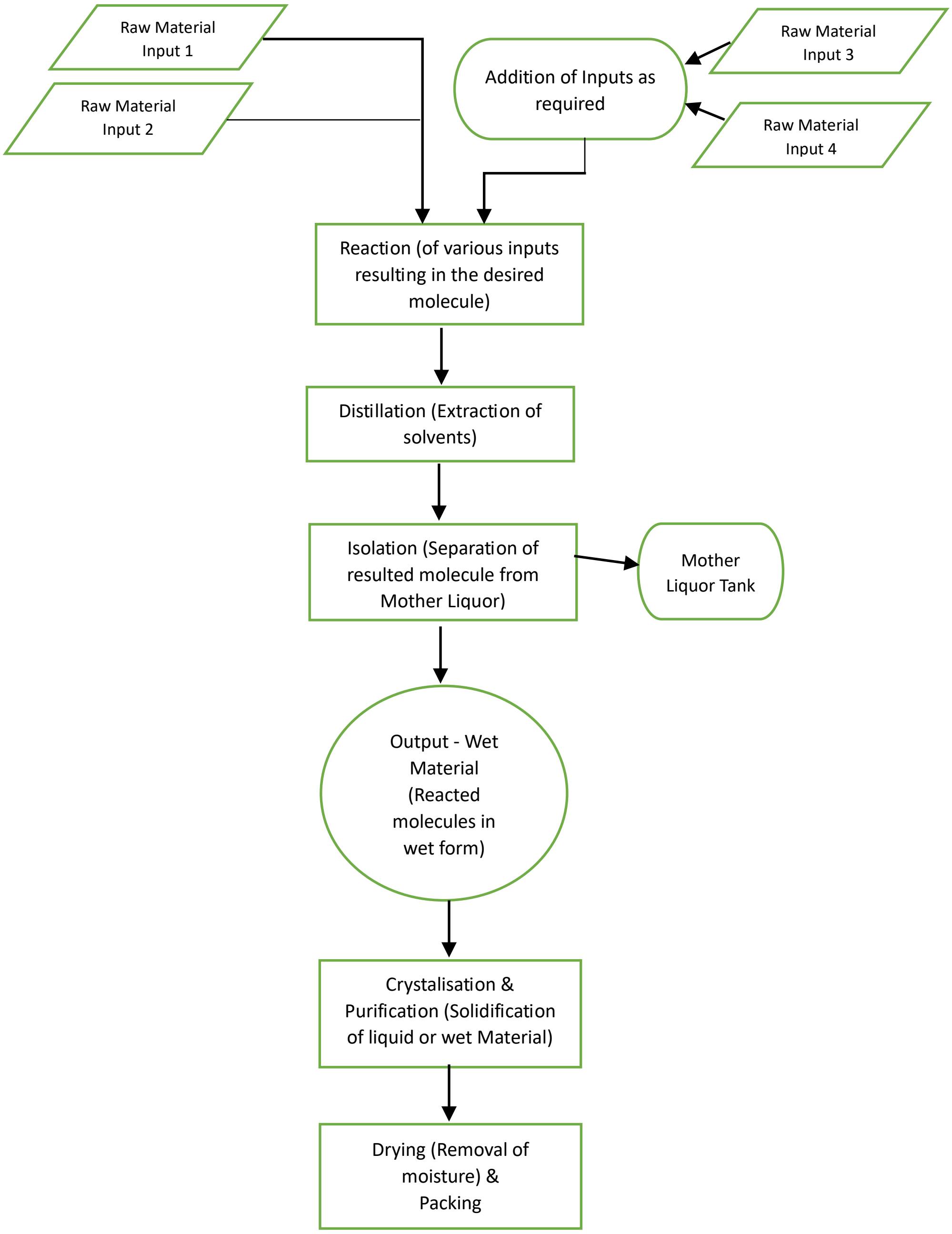
In addition, we have obtained various accreditations such as EDQM, MFDS (Korea), MHPRA (United Kingdom), JAZMP (Slovenia), WHO GMP and WHO Geneva for various APIs manufactured at our Manufacturing Facilities.

We manufacture bulk APIs and its intermediates at all our abovementioned globally compliant Manufacturing Facilities catering to formulation companies in different regulatory markets.

We also have a DSIR recognized R&D Centre in Chennai.

Manufacturing Process

Sample Process Flow



Production capacity and capacity utilisation

We regularly monitor the performance of our Manufacturing Facilities through a number of performance indicators commonly used in the pharmaceutical industry. Our Manufacturing Facilities have an aggregate installed capacity of 2,584 KL as of December 31, 2023. The following table provides information relating to the aggregate estimated capacity utilization rates of our Manufacturing Facilities. The capacity utilization for our Manufacturing Facilities has been calculated on the basis of the usage of the vessel in terms of hours.

Particulars	As at and for the nine month period ended December 31, 2023	As at and for the Financial Year ended March 31, 2023	As at and for the nine month period ended December 31, 2022	As at and for the Financial Year ended March 31, 2022
Puducherry				
Installed Reactor Capacity (KL)	730.00	704.00	704.00	704.00

Particulars	As at and for the nine month period ended December 31, 2023	As at and for the Financial Year ended March 31, 2023	As at and for the nine month period ended December 31, 2022	As at and for the Financial Year ended March 31, 2022
Actual Occupancy (KL)	642.40	605.00	563.20	465.00
Capacity Utilization (%)	88.00	85.94	80.00	66.05
Cuddalore				
Installed Reactor Capacity (KL)	794.00	794.00	794.00	794.00
Actual Occupancy (KL)	547.86	437.00	420.82	508.00
Capacity Utilization (%)	69.00	55.04	53.00	63.98
Mangalore				
Installed Reactor Capacity (KL)	156.00	156.00	156.00	156.00
Actual Occupancy (KL)	115.44	145.00	121.68	120.00
Capacity Utilization (%)	74.00	92.95	78.00	76.92
Ambernath				
Installed Reactor Capacity (KL)	121.00	121.00	121.00	121.00
Actual Occupancy (KL)	78.65	69.00	54.45	64.00
Capacity Utilization (%)	65.00	57.02	45.00	52.89
Vishakhapatnam				
Installed Reactor Capacity (KL)	713.00	513.00	513.00	513.00
Actual Occupancy (KL)	392.15	144.00	87.21	51.00
Capacity Utilization (%)	55.00	28.07	17.00	9.94
Mysuru				
Installed Reactor Capacity (KL)	70.00	70.00	70.00	70.00
Actual Occupancy (KL)	57.40	38.00	36.40	70.00
Capacity Utilization (%)	82.00	54.29	52.00	100.00

As certified by the Chartered Engineer vide their certificate dated April 22, 2024
Note: The capacity is used for multiple products, hence the occupancy in terms of KL may vary from product to product for a given facility. The capacity is calculated based on the usage of the vessel in terms of hours.

Plant, Machinery and Technology

Our Manufacturing Facilities have separate storage blocks for its raw materials and finished products, respectively. There are also manufacturing blocks available for production of intermediates and final APIs including a pilot plant.

To support product investigations and process improvements, a process development lab (“**PD lab**”) is made available. Our Manufacturing Facilities also includes quality control unit, which comprises laboratory, involved in testing, approval and release of raw materials, packing materials, intermediates, API and other applicable samples.

All the major utilities like purified water, compressed air, nitrogen, steam are produced in separate blocks and supplied through appropriate distribution lines. A separate engineering facility is available for handling and maintenance of equipment and other utilities. The equipment used in the processes are qualified, periodically maintained and re-qualified as per the required timelines to ensure that the equipment is in qualified state throughout the life cycle. The equipment is selected based on the process requirement, chemical compatibility, absorptive, reactive, additive nature of the material etc. All the effluents generated from process are treated.

Raw material and other suppliers

The raw materials for manufacturing of intermediates/API are procured from approved domestic and overseas vendors and the final APIs are exported to various regions of the world as per the relevant regulatory norms. The transportation is handled through approved forwarders. We identify and approve multiple vendors to source our key raw materials and we place purchase orders with them from time to time. We do not have any long term contracts with our suppliers and prices are typically negotiated for each purchase order. We currently source our key raw materials from vendors in various countries including China, India and France for cost efficiency. For Fiscal 2023 and Fiscal 2022, except for one supplier, no other single supplier contributed to more than 5% of our total purchases.

Our manufacturing operations requires a significant amount of power and water which is procured through state electricity distribution companies and state government authorities, respectively for each manufacturing facility.

Our Customers

Our APIs are provided under a B2B model to pharmaceutical companies globally. We sell our products to our customers across 73 countries, as on February 29, 2024. We have long standing relationships with five of our top 10 customers (for Fiscal 2023 and Fiscal 2022), each of whom have been our customers for at least five years. We conduct our business on a purchase order basis. Our business agreements typically include certain restrictive covenants such as confidentiality and exclusivity.

We also conduct sale of APIs on a purchase order basis where the terms of the sale are determined by mutual agreement depending on factors such as volume and price of the product etc. For the nine month period ended December 31, 2023 and December 31, 2022, Financial Year ended March 31, 2023 and March 31, 2022, our top 10 customers contributed to 36.83%, 40.65%, 37.43% and 42.96% of our total revenue, respectively.

Marketing and Selling Arrangements

Our Company operates with an approach towards ensuring smooth process flows internally and the best experience for the customers. We have segregated teams which work in an integrated manner. As of February 29, 2024, our marketing team comprised 21 personnel who are based across Chennai and Bengaluru for sale of our products to pharmaceutical companies and other companies.

Our marketing team is geared to identify high-value APIs and market opportunities which are untapped and are aligned with our strategy of developing and manufacturing select APIs which promise better returns for our Company. The marketing team works in close association with our 'Go to Market Team' and provides them with deep insights on the untapped markets and plans for introducing new APIs in such markets.

The 'Go to Market Team' is responsible for the growth of the operations of our Company in the select areas identified by our marketing team, by promoting and enabling our Company to commence business operations for new API products in untapped markets. They operate with a focused approach on receiving and responding to the needs of our customers and integrating valuable customer feedback in our operations.

We sell our pharmaceutical products across 73 countries, as of February 29, 2024.

Quality Control and Quality Assurance

We believe we have adopted uniform manufacturing standards across our Manufacturing Facilities to achieve standardized quality for all our markets. We believe that we are dedicated to providing broad spectrum of quality pharmaceutical products to our customers, and we have established and implemented quality management system procedures to achieve the objective of superior quality products and customer satisfaction. We have implemented current good manufacturing practices across our Manufacturing Facilities, encompassing all areas of business processes. This enables us to maintain consistent quality, efficiency and product safety.

Our Manufacturing Facilities are regularly inspected by global regulatory authorities such as, WHO (Geneva), USFDA (United States), EU GMP Inspectorate, PMDA (Japan), MFDS (Korea) etc. to assess for compliance with cGMP requirements. Our quality management system procedures are also regularly updated to comply with any changes as per national and international regulations, codes and standards, such as those of the USFDA (United States), EU GMP etc. Some of our manufacturing facilities have received accreditations from, amongst others, the USFDA (United States), EU regulatory authorities, WHO (Geneva), MFDS (Korea), PMDA (Japan) etc. Our Company is quality compliant with the last USFDA inspection at our Manufacturing Facilities (except Mysuru facility) including the R&D Centre have been cleared with zero 483s observations. In addition to the regulatory inspections, our Manufacturing Facilities have also been subject to audits by our customers with regard to adherence to their specifications and standards.

The analytical development department is equipped with laboratory instruments for development and validation of analytical methods in compliance with global regulations.

Our quality control department ensures that raw materials / packing materials / intermediates / finished products are tested to ensure the compliance with our internal standards and specifications prior to their release. The quality control laboratory is equipped with laboratory instruments to execute the analysis of materials, intermediate and finished products.

Our manufacturing facility located at Cuddalore has been accredited with responsible care certification. We have received a certificate from National Safety Council for the 'lowest accident frequency rate' and 'longest accident free period' at our manufacturing facility at Ambernath.

The quality assurance system ensures the quality management system is established, implemented, monitored and reviewed periodically to satisfy the requirements set forth by the various regulatory agencies and customers to ensure the delivery of quality products and services.

Research and Development

We are focused on undertaking dedicated R&D in areas, which we believe, have significant growth potential. As of December 31, 2023, our Company owned 20 patents and had applied for 24 patents, in India and USA. Our Company has spent ₹32.14* crore and ₹25.14* crore, ₹35.47 crore* and ₹53.81 crore* towards our R&D activities during the nine month period ended December 31, 2023 and December 31, 2022 and during the Financial Year ended March 31, 2023 and March 31, 2022, respectively.
**excluding depreciation and finance cost*

Our research team consists of 131 scientists, which constitutes approximately 5.94% of our total employee strength, as of December 31, 2023. We have set up a dedicated R&D Centre in Chennai and our lab at this facility has received DSIR recognition and has been approved by major regulatory authorities like the USFDA. The last successful inspection by the USFDA of our R&D Centre occurred in the year 2019. Our R&D initiatives focus on critical activities including new product development, cost improvement, process improvement and scale up initiatives.

Competition

According to CARE, India is a net importer of bulk drugs and intermediates and the country is highly dependent on China. The dependency of India on imports of API/bulk drugs, is considerable. About more than 60% of APIs are sourced from other countries, and in case of certain specific APIs, the import dependence is 80%-90%. *(Source: CARE Report)*. Some of the key peers for our Company includes Lauras Labs, IOL Chemicals and Pharmaceuticals, SMS Pharmaceuticals, Neuland Laboratories Limited and Granules India Limited *(Source: CARE Report).*

Intellectual Property

As of December 31, 2023, our Company owned 20 patents and had applied for 24 patents, in India and USA. Our logo SOLARA is registered with the Trademark Registry, Mumbai.

Information Technology

Our IT systems are vital to our business and we have adopted an information technology and information security policy ("**IT Policy**") to assist us in our operations. Our IT policy sets principles that aid the controlled deployment and usage of information and associated systems, process and technology and in turn enables our Company to operate in a secured manner. We have also hired a service provider pursuant to a work order under which the service provider provides us with various information technology services, which have been installed at our Manufacturing Facilities as well as our R&D Centre, wherein we outsource certain services to a third party. The key functions outsourced includes establishing and maintaining enterprise information systems and infrastructure services to support our business requirements, maintaining secure enterprise operations through, among others, risk assessment, maintaining disaster recovery systems, planning and mitigation policies, and identifying emerging technologies which may be beneficial to our operations. We are currently using an enterprise resource planning solution SAP, which assists us with various functions including managing our financial accounting, material management, sales and distribution and human resource.

Regulatory and Environmental Matters

Our products sold in developed markets are subject to regulation by their respective government entities, including the USFDA (United States), MFDS (Korea), PMDA (Japan) and the European Medicines Agency. To varying degrees, each of these agencies requires us to adhere to laws and regulations governing the development, testing, manufacturing, labelling, marketing and distribution of our products, in their respective regions.

We develop and implement environmental, health and safety measures and standards across our Manufacturing Facilities to ensure a safe working environment and seek to ensure a "Goal Zero" policy in terms of safety accidents, injuries and incidents causing harm to environment at our Manufacturing Facilities and seek to ensure that the work we undertake does not pose any danger to our employees or the general public. We believe that we are in compliance with all material respects with all applicable health and safety regulations. However, we continue to bear certain risks in this regard. For details, see "*Risk Factors— The improper handling of any hazardous materials used in our operations could result in accidents and subject us to significant liabilities, which may have an adverse effect on our business, reputation, results of operations and financial condition. Non-compliance with and changes in, safety, health, environmental and labour laws and other applicable regulations, may adversely affect our business, results of operations, financial condition and cash flows.*" on page 31. We implement efforts to educate our employees in safety procedures. Our Company has been awarded EHS excellence certificate for its manufacturing facility located at Puducherry. Our manufacturing facilities located at Ambernath, Cuddalore, Puducherry, Mangalore is ISO 14001:2015 and ISO 45001:2018 compliant.

We are also subject to significant national and state environmental laws and regulations regarding the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or produced from our operations at our Manufacturing Facilities. Failure to comply with the applicable laws and regulations may subject us to penalties and may also result in the closure of our Manufacturing Facilities.

Insurance

Our Company has obtained insurance policies for our operations including standard fire and special perils insurance, machinery insurance, electronic equipment insurance, industrial all risk insurance, marine open inland declaration policy, terrorism insurance, burglary insurance, office protection shield policy, package insurance policy, cyber protect digital business and data protection, voyager group travel insurance, portable equipment insurance policy, office protection shield policy, custom duty package policy, group accident policy, group mediclaim policy, commercial crime insurance, multi buyer exposure policy, trade credit insurance, public liability insurance, employee compensation insurance and group term insurance policies. Our policies are subject to customary exclusions and deductibles.

Employees

We employed a total of 2,205 permanent employees as on December 31, 2023, comprising the administrative, operations, R&D, project management, marketing and quality control departments.

We generally participate in negotiations for terms of appointment with our employees, pursuant to which we enter into memorandum of settlement with them. We have entered into various memorandum of settlements which are valid as on date, and which provides the details of the terms of appointment and payment terms with various trade unions.

Properties

Our Registered Office is located in Navi Mumbai which is occupied by us on a leasehold basis. Our Corporate Office is located in Chennai which is occupied by us on a leasehold basis. We have six Manufacturing Facilities and one R&D Centre. Our manufacturing facilities located in Cuddalore, (a part of which is also occupied by us on freehold basis) Vishakhapatnam and Ambernath is occupied by us on a leasehold basis. Our manufacturing facilities located in, Mangalore, Puducherry and Mysuru are owned by us. Additionally, we also have a marketing office in Bengaluru which is occupied by us on a leasehold basis.

Corporate and Social Responsibility

Our corporate and social responsibility ("**CSR**") initiatives focus on inclusive development, and we have carried out the following activities at our Manufacturing Facilities such as:

(a) awareness programs on personal hygiene at Chennai and Ambernath,
(b) waste management and health camps at Ambernath and Chennai,
(c) environment and others at our Ambernath, Cuddalore, Mangalore and Puducherry,
(d) infrastructure and sponsorship support for education at Chennai, Puducherry, Mysuru, Mangalore and Cuddalore,
(e) primary health care at Puducherry and Cuddalore,
(f) providing sanitation and drinking water facilities at Puducherry and Cuddalore.

Our CSR activities are monitored by the CSR Committee of our Board. For the Financial Year 2023 and Financial Year 2022, we had incurred an amount of ₹1.68 crore and ₹2.58 crore in CSR activities. For further details, see "*Financial Statements*" on page 127.

OUR MANAGEMENT AND ORGANISATIONAL STRUCTURE

Board of Directors

As per the provisions of the Companies Act, our Company is required to have not less than three Directors and not more than 15 Directors, unless otherwise determined by our Company through a special resolution. The composition of our Board is governed by the provisions of the Companies Act and the SEBI Listing Regulations.

As on the date of this Letter of Offer, our Company has nine Directors on our Board, comprising two Executive Directors, three Non-Executive and Non-Independent Directors and four Independent Directors including one Independent Woman Director.

Our Board

The following table sets forth the details regarding our Board as on the date of this Letter of Offer:

Sr. No.	Name, date of birth, DIN, address, occupation, designation, current term, and period of directorship	Age (in years)	Other Directorships
1.	**Kartheek Chintalapati Raju** ***Date of Birth:*** May 16, 1987 ***DIN:*** 02921819 ***Address:*** 3407, Belmont Terrace, Fremont CA, 94539, USA ***Occupation:*** Business ***Designation:*** Chairman and Non-Executive and Non-Independent Director ***Term:*** Liable to retire by rotation. ***Period of directorship:*** Since July 05, 2023	36	Nil
2.	**Poorvank Purohit** ***Date of Birth:*** April 21, 1979 ***DIN:*** 10158900 ***Address:*** S – 7, Vivekanand Marg, C – Scheme, Jaipur – 302 001, Rajasthan, India. ***Occupation:*** Business ***Designation:*** Managing Director and Chief Executive Officer ***Term:*** For a period of three years with effect from July 05, 2023, and shall be liable to retire by rotation. ***Period of directorship:*** Since July 05, 2023	45	Nil

Sr. No.	Name, date of birth, DIN, address, occupation, designation, current term, and period of directorship	Age (in years)	Other Directorships
3.	**Mohan Muthunarayanan** ***Date of Birth:*** January 06, 1972 ***DIN:*** 03610282 ***Address:*** 15, Sixth Cross Street, Ilango Nagar, Orleanpel, Pondicherry – 605 011, Pondicherry, India ***Occupation:*** Professional ***Designation:*** Additional Director (Executive) ***Term:*** For a period of three years with effect from February 14, 2024, and shall be liable to retire by rotation. ***Period of directorship:*** Since February 14, 2024	52	Nil
4.	**Ankur Nand Thadani** ***Date of Birth:*** April 01, 1984 ***DIN:*** 03566737 ***Address:*** 501, Wadhwa Samarpan, Off Carter Road, Union Park, Pali Hill, Bandra (West), Mumbai – 400 052, Maharashtra, India ***Occupation:*** Service ***Designation:*** Non-Executive and Non-Independent Director ***Term:*** Liable to retire by rotation. ***Period of directorship:*** Since May 16, 2019	40	a. Steriscience Specialties Private Limited; b. Tata Passenger Electric Mobility Limited; c. Fourth Partner Energy Private Limited; d. API Holdings Limited; e. Dr. Agarwal's Health Care Limited; f. Rhea Healthcare Private Limited; and g. Nova Medical Centers Private Limited.

Sr. No.	Name, date of birth, DIN, address, occupation, designation, current term, and period of directorship	Age (in years)	Other Directorships
5.	**Arun Kumar Pillai** ***Date of Birth:*** March 25, 1961 ***DIN:*** 00084845 ***Address:*** E- 101, Adarsh Residency, 8th Block, Near Sangam Circle, Jayanagar, Bengaluru – 560 082, Karnataka, India ***Occupation:*** Business ***Designation:*** Non-Executive and Non-Independent Director ***Term:*** Liable to retire by rotation. ***Period of directorship:*** Since August 04, 2021	63	a. Strides Pharma Science Limited; b. Quadgen Wireless Solutions Private Limited; and c. Onesource Specialty Pharma Limited.
6.	**Ramakrishnan Rajagopal** ***Date of Birth:*** July 06, 1952 ***DIN:*** 00161542 ***Address:*** 60, Ravishankar Residency, Sanjeevininagar, K G Halli, Kodigehalli, Bengaluru – 560 092, Karnataka, India ***Occupation:*** Professional ***Designation:*** Independent Director ***Term:*** For a period of five years with effect from April 11, 2023. ***Period of directorship:*** Since April 11, 2018	71	a. Multivision Business Solutions Private Limited; and b. Murudeshwar Décor Private Limited

<table>
<tr><th>Sr. No.</th><th>Name, date of birth, DIN, address, occupation, designation, current term, and period of directorship</th><th>Age (in years)</th><th>Other Directorships</th></tr>
<tr><td>7.</td><td>Kausalya Santhanam

Date of Birth: May 05, 1967

DIN: 06999168

Address: 128/129, Phase 1, Royal Enclave, Srirampura, Jakkur, Bengaluru – 560 064, Karnataka, India

Occupation: Professional

Designation: Independent Director

Term: For a period of five years with effect from April 11, 2023.

Period of directorship: Since April 11, 2018</td><td>57</td><td>a. Strides Pharma Science Limited;
b. Desh Seva Samiti; and
c. Sequent Scientific Limited.</td></tr>
<tr><td>8.</td><td>Rajendra Kumar Srivastava

Date of Birth: June 17, 1951

DIN: 07500741

Address: PF 101, ISB Campus, Indian School of Business, Gachibowli, K.V. Rangareddy – 500 032, Telangana, India

Occupation: Service

Designation: Independent Director

Term: For a period of five years with effect from November 14, 2023.

Period of directorship: Since November 14, 2023</td><td>72</td><td>a. Happiest Minds Technologies Limited</td></tr>
</table>

Sr. No.	Name, date of birth, DIN, address, occupation, designation, current term, and period of directorship	Age (in years)	Other Directorships
9.	**Rajiv Vijay Nabar** ***Date of Birth:*** May 23, 1961 ***DIN:*** 10383397 ***Address:*** 1005, Mahima Heights, Tower No 3, Chandani Chawk – Piplod, Behind Reliance Township, Surat City, Surat – 395 007, Gujarat, India ***Occupation:*** Service (Retired) ***Designation:*** Independent Director ***Term:*** For a period of five years with effect from November 29, 2023. ***Period of directorship:*** Since November 14, 2023	62	a. Tac Infosec Limited

Confirmations

None of our Directors is or was a director of any listed company during the five years preceding the date of filing of this Letter of Offer with the Stock Exchanges, whose equity shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of their directorship in such company, in the last 10 years immediately preceding the date of filing of this Letter of Offer with the Stock Exchanges.

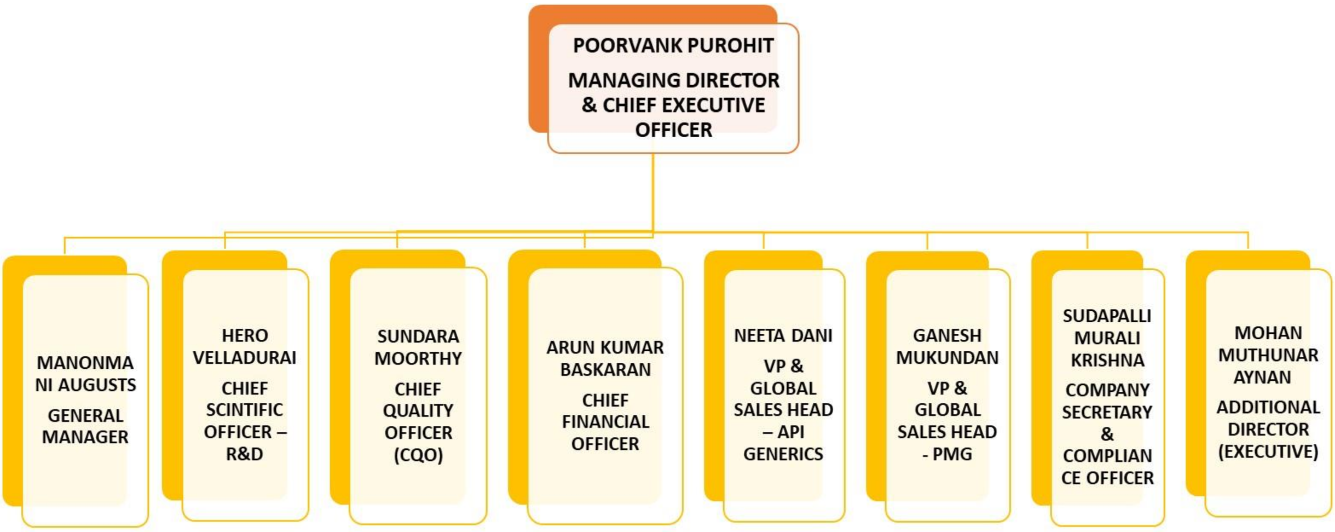
Details of Key Managerial Personnel and Senior Management

Sr. No.	Name of Key Managerial Personnel/Senior Management	Designation	Date of joining our Company
Key Managerial Personnel			
1.	Poorvank Purohit	Managing Director and Chief Executive Officer	February 03, 2023
2.	Mohan Muthunarayan	Additional Director (Executive)	February 14, 2024
3.	Suddapalli Muralikrishna	Company Secretary and Compliance Officer	March 26, 2018
4.	Arun Kumar Baskaran	Chief Financial Officer	March 08, 2024
Senior Management			
5.	Hero Velladurai	Chief Scientific Officer – Research & Development (R&D)	December 15, 2023
6.	Sundara Moorthy V	Chief Quality Officer (CQO)	March 09, 2018
7.	Neeta Dani	VP* and Global Sales Head – API Generics	March 09, 2018
8.	Ganesh Mukundan	VP* and Global Sales Head – PMG	January 16, 2020

Sr. No.	Name of Key Managerial Personnel/Senior Management	Designation	Date of joining our Company
9.	Manonmani Augustus	General Manager	March 09, 2018
10.	Suddapalli Muralikrishna	Company Secretary and Compliance Officer	March 26, 2018
11.	Arun Kumar Baskaran	Chief Financial Officer	March 08, 2024

****Vice President***

Organisational Structure



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Deloitte Haskins & Sells LLP

Chartered Accountants
Prestige Trade Tower, Level 19
46, Palace Road, High Grounds
Bengaluru – 560 001
Karnataka, India

Tel: +91 80 6188 6000
Fax: +91 80 6188 6011

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 2023, 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 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 2023, 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 (SAs) specified under section 143 (10) of the Act. 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.

W

Sr. No.	Key Audit Matter	Auditor's Response
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 pharmaceutical products, which are in the nature of API (i.e. Active Pharmaceutical Ingredient). The Group recognises sales revenue based on the terms and conditions of transactions, which vary with different customers. For sales transactions in a certain period around balance sheet date, it is essential to ensure whether the transfer of control of the goods by the Group to the customer occurs before the balance sheet date or otherwise. Considering that there are significant volume of sales transactions close to the year end, involving material amounts and such revenue recognition is subject to whether transfer of control to the customer 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 on accordance with the Group's accounting policy. On a sample basis, we tested the operating effectiveness of the internal control relating to the determination of point of time at which the transfer of control of the goods occurs. We tested the relevant information technology systems used in recording the 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 year end through following procedures: • Analysed the terms and conditions of the underlying contract with the customers and • Verified the evidence for the transfer of control of the goods prior to the balance sheet date or otherwise, from relevant supporting documents.
2	**Carrying Value of Goodwill Relating to Human API Business:** Refer note 7 of the Consolidated financial statements. The Company carried goodwill of INR 357.95 Crores as at balance sheet date arising from past acquisition of the Human API business. As Indicated in note 2.1 (xvii) to the Consolidated financial statements, the management of the Company assesses the impairment of the goodwill annually. The carrying value of the goodwill will be recovered through future cash flows and there is a risk of impairment loss where the actual cash flows are less than expected. The impairment assessment performed by the management contained a number of significant judgements and estimates	**Principal Audit Procedures performed:** We assessed the management's process for impairment assessment of goodwill. We performed testing of details 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.

	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	• 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 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 31 March 2023

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 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

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Responsibilities of Management and Those Charged with Governance 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 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 Management 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 with reference to consolidated financial statements 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 entities or business activities included in the consolidated financial statements, which have been audited by other auditors, such and 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.

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We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of 3 subsidiaries whose financial statements reflect total assets of Rs. 22.90 Crores as at 31 March 2023, total revenues of Rs. 1.45 Crores and net cash inflows amounting to Rs. 0.07 Crores for the year ended on that date, as considered in the consolidated financial statements. The financial statements of the subsidiaries 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 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 report of such 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 to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

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 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 2023 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 2023 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 and based on the auditor's reports of subsidiary companies incorporated in India, the remuneration paid by the Parent and such subsidiary companies to their respective directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 40 to the consolidated financial statements.

   ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

   iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary companies incorporated in India.

iv) (a) The respective Managements of the Parent and its subsidiaries 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 such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 51 (g) to the consolidated financial statements, 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 or any of such subsidiaries 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 or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Parent and its subsidiaries 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 such subsidiaries respectively that, to the best of their knowledge and belief, as disclosed in the note 51 (g) to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries 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 any of such subsidiaries 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 subsidiaries 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 Parent and its subsidiaries, which are 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.

vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. 1 April 2023 to the Parent/ Holding Company and its subsidiaries incorporated in India, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended 31 March 2023.

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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
(Membership No. 206920)
(UDIN 23206920BGYMEG7948)

Place: Bengaluru
Date: 12 May 2023

Deloitte Haskins & Sells LLP

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 with reference to consolidated financial statements 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 2023, we have audited the internal financial controls with reference to consolidated financial statements of **Solara Active Pharma Sciences Limited** (hereinafter referred to as "Parent") and its subsidiary companies, which includes internal financial controls with reference to consolidated financial statements of its subsidiaries 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 with reference to consolidated financial statements based on the internal control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements. 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, 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 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 with reference to consolidated financial statements of the Parent and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls with reference to consolidated financial statements

A company's internal financial control with reference to consolidated financial statements 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 with reference to consolidated financial statements 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 with reference to consolidated financial statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements 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, Parent and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at 31 March 2023, based on the criteria for internal financial control with reference to consolidated financial statements 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.

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Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements insofar as it relates to 2 subsidiary companies which are 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
(Membership No. 206920)
(UDIN 23206920BGYMEG7948b)

Place: Bengaluru
Date: 12 May 2023

SOLARA

SOLARA ACTIVE PHARMA SCIENCES LIMITED
CIN : L24230MH2017PLC291636
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

Rs. in Crores

Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
A Assets			
I Non-current assets			
(a) Property, plant and equipment	3	866.81	842.28
(b) Right-of-use assets	4(i)	53.77	56.49
(c) Capital work in progress	5	238.47	238.65
(d) Investment property	6	23.94	24.59
(e) Goodwill	7	365.09	365.09
(f) Other intangible assets	8	54.35	67.94
(g) Financial assets			
(i) Investments	9	1.70	0.42
(ii) Loans	10(i)	-	0.27
(iii) Other financial assets	11(i)	14.46	12.52
(h) Deferred tax assets (net)	12	78.56	55.14
(i) Income tax assets (net)	13	4.52	18.29
(j) Other non-current assets	14(i)	10.07	24.00
Total non-current assets		**1,711.74**	**1,705.68**
II Current assets			
(a) Inventories	15	558.09	575.55
(b) Financial assets			
(i) Trade receivables	16	536.99	489.67
(ii) Cash and cash equivalents	17	8.73	46.38
(iii) Bank balances other than (ii) above	18	0.16	0.87
(iv) Loans	10(ii)	32.62	51.58
(v) Other financial assets	11(ii)	13.23	9.53
(c) Other current assets	14(ii)	37.72	65.70
Total current assets		**1,187.54**	**1,239.28**
Total assets (I + II)		**2,899.28**	**2,944.96**
B Equity and liabilities			
I Equity			
(a) Equity share capital	19	36.00	36.00
(b) Other equity	20	1,464.21	1,488.87
Equity attributable to the owners of the company		**1,500.21**	**1,524.87**
Non-controlling interests	21	2.24	2.31
Total equity		**1,502.45**	**1,527.18**
II Liabilities			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22(i)	235.10	283.04
(ii) Lease liabilities	4(ii)	11.15	10.70
(iii) Other financial liabilities	23(i)	0.42	0.42
(b) Provisions	24	10.67	9.49
(c) Other non-current liabilities	25(i)	38.36	50.71
Total Non-current liabilities		**295.70**	**354.36**
2 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	22(ii)	766.05	741.53
(ii) Lease liabilities	4(ii)	0.55	2.10
(iii) Trade payables			
- Dues of micro and small enterprises	26	11.96	8.07
- Dues of other than micro and small enterprises	26	293.90	267.92
(iv) Other financial liabilities	23(ii)	14.15	17.82
(b) Provisions	24	2.08	3.44
(c) Current tax liabilities (net)	27	0.01	0.33
(d) Other current liabilities	25(ii)	12.43	22.21
Total current liabilities		**1,101.13**	**1,063.42**
Total liabilities		**1,396.83**	**1,417.78**
Total equity and liabilities (I + II)		**2,899.28**	**2,944.96**

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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

Place : Bengaluru
Date : May 12, 2023

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

Poorvank Purohit
Chief Executive Officer

SOLARA ACTIVE PHARMA SCIENCES LIMITED

S Murali Krishna
Company Secretary
Membership Number: 13372

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

Place : Bengaluru
Date : May 12, 2023

SOLARA

SOLARA ACTIVE PHARMA SCIENCES LIMITED
CIN : L24230MH2017PLC291636
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Rs. in Crores

	Particulars	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
A.	**Continuing operations:**			
1	Revenue from operations	28	1,443.81	1,268.34
2	Other income	29	22.55	20.02
3	**Total Income (1+2)**		**1,466.36**	**1,288.36**
4	**Expenses**			
	(a) Cost of materials consumed	30	773.90	858.86
	(b) Purchase of stock-in-trade	31	7.88	53.78
	(c) Changes in inventories of finished goods and work-in-progress	32	7.05	(258.75)
	(d) Employee benefits expense	33	228.63	236.34
	(e) Finance costs	34	90.06	75.28
	(f) Depreciation and amortisation expenses	35	111.19	112.32
	(g) Other expenses	36	292.47	298.14
	Total expenses (4)		**1,511.18**	**1,375.97**
5	**Profit / (Loss) before tax (3-4)**		**(44.82)**	**(87.61)**
6	Exceptional items - net gain / (loss)	37	-	(3.49)
7	**Profit before tax (5-6)**		**(44.82)**	**(91.10)**
8	**Tax expense**	38		
	(a) Current tax		(0.09)	0.17
	(c) Deferred tax		(22.48)	(32.98)
	Total tax expense (8)		**(22.57)**	**(32.81)**
9	**Profit for the year (7-8)**		**(22.25)**	**(58.29)**
10	**Other Comprehensive Income**			
A	**Items that will not be reclassified subsequently to profit or loss:**			
(i)	Remeasurement gains/(losses) of defined benefit plans		(2.70)	3.09
(ii)	Income tax relating to items that will not be reclassified subsequently to profit or loss		0.94	(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		(0.30)	(0.12)
(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)		**(2.06)**	**1.89**
11	**Total comprehensive income for the year (9+10)**		**(24.31)**	**(56.40)**
	Profit for the year attributable to:			
	- Owners of the Company		(22.18)	(58.15)
	- Non-controlling interests		(0.07)	(0.14)
			(22.25)	**(58.29)**
	Other Comprehensive income attributable to:			
	- Owners of the Company		(2.06)	1.89
	- Non-controlling interests		-	-
			(2.06)	**1.89**
	Total Comprehensive income attributable to:			
	- Owners of the Company		(24.24)	(56.26)
	- Non-controlling interests		(0.07)	(0.14)
			(24.31)	**(56.40)**
12	**Earnings per equity share (face value of Rs. 10/- each)**	43		
	- Basic (in Rs.)		**(6.16)**	**(16.18)**
	- Diluted (in Rs.)		**(6.16)**	**(16.18)**

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

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

Place : Bengaluru
Date : May 12, 2023

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

Poorvank Purohit
Chief Executive Officer

SOLARA ACTIVE PHARMA SCIENCES LIMITED

S Murali Krishna
Company Secretary
Membership Number: 13372

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

Place : Bengaluru
Date : May 12, 2023

SOLARA ACTIVE PHARMA SCIENCES LIMITED
CIN : L24230MH2017PLC291636
Consolidated statement of cash flows for the year ended March 31, 2023

Rs. In Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
A. Cash flow from operating activities		
Profit before tax for the year	**(44.81)**	**(91.10)**
Adjustments for:		
Depreciation and amortisation expense	111.19	112.32
Interest expense on borrowings	90.06	75.28
Share based compensation expense	0.05	(1.31)
Rental income from investment property	(4.45)	(5.59)
Interest income	(5.78)	(7.76)
Liabilities / provisions no longer required written back	(10.02)	(1.75)
Loss / (Gain) on sale of property, plant and equipment	0.45	0.77
Provision for doubtful trade and other receivables	5.66	8.82
Unrealised exchange (gain) / loss (net)	(0.38)	0.18
Operating profit before working capital changes	**141.97**	**89.86**
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	17.32	(280.58)
Trade receivables	(52.80)	(14.55)
Other assets (financial & non-financial)	22.32	(29.49)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	38.90	(23.88)
Other liabilities (financial & non-financial)	(25.00)	34.71
Cash generated from operations	**142.71**	**(223.93)**
Net income tax (paid) / refunds	13.54	(18.10)
Net cash flow generated from operating activities (A)	**156.25**	**(242.03)**
B. Cash flow from investing activities		
Capital expenditure for property, plant and equipment and intangible assets, including capital advances	(111.31)	(208.62)
Proceeds from sale of property, plant and equipment	1.30	0.13
Investments in other entities	(1.28)	-
Intercorporate deposit (given) / received	17.65	(50.00)
Interest received	7.35	10.05
Rental income from investment property	4.45	5.59
(Increase)/decrease in balance held as margin money	0.70	-
Net cash flow utilised in investing activities (B)	**(81.14)**	**(242.85)**
C. Cash flow from financing activities		
Proceeds from issue of equity shares	-	2.90
Proceeds from non-current borrowings	68.30	262.40
Repayment of non-current borrowings	(130.62)	(93.76)
Net increase / (decrease) in current borrowings	39.44	248.67
Dividends paid (net of taxes)	-	(10.78)
Lease payments	(2.43)	(2.46)
Interest paid on borrowings	(87.45)	(73.40)
Net cash flow generated from financing activities (C)	**(112.76)**	**333.57**
Net increase in cash and cash equivalents during the year (A+B+C)	**(37.65)**	**(151.31)**
Cash and cash equivalents at the beginning of the year	46.38	197.69
Cash and cash equivalents at the end of the year	**8.73**	**46.38**

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

Reconciliation of cash and cash equivalents with the Balance Sheet:		
Particulars	**For the year ended March 31, 2023**	**For the year ended March 31, 2022**
Cash and cash equivalents as per Balance Sheet (Refer note 17)	8.73	46.38
Cash and cash equivalents at the end of the year *	**8.73**	**46.38**
*** Comprises**		
Cash on hand	0.10	0.04
Balance with banks:		
- In current account	8.58	3.87
- In deposit account	0.05	42.47
Total	**8.73**	**46.38**

See accompanying notes forming part of the consolidated financial statements

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

Sathya P Koushik
Partner
Membership Number: 206920

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

Place : Bengaluru
Date : May 12, 2023

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

Poorvank Purohit
Chief Executive Officer

S Murali Krishna
Company Secretary
Membership Number: 13372

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

Place : Bengaluru
Date : May 12, 2023

SOLARA ACTIVE PHARMA SCIENCES LIMITED

SOLARA ACTIVE PHARMA SCIENCES LIMITED
CIN : L24230MH2017PLC291636
Consolidated statement of changes in equity for the period ended March 31 2023

A. Equity share capital

Rs. in Crores

Particulars	Amount
Balance as at April 01, 2021	35.93
Changes in equity share capital during the year	
- Shares issued pursuant to exercise of stock options (refer note 45)	0.07
Balance as at March 31, 2022	36.00
Changes in equity share capital during the year	-
Balance as at March 31, 2023	36.00

B. Other equity

Rs. in Crores

Particulars	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, 2021	0.01	1,211.72	338.85	3.79	(1.77)	1,552.60	4.24	1,556.84
Net 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
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 (including dividend distribution tax)	-	-	(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
Net profit for the year	-	-	(22.65)	-	-	(22.65)	(0.07)	(22.72)
Other comprehensive income for the year	-	-	(1.76)	-	(0.30)	(2.06)	-	(2.06)
Employee stock compensation expenses	-	-	-	0.05	-	0.05	-	0.05
Balance as at March 31, 2023	0.01	1,216.03	249.31	1.05	(2.19)	1,464.21	2.24	1,466.45

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

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

Place : Bengaluru
Date : May 12, 2023

For and on behalf of Board of Directors

Jitesh Devendra
Managing Director
DIN: 06469234

Poorvank Purohit
Chief Executive Officer

S Murali Krishna
Company Secretary
Membership Number: 13372

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

Place : Bengaluru
Date : May 12, 2023

SOLARA ACTIVE PHARMA SCIENCES LIMITED

SOLARA ACTIVE PHARMA SCIENCES LIMITED
CIN : L24230MH2017PLC291636
Notes to the consolidated financial statements for the year ended March 31, 2023

1 Background

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

The consolidated financial statements were approved by the Board of Directors and authorised for issue on May 12, 2023.

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

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
4	Solara Active Pharma Sciences LTDA*	100%	Brazil

* Subsidiary company incorporated on March 27, 2023 and no Investment made by the Company as on balance sheet date.
All the above companies are engaged in the business of Pharmaceutical products

DELOITTE HASKINS & SELLS LLP * CHARTERED ACCOUNTANTS * BENGALURU

SOLARA ACTIVE PHARMA SCIENCES LIMITED

(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.

(vi) Revenue recognition

Revenue is measured at the amount of consideration which the Group expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government) and is recorded net of provisions for sales discounts and returns, which are established at the time of sale. Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Where the collection of accounts receivable is expected to be after one year from the date of sale, revenues are discounted for the time value of money.

Sale of goods

The Group receives revenue for supply of pharmaceutical products to external customers against orders received. The majority of these contracts contain single performance obligation for supply of goods. The average duration of a customers' order is less than 12 months.

Revenue from sale of goods is recognised upon transfer of control to the customer. The point at which control passes depends on the terms set forth in the customer's contract. Generally, the control is transferred upon shipment of the product to the customer or when the product is made available to the customer, provided transfer of title to the customer occurs and the Group has not retained any significant risks of ownership or future obligations with respect to the product sold.

Sale of services

Revenue from development services is recognised on achievement of a development milestone and when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion, provided there is no uncertainty as to measurement or collectability of the consideration.

Share of Profit and Royalties

Share of profits and royalty incomes under manufacturing and supply agreements with customers are accrued based on sales as confirmed by the customers.

(vii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(viii) Export Incentives

Export incentives are accrued for based on fulfillment of eligibility criteria for availing the incentives and when there is no uncertainty in receiving the same. These incentives include estimated realisable values/benefits from special import licenses and benefits under specified schemes as applicable.

(ix) Leases

The Group as lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases.

Leases, for which the Group is an intermediate lessor, it accounts for the head-lease and sub-lease as two separate contracts. The sub-lease is classified as a finance lease or an operating lease by reference to the RoU asset arising from the head-lease.

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

DELOITTE HASKINS & SELLS LLP CHARTERED ACCOUNTANTS BENGALURU

SOLARA ACTIVE PHARMA SCIENCES LIMITED

The Group as lessee

The Group assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract involves–

(a) the use of an identified asset,

(b) the right to obtain substantially all the economic benefits from use of the identified asset, and

(c) the right to direct the use of the identified asset.

The Group has entered into lease arrangements for its factory land and office premises. The Group at the inception of the lease contract recognizes a Right-of-Use (RoU) asset at cost and corresponding lease liability, except for leases with term of less than twelve months (short term) and low-value assets.

The cost of the right-of-use assets comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. Subsequently, the right-of-use assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

For short-term and low value leases, the Group recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

(x) Foreign currencies transactions and translation

Functional currency of an entity is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Indian Rupees (Rs.), which is the functional currency of the parent Group, Solara Active Pharma Sciences Limited. In respect of subsidiaries whose operations are self-contained and integrated within their respective countries/regions, the functional currency has been determined to be the local currency of those countries/regions.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Indian Rupees using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

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

(xi) Borrowing costs

Borrowing costs include:

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

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

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

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

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

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

(xii) Employee benefits

Short term obligations

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

Retirement benefit costs and termination benefits

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

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

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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.

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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 Rs. 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.

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Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Consolidated statement of profit and loss.

(xviii) Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Cost is determined as follows:
Raw materials, packing materials and consumables: weighted average basis
Work-in progress: at material cost and an appropriate share of production overheads
Finished goods: material cost and an appropriate share of production overheads
Stock-in trade: weighted average basis

(xix) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).
When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.
Onerous contracts
Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

(xx) Contingent liabilities

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

(xxi) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial assets and financial liabilities
Financial assets and financial liabilities are recognised when Group becomes a party to the contractual provisions of the instruments.
Initial recognition and measurement:
Other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Consolidated statement of profit and loss.
Subsequent measurement:
Financial assets at amortised cost: Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and contractual terms of financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
Financial assets at fair value through profit or loss: Financial assets are measured at fair value through profit or loss unless it measured at amortised cost or fair value through other comprehensive income on initial recognition. The transaction cost directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in the Consolidated statement of profit and loss.
Financial liabilities are measured at amortised cost using effective interest rate method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial assets and liabilities:
The Group derecognises the financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of the ownership of the asset to the other entity . If the Group neither transfers nor retains substantially all risks and rewards of ownership and continues to control the transferred asset , the Group recognizes its retained interest in the asset and associated liability for the amounts it may have to pay . If the Group retains substantially all risks and rewards of the ownership of a transferred financial asset , the Group continues to recognize the financial asset and also recognizes a collaterized 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.

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(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, recognized 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.

Defined benefit plans and compensated absences:

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of deferred tax assets considered realisable, however, could reduce in the near term if estimates of future taxable income during the carry-forward period are reduced.

Controlling parties assessment

The Company perform assessment for identification of controlling parties. The assessment involves judgements which included consideration of controlling parties' absolute size of holding in the Company, determination of whether other parties are acting on the investor's behalf, determination of whether parties have the practical ability to exercise that right and the relative size of and dispersion of the shareholdings owned by the other shareholders.

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.

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Notes to the consolidated financial statements for the year ended March 31, 2023

Note No. 3 Property, Plant and equipment

Rs. in Crores

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Eliminated on disposal	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Freehold Land	78.25 *(77.36)*	0.01 (0.89)	- -	78.26 (78.25)	- -	- -	- -	- -	78.26 (78.25)	78.25 (77.36)
Leasehold Improvements	15.00 *(14.67)*	0.92 (0.33)	- -	15.92 (15.00)	11.86 *(9.26)*	2.19 (2.60)	- -	14.05 (11.86)	1.87 (3.14)	3.14 (5.41)
Buildings	291.76 *(272.73)*	25.49 (19.25)	0.04 (0.22)	317.21 (291.76)	43.59 *(31.57)*	12.41 (12.07)	0.04 (0.05)	55.96 (43.59)	261.25 (248.17)	248.17 (241.16)
Plant and equipments	759.32 *(699.20)*	90.38 (61.98)	3.25 (1.86)	846.45 (759.32)	261.51 *(190.55)*	72.99 (72.19)	1.58 (1.23)	332.92 (261.51)	513.53 (497.81)	497.81 (508.65)
Furniture and fixtures	7.09 *(6.84)*	0.06 (0.25)	0.11 -	7.04 (7.09)	3.24 *(2.43)*	0.69 (0.81)	0.08 -	3.85 (3.24)	3.19 (3.85)	3.85 (4.41)
Vehicles	1.39 *(1.32)*	- (0.07)	0.01 -	1.38 (1.39)	0.86 *(0.66)*	0.13 (0.20)	0.01 -	0.98 (0.86)	0.40 (0.53)	0.53 (0.66)
Office equipments	38.60 *(36.67)*	1.55 (1.96)	0.20 (0.03)	39.95 (38.60)	28.07 *(22.40)*	3.73 (5.69)	0.16 (0.02)	31.64 (28.07)	8.31 (10.53)	10.53 (14.27)
Total	**1,191.41**	**118.41**	**3.61**	**1,306.21**	**349.13**	**92.14**	**1.87**	**439.40**	**866.81**	**842.28**
Previous year	**(1,108.79)**	**(84.73)**	**(2.11)**	**(1,191.41)**	**(256.87)**	**(93.56)**	**(1.30)**	**(349.13)**	**(842.28)**	**(851.92)**

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, 2023 gross block Rs. 176.46 Crores and net block of Rs. 149.66 Crores) (as at March 31, 2022: gross block Rs. 171.12 Crores and net block of Rs. 149.27 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	85.41 (83.00)	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.

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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	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	36.10 (33.11)	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
Property Plant and Equipment	Freehold Land	0.14 (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
Property Plant and Equipment	Freehold Land	- (0.04)	C. Baskar Rao	No	October 1, 2017	The title deeds are in the name of erstwhile employee of the Company. The titles deeds have been transferred to the Company's name during the financial year.
Total		176.46				
Previous year		(171.12)				

Note No. 4 Leases
(i) Right-of-use assets

Rs. in Crores

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Eliminated on disposal	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Leasehold Land	59.85 (59.85)	- -	- -	59.85 (59.85)	4.50 (2.92)	1.58 (1.58)	- -	6.08 (4.50)	53.77 (55.35)	55.35 (56.93)
Buildings	9.68 (9.68)	- -	9.68 -	- (9.68)	8.54 (7.31)	1.13 (1.23)	9.67 -	- (8.54)	- (1.14)	1.14 (2.37)
Total	69.53	-	9.68	59.85	13.04	2.71	9.67	6.08	53.77	56.49
Previous year	(69.53)	-	-	(69.53)	(10.23)	(2.81)	-	(13.04)	(56.49)	(59.30)

Notes:
(i) Figures in brackets relates to previous year.

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(ii) Lease liabilities

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	12.80	13.82
Addition	-	-
Accretion of interest	1.33	1.44
Payments	(2.43)	(2.46)
Deletion	-	-
Closing balance	**11.70**	**12.80**
Maturity analysis:		
- Year 1	0.87	2.43
- Year 2	0.92	0.87
- Year 3	0.96	0.92
- Year 4	1.01	0.96
- Year 5	1.06	1.01
- Year 6 onwards	50.26	51.30
- Less: Unmatured finance charges	(43.38)	(44.69)
Total	**11.70**	**12.80**
Non-current	11.15	10.70
Current	0.55	2.10

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

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation charge on Right-of-use asset	2.71	2.81
Finance cost: Interest expense	1.33	1.44
Short term lease payments (Refer Note (i) below)	1.29	2.49

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

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Cash outflows for lease payments	2.43	2.46

Note No. 5 Capital work in progress

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	238.65	87.98
Add: Additions	120.33	238.72
Less: Capitalised	(120.51)	(88.05)
Closing balance	**238.47**	**238.65**

Notes:

(i) Ageing of Capital work in progress:

Particulars	Amount in Capital work in progress for a period of				As at 31st March, 2023	As at 31st March, 2022
	Less than 1 year	1-2 years	2-3 years	More than 3 years		
Project in progress	80.40 (178.71)	115.34 (55.08)	42.09 (4.87)	0.64 -	238.47 (238.65)	(238.65)
Total	**80.40**	**115.34**	**42.09**	**0.64**	**238.47**	**(238.65)**
Previous year	**(178.71)**	**(55.08)**	**(4.87)**	**-**	**(238.65)**	

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.

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Note No. 6 Investment property

Rs. in Crores

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Depreciation for the year	Eliminated on disposal	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Land	8.24	-	-	8.24	-	-		-	8.24	8.24
	(8.24)	-	-	(8.24)	-	-	-	-	(8.24)	(8.24)
Buildings	19.21	-	-	19.21	2.86	0.65	-	3.51	15.70	16.35
	(19.21)	-	-	(19.21)	(2.18)	(0.68)	-	(2.86)	(16.35)	(17.03)
Total	**27.45**	-	-	**27.45**	**2.86**	**0.65**	-	**3.51**	**23.94**	**24.59**
Previous year	**(27.45)**	-	-	**(27.45)**	**(2.18)**	**(0.68)**	-	**(2.86)**	**(24.59)**	**(25.27)**

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, 2023 gross block Rs. 3.02 Crores and net block of Rs. 2.49 Crores) (as at March 31, 2022: gross block Rs. 3.02 Crores and net block of Rs. 2.58 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.

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.
Total		**3.02**				
Previous year		**(3.02)**				

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

Rs. in Crores

Particulars	Gross block		Net block	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Land	8.24	8.24	8.24	8.24
Buildings*	19.21	19.21	15.70	16.35

* There is no rental income from building situated in Ambernath from January 2023 and the Company current focus is on finding a new lessee to rent out the property and accordingly the property has been classified as 'Investment Property'.

(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 Rs. 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

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Depreciation charge on investment properties	0.65	0.68
Other income: Rental income	4.45	5.59

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Note No. 7 Goodwill

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Goodwill	365.09	365.09
Total	365.09	365.09

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

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
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, 2023:

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, revisions were made to the cash flow projections and other key assumptions such as discount rate and the terminal growth rate. The cash flows are discounted using a post tax discount rate of 13.00% (March 31, 2022: 17.5%). 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 4.00% (March 31, 2022: 2.75%) 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	2.00% decrease (2.75% decrease)
Post tax discount rate	1.50% increase (1.50% increase)
Expected net revenue growth rates	2% decrease for short term and 1.0% decrease for long term (3% decrease for short term and 1.5% decrease for long term)

The details given in brackets relate to previous year

Note No. 8 Other intangible assets

Rs. in Crores

Particulars	Gross block				Accumulated amortisation				Net block	
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Amortisation for the year	Elliminated on disposal	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Registrations and brands	4.33 (4.33)	- -	- -	4.33 (4.33)	1.61 (1.17)	0.44 (0.44)	- -	2.05 (1.61)	2.28 (2.72)	2.72 (3.16)
Product portfolio (Refer note (ii) below)	105.50 (105.50)	- -	- -	105.50 (105.50)	47.84 (37.20)	10.64 (10.64)	- -	58.48 (47.84)	47.02 (57.66)	57.66 (68.30)
Software and licenses	24.59 (21.46)	2.10 (3.32)	0.02 (0.19)	26.67 (24.59)	17.03 (12.94)	4.61 (4.19)	0.02 (0.10)	21.62 (17.03)	5.05 (7.56)	7.56 (8.52)
Total	134.42	2.10	0.02	136.50	66.48	15.69	0.02	82.15	54.35	67.94
Previous year	(131.29)	(3.32)	(0.19)	(134.42)	(51.31)	(15.27)	(0.10)	(66.48)	(67.94)	(79.98)

Notes:
(i) Figures in brackets relates to previous year.
(ii) The remaining amortisation period of product portfolio as at March 31, 2023 is 4.5 years (March 31, 2022: 5.5 years).

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NoteNo.

9 Investments

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Investments carried at fair value through profit and loss:		
Equity shares, unquoted		
Tulysan Nec Limited, India - 3,750 (As at March 31, 2022 - 3,750) shares of Rs 10 each fully paid up	0.01	0.01
Watsun Infrabuild Private Limited, India - 3,68,694 (As at March 31, 2022 - 3,68,694) shares of Rs 10 each fully paid up	0.37	0.37
Vaayu Renewable Energy (Muthamalpuram) Pvt. Ltd. - 2,600 (As at March 31, 2022 - 2600) shares of Rs 10 each fully paid up	0.00	0.00
Investment in Huoban Energy 3 Private Limited - 7,07,182 (As at March 31, 2022 - Nil) shares of Rs 10 each fully paid up	1.28	-
SIPCOT Industrial Common Utilities Limited, India - 4,242 (As at March 31, 2022 - 4,242) shares of Rs 100 each fully paid up	0.04	0.04
Total	**1.70**	**0.42**
Aggregate amount of unquoted investments	1.70	0.42
Aggregate amount financial assets carried at cost	-	-
Aggregate amount financial assets carried at fair value through profit and loss	1.70	0.42

Note:
During the current year, the Parent has invested in 7,07,182 shares of Rs. 10 each of Huoban Energy 3 Private Limited for 26% stake in order to become captive user as per electricity laws, resulting to electricity at subsidised prices. As per the share holder agreement, the Parent is not allowed to directly or indirectly participate in the management of Huoban Energy. As there is no significant influence by the Parent over Huoban Energy, it is not considered an associate company.

10 Loans

(i) Non-current loans

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Considered good - unsecured:		
Loans to employees	-	0.27
Total	-	**0.27**

(ii) Current loans

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Considered good - unsecured:		
Loans to employees	0.27	1.58
Loan to related party*	-	50.00
Loan to Other than related parties*	32.35	-
Total	**32.62**	**51.58**

(iii) Loans to Promoters, Directors, KMP and Related Parties as at March 31, 2023

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%

(iv) Loans to Promoters, Directors, KMP and Related Parties as at March 31, 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	50.00	96%

* Subsequent to August 3, 2022, Aurore Life Sciences Private Limited (ALS) is not a related party of the Company (Refer note 40). Accordingly, loan given to ALS has been classified as 'Loan to other than related parties' for the year ended March 31, 2023.
The loan was originally fully repayable by September 30, 2022. The repayment period for the loan was extended vide Board meeting dated August 4, 2022 upto March 31, 2023. Further, in April 14, 2023, the Board through a circular resolution, approved extension of the repayment period upto October 31 2023.

11 Other financial assets

(i) Non-current financial assets

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Considered good - unsecured:		
Security deposits	14.46	12.52
Total	**14.46**	**12.52**

(ii) Current financial assets

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Considered good - unsecured:		
Interest accrued on deposit	-	1.38
Interest accrued on loans given	0.98	1.17
Incentives receivables	12.25	6.94
Insurance claim receivables	-	0.04
Total	**13.23**	**9.53**

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12 Deferred tax balances

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax assets	161.87	135.99
Deferred tax liabilities	(83.31)	(80.85)
Deferred tax assets/ (liabilities) (net)	**78.56**	**55.14**

Rs. 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	(69.45)	(3.99)	-	-	(73.44)
Intangible assets - other than goodwill	(11.40)	1.53	-	-	(9.87)
Right-of-use assets	4.36	0.39	-	-	4.75
Provision for employee benefits	15.16	1.85	0.94	-	17.95
Provision for doubtful receivables	9.45	0.57	-	-	10.02
Carry forward business loss and unabsorbed depreciation	37.07	22.11	-	-	59.18
MAT Credit entitlement	69.95	0.02	-		69.97
Total	**55.14**	**22.48**	**0.94**	-	**78.56**

Rs. 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**

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, 2023.

(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 were disallowed by the assessing officer and the Company's appeal is pending at the Commission of Income Tax. 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, 2023, the potential unrecognised tax credits in respect of the above amount to Rs. 579.01 Crores. The benefit of these tax credits will be evaluated and recognized 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.

13 Income tax assets (net)

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Advance income tax (net of provisions)	4.52	18.29
Total	**4.52**	**18.29**

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14 Other assets

(i) Other non-current assets

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Considered good - unsecured:		
Capital advances	8.74	22.70
Prepaid expenses	0.51	0.48
Balances with government authorities		
- VAT/CST refund receivable	0.82	0.82
Considered doubtful - unsecured:		
Capital advances	0.61	0.61
Advances to others	7.55	7.55
Less: Allowance for doubtful advances	(8.16)	(8.16)
	-	-
Total	**10.07**	**24.00**

(ii) Other current assets

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Considered good - unsecured:		
Advances to suppliers	3.21	4.41
Advances to employees	0.25	0.44
Prepaid expenses	9.99	8.41
Balances with government authorities:		
- GST credit & other receivable	24.27	52.44
Considered doubtful - unsecured:		
Advances to suppliers	0.06	0.12
Less: Allowance for doubtful advances	(0.06)	(0.12)
	-	-
Total	**37.72**	**65.70**

15 Inventories

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Raw materials	116.59	128.56
- Goods-in-transit	2.61	2.54
Work-in-progress	274.99	249.65
Finished goods	155.78	188.17
Stores and spares	8.12	6.63
Total	**558.09**	**575.55**

Note:

(i) Value by which inventories have been written down to net realisable value amounted to Rs. 7.30 Crores (As at March 31, 2022: Rs. 6.83 Crores)

(ii) As at March 31, 2023, the Company carries inventories relating to Anti-virals/COVID-19 of Rs. 117.33 Crores. The Company expects to liquidate these inventories within its shelf life.

16 Trade receivables

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Trade receivables considered good - unsecured	536.99	489.67
Trade receivables - credit impaired	16.20	10.54
	553.19	500.21
Less: Allowances for credit loss	(16.20)	(10.54)
Total	**536.99**	**489.67**

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 31st March, 2023
(i) Undisputed Trade Receivables - Considered Good	462.06	16.74	52.40	-	-	531.20
(ii) Undisputed Trade Receivables - credit impaired	-	0.39	15.25	0.56	-	16.20
(iii) Disputed Trade Receivables - Considered Good	-	5.79	-	-	-	5.79
Total	**462.06**	**22.92**	**67.65**	**0.56**	**-**	**553.19**

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Solara Active Pharma Sciences Ltd. * 2nd Floor, Admin Block, Chennai-600 127. Ph No:044-43446700 *

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(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 31st March, 2021
(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**

(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:**

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	10.54	1.72
Add: Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	5.66	8.82
Closing balance	**16.20**	**10.54**

(v) The Group has receivable from two customers aggregating to Rs. 65.31 Crores which are overdue as on balance sheet date. Based on the arrangement with the customers, these balances are expected to be received within twelve months from balance sheet date.

17 Cash and cash equivalents

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	0.10	0.04
Balance with banks:		
- In current accounts	8.58	3.87
- In deposit accounts	0.05	42.47
Total	**8.73**	**46.38**

18 Bank balances other than above

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
In earmarked accounts:		
Unpaid dividend accounts	0.16	0.17
Balance held as margin money		
- against working capital facilities with banks	-	0.70
Total	**0.16**	**0.87**

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Note No.

19 **Equity share capital**

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Authorised		
120,000,000 equity shares of Rs. 10/- each with voting rights (March 31, 2022: 120,000,000 equity shares of Rs. 10/- each)	120.00	120.00
	120.00	**120.00**
Issued, subscribed and fully paid-up		
35,996,267 equity shares of Rs.10/- each with voting rights (March 31, 2022: 35,996,267 equity shares of Rs. 10/- each)	36.00	36.00
Total	**36.00**	**36.00**

(i) **Reconciliation of number of shares and amount outstanding**

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
Equity share capital				
Equity share of Rs. 10/- each				
Opening balance	3,59,96,267	36.00	3,59,29,767	35.93
Issue of shares pursuant to pursuant to exercise of stock options (Refer note 45)	-	-	66,500	0.07
Closing balance	3,59,96,267	36.00	3,59,96,267	36.00

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

The Company has only one class of equity shares, having a par value of Rs.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, 2023		As at March 31, 2022	
	No. of shares	%	No. of shares	%
TPG Growth IV SF Pte. Ltd.	41,30,321	11.47%	41,30,321	11.47%
Devicam Capital LLP	30,53,045	8.48%	1,51,546	0.42%
Pronomz Ventures LLP	23,32,463	6.48%	21,21,243	5.89%
Arun Kumar Pillai	16,68,463	4.64%	31,68,463	8.80%
Karuna Business Solutions LLP	14,41,370	4.00%	28,41,370	7.89%

(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	31,68,463	(15,00,000)	16,68,463	4.64%	-47.34%
Karuna Business Solutions LLP	28,41,370	(14,00,000)	14,41,370	4.00%	-49.27%
Pronomz Ventures LLP	21,21,243	2,11,220	23,32,463	6.48%	9.96%
SRJR Enterprise LLP	17,00,100	-	17,00,100	4.72%	0.00%
K R Ravishankar	13,25,260	-	13,25,260	3.68%	0.00%
Chayadeep Ventures LLP	10,05,000	7,400	10,12,400	2.81%	0.74%
Agnus Capital LLP	8,49,635	-	8,49,635	2.36%	0.00%
Chayadeep Properties Private Limited	5,25,730	-	5,25,730	1.46%	0.00%
Devicam Capital LLP	1,51,546	29,01,499	30,53,045	8.48%	1914.60%
Karuna Ventures Private Limited	1,03,333	-	1,03,333	0.29%	0.00%
Agnus Holdings Pvt Ltd	72,181	2,00,000	2,72,181	0.76%	277.08%
Deepa Arun Kumar	53,500	4,502	58,002	0.16%	8.41%
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	41,393	-	41,393	0.11%	0.00%
Hemalatha Pillai	35,813	10,000	45,813	0.13%	27.92%
Sajitha Pillai	33,333	20,000	53,333	0.15%	60.00%
Rajitha Gopalakrishnan	27,500	-	27,500	0.08%	0.00%
K R Lakshmi	21,727	-	21,727	0.06%	0.00%
Agraganya Private Trust	61,224	-	61,224	0.17%	0.00%
Total	**1,42,94,183**	**4,54,621**	**1,47,48,804**		

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
Towards employee stock options	4,06,778	0.41	4,06,778	0.41

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SOLARA ACTIVE PHARMA SCIENCES LIMITED

Note No.

20 Other equity

Rs. in Crores

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
Capital reserve	20 (i)	0.01	0.01
Securities premium account	20 (ii)	1,216.03	1,216.03
Retained earnings	20 (iii)	249.31	273.72
Share options outstanding account	20 (iv)	1.05	1.00
Foreign currency translation reserve	20 (v)	(2.19)	(1.89)
Total		**1,464.21**	**1,488.87**

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
(A) Reserves and surplus		
(i) Capital reserve		
Any profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments is transferred to capital reserve.		
Opening balance	0.01	0.01
Closing balance	**0.01**	**0.01**
(ii) Securities premium account		
Amounts received on issue of shares in excess of the par value has been classified as securities premium.		
Opening balance	1,216.03	1,211.72
Add: Premium on shares issued during the year pursuant to exercise of options (Refer note 45)	-	4.31
Closing balance	**1,216.03**	**1,216.03**
(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	273.72	338.85
Add: Net profit attributable to owners of the Company	(22.65)	(58.15)
Add: Non-controlling interests acquired during the year	-	1.79
Less: Dividend paid	-	(10.78)
Add: Other comprehensive income arising from measurement of defined benefit obligation (net of tax)	(1.76)	2.01
Closing balance	**249.31**	**273.72**
(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	1.00	3.79
Add: Employee stock compensation expenses	0.05	(1.31)
Less: Transferred to securities premium account on exercise (net)	-	(1.48)
Closing balance	**1.05**	**1.00**
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.		
Total Reserves and surplus (A)	**1,466.40**	**1,490.76**
(B) Items of other comprehensive income		
(v) Foreign currency translation reserve		
Foreign currency translation reserve comprises of exchange (gain)/loss arising on translation of foreign subsidiary		
Opening balance	(1.89)	(1.77)
Add / (Less): Movement during the period	(0.30)	(0.12)
Closing balance	**(2.19)**	**(1.89)**
Total items of other comprehensive income (B)	**(2.19)**	**(1.89)**
Attributable to equity holders of the Company [A + B]	**1,464.21**	**1,488.87**

Notes:

Distributions made:

(i) The Company has not declared any dividend during the year ended March 31, 2023 and March 31, 2022.

(ii) The Board of Directors at their meeting held on May 06, 2021 had recommended a final dividend of Rs. 3/- per equity share of Rs 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.

21 Non-controlling interests

Rs. In Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	2.31	4.24
Add: Profit for the year	(0.07)	(0.14)
Less: Non-controlling interests acquired during the year transferred to Retained earnings	-	(1.79)
Closing balance	**2.24**	**2.31**

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Solara Active Pharma Sciences Ltd. 2nd Floor, Admin Block, Chennai-600 127 Ph No:044-43446700

NoteNo.

22 Borrowings

(i) Non-current borrowings

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Secured		
Term loans from banks (Refer note (i) to (vi) below)	205.42	245.81
Term loans from others (Refer note (vii) below)	29.68	37.23
Total	**235.10**	**283.04**

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

Rs. in Crores

Terms of repayment and security	As at March 31, 2023	As at March 31, 2022
(i) Term loans from banks:		
Loan 1		
Non-current borrowings	71.17	118.10
Current maturities of non-current borrowings	47.44	47.45
Security: First Paripassu Charge on the Immovable Fixed Assets located at Pondicherry, Mangalore and Mysore of the Company and on all the movable Fixed Assets of the Company and Second Charge on Current Assets of the Company.		
Rate of interest: - 1 Year MCLR plus 1.65% p.a ,(MCLR 8.75%)		
Repayment terms: Rs. 3.95 Cr per month starting from Mar 22		
(ii) Term loans from banks:		
Loan 2		
Non-current borrowings	20.6	29.64
Current maturities of non-current borrowings	9.25	8.90
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: - 6 months MCLR plus 1.20% p.a, (MCLR - 8.80%)		
Repayment terms: 0.98 Cr EMI per month starting from Feb 22		
(iii) Term loans from banks: Loan 3		
Non-current borrowings	48.61	63.51
Current maturities of non-current borrowings	15.29	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 of the Company.		
Rate of interest: - 6 months MCLR plus 0.55% p.a, (MCLR - 8.80%)		
Repayment terms: Rs.1.72 Cr EMI per month ,starting from Nov 22		
(iv) Term loans from banks: Loan 4		
Non-current borrowings	-	-
Current maturities of non-current borrowings	-	12.50
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 of the Company.		
Rate of interest: - 9.70% p.a		
Repayment terms: Rs. 3.13 Cr per month		
(v) Term loans from banks: Loan 5		
Non-current borrowings	11.62	31.55
Current maturities of non-current borrowings	20.00	20.00
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 of the Company.		
Rate of interest: - 10.5% p.a		
Repayment terms: Rs.1.67 Cr per month		
(vi) Term loans from banks:		
Loan 6		
Non-current borrowings	-	3.11
Current maturities of non-current borrowings	3.19	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: 9.55%		
Repayment terms: Rs. 2.36 Cr per month		
(vii) Term loans from others: Loan 7		
Non-current borrowings	53.49	-
Current maturities of non-current borrowings	14.02	-
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: - 6 Months MCLR plus 1.20% p.a, (MCLR - 9.50%)		
Repayment terms: Rs. 1.17 Cr per month starting from Feb 23		
(viii) Term loans from others: Loan 8		
Non-current borrowings	29.61	37.13
Current maturities of non-current borrowings	8.06	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: 11.40% p.a		
Repayment terms: Rs. 0.99 Cr EMI per month		

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NoteNo.

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Disclosed under non-current borrowings	235.10	283.04
Disclosed under current borrowings		
-Current maturities of non-current borrowings	117.25	131.63

During the financial year ended March 31, 2023, for non-current borrowings aggregating to Rs. 352.35 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. The Group has made representation to the lenders to waive from the testing of financial covenants for the year ended March 31, 2023.

(ii) Current borrowings

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Secured loans repayable on demand from banks:		
Working capital loans	648.80	609.90
Current maturities of non-current borrowings (Refer note 22(i))	117.25	131.63
Total	**766.05**	**741.53**

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 9.15% to 12.00%

c) Rate of interest for USD borrowings ranges from 4.19% to 8.46%

23 Other financial liabilities

(i) Other non-current financial liabilities

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits	0.42	0.42
Total	**0.42**	**0.42**

(ii) Other current financial liabilities

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	2.20	0.92
Unclaimed dividends*	0.16	0.17
Other payables:		
Payables on purchase of property, plant and equipment	11.79	16.73
Total	**14.15**	**17.82**

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

24 Provisions

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits:		
Compensated absences	12.75	12.93
Total	**12.75**	**12.93**
Non-current	10.67	9.49
Current	2.08	3.44

25 Other liabilities

(i) Other non-current liabilities

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Contract liability:		
Advance from customers	-	22.94
Income received in advance (unearned revenue)	-	0.19
Provision for employee benefits:		
Gratuity (Refer note 41)	38.36	27.58
Total	**38.36**	**50.71**

(ii) Other current liabilities

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Contract liability:		
Advance from customers	7.20	15.75
Income received in advance (unearned revenue)	0.23	1.06
Other payables:		
- Advance rentals	-	1.17
- Statutory liabilities	5.00	4.23
Total	**12.43**	**22.21**

Note:

(i) During the year ended March 31, 2023, the Group recognized revenue of Rs. 26.50 Crores (As at March 31, 2022: Rs. 8.43 Crores) arising from opening contract liability as of April 1, 2022.

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NoteNo.

26 **Trade payables**

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Trade payables:		
Dues of micro and small enterprises (Refer note (iii) below)	11.96	8.07
Dues of other than micro and small enterprises	293.90	267.92
Total	**305.86**	**275.99**

Note:

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

Rs. in Crores

Particulars	Unbilled	Less than 1 year	1-2 years	2-3 years	More than 3 years	As at March 31, 2023
(i) MSME	-	11.96	-	-	-	11.96
(ii) Others	33.72	255.91	2.72	1.46	0.09	293.90
Total	**33.72**	**267.87**	**2.72**	**1.46**	**0.09**	**305.86**

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

Rs. 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	53.92	206.66	6.13	0.23	1.00	267.94
Total	**53.92**	**214.73**	**6.13**	**0.23**	**1.00**	**276.01**

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

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
(i) The principal amount due to micro and small enterprises remaining unpaid to any supplier as at the end of each year	11.96	8.07
(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.

27 **Current income tax liabilities (net)**

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax)	0.01	0.33
Total	**0.01**	**0.33**

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Note No.

28 Revenue from operations

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of products	1,374.01	1,207.44
Sale of services	5.18	23.11
Other operating revenues (Refer note (i) below)	64.62	37.79
Total	**1,443.81**	**1,268.34**

Disaggregated revenue information

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

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from contracts with customers		
Asia Pacific	846.04	841.28
Europe	329.95	219.14
North America	72.05	33.89
South America	37.18	44.42
Rest of the World	93.97	91.82
Subtotal	**1,379.19**	**1,230.55**
Revenue from other sources		
Other operating revenues	64.62	37.79
Subtotal	**64.62**	**37.79**
Total	**1,443.81**	**1,268.34**

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

(b) Revenue from major customers

Revenue from one customer of the Group during the year ended March 31, 2023 was 189.70 Cr which is individually more than 10 percent of the Group's total revenue for the year. Revenue from such customer during previous year was Rs. 119.22 crores.

No customer individually contributed for more than 10 percent of the Group's total revenue during the year ended March 31, 2022.

(i) Other operating revenue comprises:

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Export incentives	17.20	5.06
Share of profit	1.01	1.60
Sale of by-products and scrap	45.38	29.32
Support service income	1.03	1.82
Total	**64.62**	**37.80**

Performance obligations and remaining performance obligations:

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

29 Other income

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income (Refer note (i) below)	5.78	7.76
Rental income from investment properties	4.45	5.59
Other non-operating income		
- Liabilities / provisions no longer required written back	10.02	1.75
- Exchange gain (net)	0.27	2.42
- Insurance claims	0.84	0.46
- Others	1.19	2.04
Total	**22.55**	**20.02**

Note:

(i) Interest income comprises:

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest from banks on deposits	0.09	3.42
Interest on loans and advances	4.69	3.95
Interest from others	1.00	0.39
Total	**5.78**	**7.76**

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Note No.

30 Cost of materials consumed

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening stock	131.10	109.50
Add: Purchases	762.00	880.46
Less: Closing stock	(119.20)	(131.10)
Cost of materials consumed	**773.90**	**858.86**

31 Purchase of stock-in-trade

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Traded goods	7.88	53.78
Total	**7.88**	**53.78**

32 Changes in inventories of finished goods and work-in-progress

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inventories at the end of the year:		
- Finished goods	155.78	188.17
- Work-in-progress	274.99	249.65
	430.77	**437.82**
Inventories at the beginning of the year:		
- Finished goods	188.17	30.98
- Work-in-progress	249.65	148.09
	437.82	**179.07**
Net (increase) / decrease	**7.05**	**(258.75)**

33 Employee benefits expense

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages	188.51	196.79
Contribution to provident and other funds (Refer note 41)	19.36	18.92
Share based payments (Refer note 45)	0.05	(1.31)
Other employee benefits	20.71	21.94
Total	**228.63**	**236.34**

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.

34 Finance costs

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest costs:		
- Interest on bank overdrafts and loans	92.45	72.01
- Delayed payment of income tax	-	0.34
- Other interest expense	2.50	3.24
- Less: Amounts included in the cost of qualifying assets	(11.57)	(8.31)
Exchange difference regarded as an adjustment to borrowing costs	3.42	5.14
Other finance costs	3.26	2.86
Total	**90.06**	**75.28**

35 Depreciation and amortisation expenses

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Depreciation of property, plant and equipment (Refer note 3)	92.14	93.56
Depreciation of investment properties (Refer note 6)	0.65	0.68
Depreciation of right-of-use assets (Refer note 4(i))	2.71	2.81
Amortisation of intangible assets (Refer note 8)	15.69	15.27
Total	**111.19**	**112.32**

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Note No.

36 Other Expenses

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Subcontracting	16.29	16.47
Power and fuel	106.03	92.12
Water	2.07	1.58
Rent including lease rentals	1.29	2.49
Repairs and maintenance:		
- Buildings	3.08	2.60
- Machinery	21.09	18.07
- Others	25.91	33.33
Insurance	8.45	13.33
Rates and taxes	2.31	1.93
Communication	1.64	1.87
Travelling and conveyance	5.74	2.91
Printing and stationery	2.26	2.22
Freight and forwarding	25.70	24.89
Sales commission	5.12	5.01
Business promotion	0.86	0.38
Donations and contributions	0.29	0.10
Expenditure on Corporate Social Responsibility	1.68	2.58
Analytical charges	0.88	2.70
Regulatory expenses	4.18	4.99
Legal and professional fees	12.76	18.69
Payments to Statutory auditors (Refer note (i) below)	0.80	0.88
Bad debts written off / Allowance for doubtful trade and other receivables	5.66	8.82
Loss on sale of property, plant and equipment (net)	0.45	0.77
Consumption of stores and spares	24.39	27.43
Miscellaneous expenses	13.54	11.98
Total	**292.47**	**298.14**

Note:

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

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
- Audit of standalone and consolidated financial statements including limited review	0.66	0.66
- Other services	0.03	0.14
		0.06
- For audit of financial statements of the subsidiaries of the Group paid to other auditors	0.07	
- Reimbursement of expenses	0.04	0.02
Total	**0.80**	**0.88**

37 Exceptional items

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Merger/acquisition and restructing costs	-	3.49
Total	**-**	**3.49**

38 Tax expenses

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Current tax		
Current tax expense	(0.09)	0.17
Deferred tax benefit		
Deferred tax (credit) / expenses	(22.46)	(33.04)
MAT credit availed	(0.02)	0.06
Net tax expense	**(22.57)**	**(32.81)**

Note No.

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:

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit before income taxes:	**(44.82)**	**(91.10)**
Indian statutory income tax rate	34.94%	34.94%
Expected income tax expense	**(15.66)**	**(31.83)**
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	0.69	0.81
Effect on additional tax allowance	(1.83)	(0.59)
Effect of unrecognised tax credits and deductible temporary differences now recognised as deferred tax assets	(6.35)	-
Others (net)	0.58	(1.20)
Total income tax expense	**(22.57)**	**(32.81)**

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

39 Details of research and development expenditure incurred (charged to statement of profit and loss)

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Inhouse:		
Salaries and wages	18.70	28.42
Depreciation and amortisation expense	10.57	11.53
Materials	2.58	0.48
Others	14.31	25.19
Total	**46.16**	**65.62**

In addition, the Group has also incurred capital expenditure in such facilities of Rs. 3.89 Crores (March 31, 2022: Rs 2.65 Crores) which has been capitalised under respective heads in the financial statements.

40 Commitments and Contingent liabilities (to the extent not provided for)

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
a) Contingent liabilities - Pending Litigations		
(i) Indirect taxes	3.61	3.22
(ii) The Parent has received assessment orders from the assessing officer. For the assessment year 2018-19, the officer disallowed the Parent claim for depreciation on goodwill and product portfolio amounting to Rs. 115.97 Crores. For the assessment year 2020-21, the officer disallowed the Parent claim for weighted deduction under Section 35(2AB) amounting to Rs. 20.60 Crores, depreciation on goodwill and product portfolio amounting to Rs. 164.04 Crores, and deemed income under Section 41 amounting to 0.13 Crores.The Parent has preferred appeal to the above two assessment orders defending their claims and the matter is pending with Commisisoner of income tax (appeals). The tax impact of above disallowance is Rs. 40.52 Crores for assessment year 2018-19 and 64.56 Crores for assessment year 2020-21. The Parent 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	-	-
b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		
- Property, plant and equipment	34.20	63.10
- Intangible assets	0.19	0.29

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Solara Active Pharma Sciences Ltd. 2nd Floor, Admin Block, Chennai-600 127 Ph No:044-43446700

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 Rs.12.69 Crores (March 31, 2022: Rs. 13.19 Crores) for provident fund contributions, Rs. 0.17 Crores (March 31, 2022: Rs. 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, 2023	March 31, 2022
Discount rate	7.39%	6.88%
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)	Karnataka - 60 years, Other - 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:

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Service cost:		
Current service cost	4.87	4.30
Past service cost and (gain)/loss from settlements	(0.05)	-
Net interest expense	1.64	1.43
Components of defined benefit costs recognised in statement of profit and loss	**6.46**	**5.73**
Remeasurement on the net defined benefit liability:		
Return on plan assets [excluding amounts included in net interest expense] (excess) / short return	0.49	0.20
Actuarial (gains) / losses arising from changes in financial assumptions	(1.39)	(0.77)
Actuarial (gains) / losses arising from experience adjustments	3.60	(2.52)
Components of defined benefit costs recognised in other comprehensive income	**2.70**	**(3.09)**
Total	**9.16**	**2.64**

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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:

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of funded defined benefit obligation	58.01	49.94
Fair value of plan assets	(19.65)	(22.36)
Funded status	**38.36**	**27.58**
Net liability arising from defined benefit obligation	**38.36**	**27.58**

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

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	49.94	49.27
Expenses recognised in statement of profit and loss		
Current service cost	4.87	4.30
Past service cost and (gain)/loss from settlements	(0.05)	-
Interest cost	3.18	3.01
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(1.39)	(0.77)
Actuarial gains and losses arising from experience adjustments	3.60	(2.52)
Liabilities assumed on employees transferred from group companies	1.88	-
Benefits paid	(4.02)	(3.35)
Closing defined benefit obligation	**58.01**	**49.94**

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

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	22.36	24.07
Expected return on plan assets	1.54	1.58
Remeasurement gain (loss):		
Contributions from the employer	0.26	0.26
Actuarial (gains) / loss on plan assets	(0.49)	(0.20)
Benefits paid	(4.02)	(3.35)
Closing fair value of plan assets	**19.65**	**22.36**

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 Rs. 55.36 Crores (Rs. 60.83 Crores) as at March 31, 2023

If the expected salary growth increases (decrease) by 1%, the defined benefit obligation would be Rs. 60.80 Crores (Rs. 55.46 Crores) as at March 31, 2023

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-

Rs. in Crores

Financial Year	Amount
2023-24	9.32
2024-25	9.31
2025-26	8.38
2026-27	7.67
2027-28	7.57
2028-29 to 2032- 33	25.39

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Note No.

42 Related party information:

42A List of related parties:

Director and Key Management Personnel:	
Jitesh Devendra	Managing Director (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(Resigned as MD & CEO wef. February 28, 2022)
S Hariharan	Executive Director and Chief Finance Officer (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)
Poorvank Purohit	Chief Executive Officer (Appointed wef. February 03, 2023)
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) (Resigned wef. August 03, 2022)
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
Rajesh Salwan	Chief Operating Officer (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)
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 (merged with Tenshi Pharmaceuticals Limited wef November 29, 2022)
Aurore Life Sciences Private Limited, India (upto August 3, 2022)**
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

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Note No.

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

Biolexis Pte Ltd. Singapore
Navad Life Sciences Pte Ltd. Singapore
Aurore Pharmaceuticals Private Limited. India (upto August 3. 2022)**
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
Axxelent 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)

* The 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

Rs. in Crores

Description	Related party	March 31, 2023	March 31, 2022
Sale of goods/(sales return)	Strides Pharma Science Limited	188.69	117.61
	Aurore Life Sciences Private Limited	14.16	33.96
	Aurore Pharmaceuticals Private Limited	(2.68)	89.71
	Axxelent Pharma Sciences Private Limited	-	0.01
	Steriscience Specialties Pvt Ltd	0.01	4.92
	Stelis Biopharma Private Limited	0.03	0.19
	Tenshi Kaizen Private Limited	0.01	-
Sale of services	Strides Pharma Science Limited	0.01	0.01
	Tenshi Kaizen Private Limited	0.02	-
	Stelis Biopharma Private Limited	0.01	-
Interest Income	Aurore Life Sciences Private Limited	1.69	3.96
Other operating revenue	Strides Pharma Science Limited	1.01	1.60
Sale of property, plant and equipment	Strides Pharma Science Limited	-	0.01
Purchase of goods	Strides Pharma Science Limited	0.00	-
	Aurore Life Sciences Private Limited	0.61	36.97
Purchase of services	Axxelent Pharma Sciences Private Limited	0.19	-
	Batliboi Impex Limited	0.78	1.20
Recovery of expenses from	Aurore Life Sciences Private Limited	1.67	-
	Karuna Business Solutions LLP	-	0.86
	Strides Pharma Science Limited	13.51	9.81
Reimbursement of expenses to	Strides Pharma Science Limited	1.08	-
	Tenshi Life Sciences Private Limited	1.14	2.09
	Tenshi Pharmaceuticals Private Limited	0.33	-
Rental Income	Aurore Life Sciences Private Limited	0.02	0.03
Rent & Maintenance for leased property	Strides Pharma Science Limited	1.60	1.52
Loan given	Aurore Life Sciences Private Limited	-	50.00
Loan / Advances refund received	Aurore Life Sciences Private Limited	7.65	-

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Rs. in Crores

Description	Related party	March 31, 2023	March 31, 2022
Dividend paid	Arun Kumar Pillai	-	0.95
	K R Ravishankar	-	0.40
	Deepa Arun Kumar	-	0.02
	Aditya Arun Kumar	-	0.02
	Tarini Arun Kumar	-	0.02
	Padmakumar Karunakaran Pillai	-	0.01
	Vineetha Mohanakumar Pillai	-	0.01
	Hemalatha Pillai	-	0.01
	Sajitha Pillai	-	0.01
	Rajitha Gopalakrishnan	-	0.01
	K R Lakshmi	-	0.01
	Chayadeep Properties Private Limited	-	0.16
	Karuna Ventures Private Limited	-	0.03
	Agnus Holdings Pvt Ltd	-	0.02
	Pronomz Ventures LLP	-	0.64
	SRJR Enterprise LLP	-	0.51
	Karuna Business Solutions LLP	-	0.84
	Chayadeep Ventures LLP	-	0.30
	Agnus Capital LLP	-	0.25
	Devicam Capital LLP	-	0.05
Sitting fees paid to directors	Aditya Puri	0.04	0.06
	Deepak C Vaidya	-	0.07
	Kausalya Santhanam	0.08	0.16
	Nirmal P Bhogilal	0.06	0.16
	Ronald Tjeerd De Vries	-	0.07
	R. Ramakrishnan	0.08	0.16
	Vineeta Rai	0.08	0.07
Short term employee benefits paid to (refer note (i) below)	Jitesh Devendra	2.17	-
	S Hariharan	1.98	0.14
	Poorvank Purohit	0.50	
	Bharat R Sesha	-	0.20
	Subhash Anand	-	2.36
	Rajesh Salwan	-	1.63
	S Murali Krishna	0.42	0.44

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

42C Balances as at March 31, 2023

Rs. in Crores

Description	Related party	As at March 31, 2023	As at March 31, 2022
Trade payables	Tenshi Life Sciences Private Limited	0.87	4.42
	Tenshi Pharmaceuticals Private Limited	0.36	-
	Tenshi Life Sciences Private Limited	0.87	4.42
	Aurore Life Sciences Private Limited	-	13.80
	Strides Pharma Science Limited	0.42	-
Trade receivables	Aurore Life Sciences Private Limited	-	7.70
	Aurore Pharmaceuticals Private Limited	-	58.33
	Strides Pharma Science Limited	119.38	78.23
	Stelis Biopharma Private Limited	0.06	0.03
	Tenshi Kaizen Private Limited	0.03	-
	Steriscience Specialties Pvt Ltd	-	4.54
	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

** The transaction with Aurore has been disclosed upto aforementioned date and the balance sheet balance has not been disclosed

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Note No.

43 Earnings per share

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Basic earnings per share:	(6.16)	(16.18)
Diluted earnings per share:	(6.16)	(16.18)

Earnings used in computing basic and diluted earnings per share

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Profit attributable to the equity holders of the Company	(22.17)	(58.15)

Weighted average number of shares used as the denominator

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Weighted average number of equity shares used as denominator in calculating basic earnings per share	3,59,96,267	3,59,40,826
Adjustments for calculation of diluted earnings per share:		
- employee stock options	189	1,348
Weighted average number of equity shares used as denominator in calculating diluted earnings per share *	**3,59,96,456**	**3,59,42,174**

* Diluted earnings per share for the year ended March 31, 2023 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, 2023.

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*:

Rs. in Crores

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
India	1,617.02	1,637.33
Total	**1,617.02**	**1,637.33**

*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 324,600 options (March 31, 2022: 85,000 options) under this plan during the current year.

During the current year, employee compensation costs of Rs. 0.05 Crores (Previous year: Rs. (1.31) 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 previous 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: Apr 29, 2022		
	Vest 1 Apr 29, 2023	Vest 2 Apr 29, 2024	Vest 3 Apr 29, 2025
	20%	30%	50%
No. of options	40,000	60,000	1,00,000
Fair market value of option at grant date (Rs.)	266.50	332.56	365.42
Fair market value of share at grant date (Rs.)	688.95	688.95	688.95
Exercise price (Rs.)	516.00	516.00	516.00
Expected volatility	52.25%	59.11%	55.28%
Option life (Years)	1	2	3
Expected Dividend Yield	0.51%	0.51%	0.51%
Risk-free interest rate	6.95%	6.40%	6.90%

Assumptions	Grant Date: Aug 4, 2022		
	Vest 1 Aug 4, 2023	Vest 2 Aug 4, 2024	Vest 3 Aug 4, 2025
	20%	30%	50%
No. of options	6,000	9,000	15,000
Fair market value of option at grant date (Rs.)	157.27	165.96	226.68
Fair market value of share at grant date (Rs.)	389.26	389.26	389.26
Exercise price (Rs.)	292.00	292.00	292.00
Expected volatility	60.74%	46.35%	70.10%
Option life (Years)	1	2	3
Expected Dividend Yield	0.90%	0.90%	0.90%
Risk-free interest rate	6.23%	6.52%	6.85%

Assumptions	Grant Date: Jan 24, 2023		
	Vest 1 Jan 24, 2024	Vest 2 Jan 24, 2025	Vest 3 Jan 24, 2026
	20%	30%	50%
No. of options	9,920	14,880	24,800
Fair market value of option at grant date (Rs.)	166.10	174.05	231.98
Fair market value of share at grant date (Rs.)	411.25	411.25	411.25
Exercise price (Rs.)	309.00	309.00	309.00
Expected volatility	59.64%	43.89%	64.91%
Option life (Years)	1	2	3
Expected Dividend Yield	0.85%	0.85%	0.85%
Risk-free interest rate	6.90%	7.16%	7.19%

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Assumptions	Grant Date: Feb 3, 2023		
	Vest 1 Feb 3, 2024	Vest 2 Feb 3, 2025	Vest 3 Feb 3, 2026
	20%	30%	50%
No. of options	9,000	13,500	22,500
Fair market value of option at grant date (Rs.)	160.46	168.21	226.09
Fair market value of share at grant date (Rs.)	404.25	404.25	404.25
Exercise price (Rs.)	309.00	309.00	309.00
Expected volatility	59.64%	43.89%	64.91%
Option life (Years)	1	2	3
Expected Dividend Yield	0.87%	0.87%	0.87%
Risk-free interest rate	6.90%	7.16%	7.19%

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: Nov 11, 2021		
	Vest 1 Nov 11, 2021	Vest 2 Nov 11, 2022	Vest 3 Nov 11, 2023
	23%	30%	47%
No. of options	8,000	10,500	16,500
Fair market value of option at grant date (Rs.)	473.44	624.02	692.07
Fair market value of share at grant date (Rs.)	1,317.00	1,317.00	1,317.00
Exercise price (Rs.)	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%

Assumptions	Grant Date: Mar 15, 2022		
	Vest 1 Apr 29, 2023	Vest 2 Apr 29, 2024	Vest 3 Apr 29, 2025
	5%	8%	13%
No. of options	10,000	15,000	25,000
Fair market value of option at grant date (Rs.)	266.50	332.56	365.42
Fair market value of share at grant date (Rs.)	688.95	688.95	688.95
Exercise price (Rs.)	516.00	516.00	516.00
Expected volatility	52.25%	59.11%	55.28%
Option life (Years)	1	2	3
Expected Dividend Yield	0.51%	0.51%	0.51%
Risk-free interest rate	6.95%	6.40%	6.90%

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

Particulars	During the year 2022-23		During the year 2021-22	
	Options (No's)	Weighted average exercise price per option (Rs.)	Options (No's)	Weighted average exercise price per option (Rs.)
Option outstanding at the beginning of the year	1,05,000	782.40	3,90,000	659.39
Granted during the year	3,24,600	434.97	85,000	727.65
Exercised during the year	-	-	66,500	438.05
Lapsed/ cancelled during the year	2,86,000	580.17	3,03,500	684.45
Options outstanding at the end of the year	1,43,600	399.81	1,05,000	782.40
Options available for grant	2,63,178	-	3,01,778	-

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SOLARA ACTIVE PHARMA SCIENCES LIMITED

Note No.

46 Financial instruments

46.1 Categories of financial instruments

Rs. in Crores

Particulars	As at March 31, 2023	As at March 31, 2022
Financial assets:		
Measured at amortised cost		
(a) Cash and bank balances	8.89	47.25
(b) Investments	1.70	0.42
(c) Trade receivables	536.99	489.67
(d) Loans receivable	32.62	51.85
(e) Other financial assets at amortised cost	27.69	22.05
Financial liabilities:		
Measured at amortised cost		
(a) Borrowings including current maturities of non current borrowings	1,001.15	1,024.57
(b) Lease liabilities	11.70	12.80
(c) Trade payables	305.86	275.99
(d) Other financial liabilities	14.57	18.24

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:

Rs. in Crores

Particulars	As at March 31, 2023		As at March 31, 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities:				
Borrowings	1,001.15	1,004.66	1,024.57	1,028.11

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:

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:

Rs. in Crores

Amount receivable/(payable)	As at March 31, 2023		As at March 31, 2022	
Exposure to the Currency	**in foreign Currency**	**in Rs.**	**in foreign Currency**	**in Rs.**
USD	0.52	41.63	0.53	40.62
EUR	0.01	1.03	0.08	6.97
JPY	3.22	1.99	1.88	1.17

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SOLARA ACTIVE PHARMA SCIENCES LIMITED *

Note No.

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 Rs. is given below:

Rs. in Crores

Exposure to the Currency	Increase / (Decrease) in Equity / Profit	
	March 31, 2023	March 31, 2022
Appreciation in the USD	2.08	2.03
Depreciation in the USD	(2.08)	(2.03)
Appreciation in the EUR	0.05	0.35
Depreciation in the EUR	(0.05)	(0.35)

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:

0

Particulars	As at 31 March, 2023	As at 31 March, 2022
Fixed-rate instruments		
Financial assets		
Balance with banks held as margin money	-	0.70
Balance with banks held in deposit account	0.05	42.47
Financial liabilities		
Lease liabilities	11.70	12.80
	11.75	**55.97**
Variable-rate instruments		
Financial liabilities		
Borrowings from bank	1,001.15	1,024.57
	1,001.15	**1,024.57**

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 Rs. 10.05 Crores (March 31, 2022: Rs. 9.33 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.

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SOLARA ACTIVE PHARMA SCIENCES LIMITED

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

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.

Rs. 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, 2023	768.68	109.16	77.10	38.03	11.68	-	1,004.66	1,001.15
- As on March 31, 2022	744.05	105.20	96.74	62.72	19.39	-	1,028.11	1,024.57
Interest payable on borrowings								
- As on March 31, 2023	2.20	-	-	-	-	-	2.20	2.20
- As on March 31, 2022	0.92	-	-	-	-	-	0.92	0.92
Lease liabilities								
- As on March 31, 2023	0.87	0.92	0.96	1.01	1.06	50.26	55.08	11.70
- As on March 31, 2022	2.43	0.87	0.92	0.96	1.01	51.30	57.49	12.80
Trade and other payable								
- As on March 31, 2023	318.23	-	-	-	-	-	318.23	318.23
- As on March 31, 2022	293.31	-	-	-	-	-	293.31	293.31

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.

Rs. in Crores

Particulars	March 31, 2023	March 31, 2022
Debt (i)	1,012.85	1,037.37
Less:		
Cash and bank balances	8.89	47.25
Net Debt (A)	**1,003.96**	**990.12**
Total Equity (B)	**1,500.21**	**1,524.87**
Net debt to equity ratio (A/B)	0.67	0.65

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

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SOLARA ACTIVE PHARMA SCIENCES LIMITED

Note No.

48 **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, 2023**

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	Rs. In Crores	As % of consolidated profit	Rs. In Crores	As % of consolidated other comprehensive income	Rs. In Crores	As % of consolidated total comprehensive income	Rs. In Crores
Solara Active Pharma Sciences Limited	99.68%	1,503.13	99.64%	(22.21)	85.44%	(1.76)	98.44%	(23.97)
Indian Subsidiaries:								
Chemsynth Laboratories Private Limited	0.32%	4.84	0.67%	(0.15)	0.00%	-	0.62%	(0.15)
Sequent Penems Private Limited	0.25%	3.79	-0.13%	0.03	0.00%	-	-0.12%	0.03
Foreign Subsidiary:								
Shasun USA Inc	-0.25%	(3.77)	-0.18%	0.04	14.56%	(0.30)	1.07%	(0.26)
Solara Active Pharma Sciences LTDA*	-	-	-	-	-	-	-	-
Total		**1,507.99**		**(22.29)**		**(2.06)**		**(24.35)**
Adjustment arising out of consolidation		(7.84)		-		-		-
Minority interest in subsidiaries:								
Chemsynth Laboratories Private Limited		2.24		(0.04)		-		(0.04)
Total		**1,502.39**		**(22.33)**		**(2.06)**		**(24.39)**

* **Note** - Subsidiary company incorporated on March 27, 2023 and no Investment made by the Company as on balance sheet date

49 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.

50 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.

51 **Other statutory information**

(a) The Group does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property

(b) The Group does not have any transactions with companies struck off.

(c) The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(d) The Group 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).

(e) The Group 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.

(f) The Group has not been declared willful defaulter by any bank or financial Institution or other lender.

(g) The Group 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 Group 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,

52 **Amendments effective from April 1, 2022 :**
On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to the Group from April 1, 2023

i. Ind AS 101 – First time adoption of Ind AS
ii. Ind AS 102 – Share-based payment
iii. Ind AS 103 – Business Combinations
iv. Ind AS 107 – Financial Instruments: Disclosures
v. Ind AS 109 – Financial Instruments
vi. Ind AS 115 – Revenue from Contracts with Customers
vii. Ind AS 1 – Presentation of Financial Statements
viii. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
ix. Ind AS 12 – Income Taxes
x. Ind AS 34 – Interim Financial Reporting

The Group is in the process of evaluating the impact of the above amendments on the Company's financial statements.

SOLARA ACTIVE PHARMA SCIENCES LIMITED

53 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

Bijesh Devendra	**Poorvank Purohit**	**S. Hariharan**	**S Murali Krishna**
Managing Director	Chief Executive Officer	Executive Director and Chief Financial Officer	Company Secretary
DIN: 06469234		**DIN: 05297969**	Membership Number: 13372

Place : Bengaluru
Date : May 12, 2023

DELOITTE HASKINS & SELLS LLP
CHARTERED ACCOUNTANTS
BENGALURU

Deloitte Haskins & Sells LLP

Chartered Accountants
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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, 2023 ("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.

Deloitte
Haskins & Sells LLP

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. Nil and Rs. Nil for the quarter and nine months ended December 31, 2023 respectively, total net loss after tax of Rs. 0.03 crores and Rs. 3.01 crores for the quarter and nine months ended December 31, 2023 respectively and total comprehensive loss of Rs. 0.07 crores and Rs. 3.05 crores for the quarter and nine months ended December 31, 2023 respectively as considered in the Statement.

   According to the information and explanations given to us by the Management, this 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: 24206920BKANXJ7636)

Place: Bengaluru
Date: February 14, 2024

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 CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2023

(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
		31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
I	Revenue from operations	248.73	425.24	394.75	1,026.28	1,063.19	1,443.81
II	Other income	0.45	1.18	7.17	3.67	17.87	22.55
III	**Total income (I + II)**	**249.18**	**426.42**	**401.92**	**1,029.95**	**1,081.06**	**1,466.36**
IV	**Expenses**						
	(a) Cost of materials consumed	157.76	241.83	213.24	602.27	578.80	773.90
	(b) Purchases of stock-in-trade	0.25	3.12	2.40	4.95	5.11	7.88
	(c) Changes in inventories of finished goods, stock-in-trade and work in progress	57.51	(7.42)	(4.25)	37.82	12.48	7.05
	(d) Employee benefits expense	62.64	64.12	58.45	187.91	168.44	228.63
	(e) Finance costs	25.37	24.44	23.64	74.42	68.10	90.06
	(f) Depreciation and amortisation expense	25.96	26.21	27.98	78.08	84.74	111.19
	(g) Other expenses (Refer note 7)	132.26	85.96	79.91	298.27	213.24	292.47
	Total expenses (IV)	**461.75**	**438.26**	**401.37**	**1,283.72**	**1,130.91**	**1,511.18**
V	**Profit/(loss) before exceptional items and tax (III - IV)**	**(212.57)**	**(11.84)**	**0.55**	**(253.77)**	**(49.85)**	**(44.82)**
VI	Exceptional item profit / (loss) (Refer note 6)	(62.77)	(5.22)	-	(67.99)	-	-
VII	**Profit/(loss) before tax (V - VI)**	**(275.34)**	**(17.06)**	**0.55**	**(321.76)**	**(49.85)**	**(44.82)**
VIII	**Tax expense**						
	- Current tax	-	-	(0.10)	-	0.47	(0.09)
	- Deferred tax	-	-	0.22	(10.25)	(24.32)	(22.48)
	Total tax expense (VIII)	**-**	**-**	**0.12**	**(10.25)**	**(23.85)**	**(22.57)**
IX	**Profit/(loss) for the period (VII -VIII)**	**(275.34)**	**(17.06)**	**0.43**	**(311.51)**	**(26.00)**	**(22.25)**
X	**Other comprehensive income**						
A	**Items that will not be reclassified subsequently to profit or loss:**						
	(i) Remeasurement gains/(losses) of defined benefit plans	-	0.24	-	0.24	(1.66)	(2.70)
	(ii) Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-	0.58	0.94
B	**Items that may be reclassified to subsequently to profit or loss:**					-	
	(i) Exchange differences on translating the financial statements of foreign operations	(0.04)	(0.01)	0.01	(0.05)	(0.24)	(0.30)
	(ii) Income tax relating to items that may be reclassified to statement of profit and loss	-	-	-	-	-	-
	Total other comprehensive income for the period (X)	**(0.04)**	**0.23**	**0.01**	**0.19**	**(1.32)**	**(2.06)**
XI	**Total comprehensive income/(loss) for the period (IX + X)**	**(275.38)**	**(16.83)**	**0.44**	**(311.32)**	**(27.32)**	**(24.31)**
XII	**Profit for the year attributable to:**						
	- Equity shareholders of the Company	(275.34)	(17.16)	0.45	(312.05)	(25.94)	(22.18)
	- Non-controlling interests	-	0.10	(0.02)	0.54	(0.06)	(0.07)
XIII	**Other Comprehensive income attributable to:**						
	- Equity shareholders of the Company	(0.04)	0.23	0.01	0.19	(1.32)	(2.06)
	- Non-controlling interests	-	-	-	-	-	-
XIV	**Total Comprehensive income attributable to:**						
	- Equity shareholders of the Company	(275.38)	(16.93)	0.46	(311.86)	(27.26)	(24.24)
	- Non-controlling interests	-	0.10	(0.02)	0.54	(0.06)	(0.07)
XV	Paid-up equity share capital (face value of Rs. 10/- each)	36.00	36.00	36.00	36.00	36.00	36.00
XVI	Other equity excluding Non-controlling interest						1,464.21
	Earnings per equity share (face value of Rs. 10/- each) (not annualised for quarters)						
	(a) Basic (in Rs.)	(76.49)	(4.77)	0.12	(86.69)	(7.21)	(6.16)
	(b) Diluted (in Rs.)	(76.49)	(4.77)	0.12	(86.69)	(7.21)	(6.16)
	See accompanying notes to the financial results						

SOLARA ACTIVE PHARMA SCIENCES LIMITED

SOLARA
Active Pharma Sciences

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 CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2023

Notes:

1 The above 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") as reviewed by the Audit Committee has been approved by the Board of Directors at its meeting held on February 14, 2024. The results for the quarter and nine months ended December 31, 2023 has been reviewed by Deloitte Haskins & Sells LLP, the statutory auditors of the Company. The statutory auditors of the Parent have issued an unmodified conclusion in respect of the limited review for the quarter and nine months ended December 31, 2023.

2 These consolidated financial results of the Group 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 The Group's operations relate to only one reportable segment viz Active Pharmaceutical Ingredient (API). Accordingly no separate disclosure of segment information is required.

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
		31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
I	Total Income	249.17	426.47	401.52	1,030.02	1,080.21	1,465.95
II	Profit/(loss) before tax	(275.33)	(15.26)	0.53	(320.72)	(53.09)	(44.78)
III	Profit/(loss) after tax	(275.33)	(15.26)	0.42	(310.47)	(28.67)	(22.21)

5 There was a fire accident at the Company's Puducherry facility on November 04, 2023 whereby 3 blocks out of the total 76 blocks were impacted by the fire. The resultant fire caused injuries to 14 workers and 12 workers were recovered and discharged while 2 have succumbed to injuries despite maximum efforts put to recover them. The fire also caused damages to our existing plant and equipment and inventories. There was disruption in the production at the Puducherry facility for a brief period and we have resumed the production after receiving the statutory approvals post the fire incident. The losses arising on account of the fire incident have been accounted under exceptional item. The Parent has submitted the initial insurance claims and pending submission of the final insurance claims, no income from insurance claims has been accounted for in these financial results.

6 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
		31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
		UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED	AUDITED
I	Impairment on assets classified as held for sale	-	(5.22)	-	(5.22)	-	-
II	Exceptional loss on account of fire at Puducherry facility (Refer note 5)	(62.77)	-	-	(62.77)	-	-
	Total	**(62.77)**	**(5.22)**	**-**	**(67.99)**	**-**	**-**

7 During the quarter ended December 31, 2023, the Group has received claims of Rs. 43.8 crores from two of its customers. Pending finalisation of discussion, the Group has accrued for Rs. 43.8 crores towards such claims which has been included in 'Other expenses'.

For and on behalf of board

Poorvank Purohit

Poorvank Purohit
MD & CEO

SOLARA ACTIVE PHARMA SCIENCES LIMITED

Place : Bengaluru
Date : February 14, 2024

ACCOUNTING RATIOS

Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Annual Financial Statements and Unaudited Interim Financial Statements included in "*Financial Statements*" on page 127:

Particulars	**As at and for the nine month period ended December 31, 2023**	**As at and for the nine month period ended December 31, 2022**	**As at and for the Financial Year ended March 31, 2023**	**As at and for the Financial Year ended March 31, 2022**
Earning per share (Basic) (₹)	(86.69)	(7.21)	(6.16)	(16.18)
Earning per share (Diluted) (₹)	(86.69)	(7.21)	(6.16)	(16.18)
Net Worth (in ₹ crore)	1,188.76	1,498.72	1,500.21	1,524.87
Return on Net Worth (%)	(23.21)	(1.72)	(1.47)	(3.74)
Net Asset Value per Equity Share (₹)	330.21	416.31	416.73	423.58
EBITDA (in ₹ crore)	(103.32)	99.14	150.65	92.23
EBITDA Margin (%)	(10.03)	9.17	10.27	7.16

The formulae used in the computation of the above ratios are as follows:

Earning per share (Basic)	Net profit after tax as per consolidated statement of profit and loss / weighted average number of Equity Shares.
Earning per share (Diluted)	Net profit after tax as per consolidated statement of profit and loss (after adjustment for convertible securities) / weighted average number of Equity Shares (including convertible securities).
Return on Net worth (%)	Return on Net Worth is calculated as PAT attributable to the owners of our Company for the period as presented in the consolidated statement of profit and loss in the Financial Statements / average net worth on consolidated basis.
Net Worth	Net worth here refers to the aggregate of equity share capital and other equity as shown on the face of Annual Financial Statements.
Average Net Worth	Average net worth is the average of opening and closing net worth.
Net Asset Value per Equity Share	Net worth at the end of the year on consolidated basis / Number of Equity Shares outstanding at the end of the year.
EBITDA	Profit before exceptional items and tax minus interest income plus finance costs, depreciation and amortisation expense for the year.
EBITDA Margin	Percentage of EBITDA divided by total income.

a) Calculation of Net Worth

(in ₹ crore, unless otherwise specified)

Particulars	**As at and for the nine month period ended December 31, 2023**	**As at and for the nine month period ended December 31, 2022**	**As at and for the Financial Year ended March 31, 2023**	**As at and for the Financial Year ended March 31, 2022**
Equity Share Capital	36.00	36.00	36.00	36.00
Other Equity	1,152.76	1,462.72	1,464.21	1,488.87
Net Worth	**1,188.76**	**1,498.72**	**1,500.21**	**1,524.87**

b) Calculation of Return on Net Worth

(in ₹ crore, unless otherwise specified)

Particulars	As at and for the nine month period ended December 31, 2023	As at and for the nine month period ended December 31, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022
Profit/(loss) after tax	(311.51)	(26.00)	(22.25)	(58.29)
Less: Profit attributable to Noncontrolling interest shareholders	0.54	(0.06)	(0.07)	(0.14)
Profit/(loss) after tax attributable to owners of our Company	(312.05)	(25.94)	(22.18)	(58.15)
Average Net worth	1,344.49	1,511.80	1,512.54	1,556.70
Return on Net worth (%)	(23.21)	(1.72)	(1.47)	(3.74)

c) Calculation of Net asset value per Equity Share

(in ₹ crore, unless otherwise specified)

Particulars	As at and for the nine month period ended December 31, 2023	As at and for the nine month period ended December 31, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022
Total Equity attributable to Owner	1,188.76	1,498.72	1,500.21	1,524.87
No. of Shares Outstanding (in crore)	3.60	3.60	3.60	3.60
Net Assets Value per equity share	330.21	416.31	416.73	423.58

d) Calculation of EBITDA

(in ₹ crore, unless otherwise specified)

Particulars	As at and for the nine month period ended December 31, 2023	As at and for the nine month period ended December 31, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022
Profit/(loss) before exceptional items and tax	(253.77)	(49.85)	(44.82)	(87.61)
Add: Finance Cost	74.42	68.10	90.06	75.28
Add: Depreciation and amortization expense	78.08	84.74	111.19	112.32
Less: Interest Income	2.05	3.85	5.78	7.76
EBITDA	(103.32)	99.14	150.65	92.23

e) Calculation of EBITDA Margin %

(in ₹ crore, unless otherwise specified)

Particulars	As at and for the nine month period ended December 31, 2023	As at and for the nine month period ended December 31, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022
EBITDA	(103.32)	99.14	150.65	92.23
Total Income	1,029.95	1,081.06	1,466.36	1,288.36
EBITDA Margin (%)	(10.03)	9.17	10.27	7.16

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial conditions and results of operations in conjunction with our financial statements for the Financial Year ended March 31, 2023, with previous year comparatives, including the related notes, schedules and annexures. Our financial statements for the Financial Year ended March 31, 2023, has been prepared under Indian Accounting Standards ("**Ind AS**") notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act to the extent applicable and in accordance with applicable rules and regulations. Ind AS differs in certain material respects from other accounting standards such as Indian GAAP, IFRS and U.S. GAAP.*

Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information (i) for the Financial Year ended March 31, 2023, with previous year comparatives included herein is based on the Annual Financial Statements and (ii) for the nine month period ended December 31, 2023 alongwith comparative of the previous period included herein is based on the Unaudited Interim Financial Statements, included in this Letter of Offer. For further information, see "Financial Statements" on page 127.

*All references in this section to "the Company", "our Company", "we" and "us" refers to Solara Active Pharma Sciences Limited and our Subsidiaries on a consolidated basis. This discussion contains forward looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward looking statements as a result of factors such as those set forth under the sections titled "Forward Looking Statements" and "Risk Factors" on pages 17 and 21, respectively. Further, the information has also been derived from a report titled "Industry Research Report on API (Pharma) Industry" published in February 2024 prepared by CareEdge Research ("**CARE Report**"). The CARE Report has been prepared and issued by CareEdge Research, commissioned and paid for by our Company.*

Overview

Our Company is an R&D focused, API company, based in India, engaged in manufacturing and development of APIs and offering services, including contract research and manufacturing services ("**CRAMS**") for development of semi-synthetic new chemical entity ("**NCE**") APIs. Our Company was formed pursuant to the demerger of the commodity API business of Strides and the human API business of Sequent and is backed with a significant pharma experience of over 30 years. Our Company has (a) five globally compliant API facilities located in Puducherry, Ambernath, Cuddalore, Mangalore and Vishakhapatnam; and (b) an API facility at Mysuru (collectively, the "**Manufacturing Facilities**"). We believe our six Manufacturing Facilities, presence across 73 countries (as on February 29, 2024), an array of diversified products and established customer relationships, has helped us in creating a foundation in the B2B space of API manufacturing and development.

Our Manufacturing Facilities have an aggregate installed capacity of 2,584 KL as of December 31, 2023. Our Manufacturing Facilities are compliant with global manufacturing standards and most of our manufacturing facilities have valid certifications from USFDA (United States), EU and PMDA (Japan). For details, see "*Our Business – Manufacturing Facilities and Approvals*" on page 114. Our Company is quality compliant, with the last USFDA inspection at our Manufacturing Facilities (except Mysuru facility) including the R&D Centre have been cleared with zero 483s observations. In addition to the regulatory inspections, our Manufacturing Facilities have also been subject to audits by our customers with regard to adherence to their specifications and standards.

Our API business comprises manufacturing and development of generic and commercial APIs including in the anthelmintic, anti-malarial, anti-infective, antipsychotic and anti-hyperkalemia categories.

Our Company is involved in API manufacturing and contract manufacturing services for APIs for our varied customer base, in terms of products manufactured as well as geography catered. We have extensive operations including in North America, Latin America, Europe, Japan, South Korea, China, India and the Middle East. We offer CRAMS, where we collaborate with third-party pharmaceutical companies to develop semi-synthetic NCE APIs at our Manufacturing Facilities.

Our Company has a basket of diversified product offerings for the global market, with 67 APIs predominantly in the pain management, anthelmintic, anti-malaria, anti-infective, anticonvulsant, anesthetics, antipsychotic, anti-hyperkalemia categories and 95 drug master files ("**DMFs**") filed with USFDA as on December 31, 2023. Our Company identifies API products, early through a rigorous process, based on the value that our products would generate for our customers. The ability to identify such products early enables us to build intellectual property in a timely and successful manner. We have a portfolio of intellectual properties for our varied base of products. Further, our Company is focused on research and development and we have a dedicated, DSIR recognized, R&D Centre located in Chennai which enables us to focus on products characterized by complex molecules across diverse therapeutic categories as well as products developed specifically for our regulated markets. Our R&D initiatives focus on critical activities including new product development, cost improvement, process improvement and scale up initiatives.

Our Company is led by an experienced management team which has significant experience in the pharmaceutical industry. Our Promoter, Arunkumar Pillai has been associated with our Company since incorporation. Poorvank Purohit, our CEO and Managing Director of our Company, has 20 years of experience in pharmaceutical industry. Our senior management team includes our chief quality officer, Sundara Moorthy V, having an experience of 19 years, in the pharmaceutical sector. Further, as on February 29, 2024, our Company has 3,093 employees, comprising 2,205 permanent employees.

Our manufacturing facilities located at Ambernath, Cuddalore, Puducherry, Mangalore is ISO 14001:2015 and ISO 45001:2018 compliant.

Our Manufacturing Facilities and R&D Centre

For Fiscals 2023 and 2022, our consolidated revenue from operation was ₹1,443.81 crore and ₹1,268.34 crore, respectively. For Fiscals 2023 and 2022, our loss after tax was ₹22.25 crore and ₹58.29 crore, respectively. Further, for the nine month period ended December 31, 2023 and December 31, 2022, our consolidated revenue from operations were ₹1,026.28 crore and ₹1,063.19 crore, respectively and loss after tax was ₹311.51 crore and ₹26.00 crore, respectively.

A summary of our financial performance during the last two Fiscals and for the nine month period ended December 31, 2023 and December 31, 2022 are as follows:

(in ₹ crore)

Particulars	As at and for the nine month period ended December 31, 2023	As at and for the nine month period ended December 31, 2022	As at and for the Financial Year ended March 31, 2023	As at and for the Financial Year ended March 31, 2022
Total Income (₹ crore)	1,029.95	1,081.06	1,466.36	1,288.36
EBITDA (₹ crore)(1)	(103.32)	99.14	150.65	92.23
PAT (₹ crore)(2)	(311.51)	(26.00)	(22.25)	(58.29)
PAT Attributable to owners of our Company (₹ crore) (3)	(312.05)	(25.94)	(22.18)	(58.15)
EBITDA Margin (%)(4)	(10.03)	9.17	10.27	7.16
PAT Margin (%)(5)	(30.25)	(2.41)	(1.52)	(4.52)
Return on Net Worth (%)(6)	(23.21)	(1.72)	(1.47)	(3.74)

(1) EBITDA is profit before exceptional items and tax minus interest income plus finance costs, depreciation and amortisation expense for the periods presented in the table above.

(2) PAT refers to our profit after tax from our Annual Financial Statements and Unaudited Interim Financial Statements for the periods presented in the table above.

(3) PAT attributable to owners of the company is PAT adjusted for share of profit/(loss) for non-controlling interests

(4) EBITDA Margin is the percentage of EBITDA divided by total income.

(5) PAT Margin is calculated as profit for the year after tax as a percentage of total income presented in the table above.

(6) Return on Net Worth is calculated as PAT attributable to the owners of the company for the period as presented in the consolidated statement of profit and loss in the Financial Statements / Average Net Worth on consolidated basis. Average net worth is the average of opening and closing net worth. Net worth here refers to the aggregate of equity and other equity share capital as shown on the face of Annual Financial Statements and Unaudited Interim Financial Statements.

For further details, see "*Accounting Ratios*" on page 186.

Significant factors affecting our results of operations and financial conditions

1. ***One of the service providers of our Company has filed a petition to initiate CIRP proceeding against our Company, which, if admitted, will have an impact on our operations and indirectly our business and financial conditions.***

One of the service providers, viz, Indus Projects Private Limited ("**IPPL**") was hired by our Company for providing services relating to construction works for one of the manufacturing units of our Company. IPPL has filed a company petition for initiation of corporate insolvency resolution process before the NCLT for an amount of ₹6.03 crore along with interest amounting to ₹2.50 crore, which is yet to be admitted by the NCLT. In the event the petition is admitted, and the interim resolution professional is appointed by the NCLT, the powers of our Board shall stand suspended, and the powers will be exercised by such interim resolution professional. This will have an impact on the operations, business and financial conditions of our Company.

2. ***Predominant reliance on our top 10 customers for a majority of the portion of our revenue from operations.***

We sell our products to our customers across 73 countries, as on February 29, 2024. The following table provides the details of the revenue generated from our top 10 customers for the nine month period ended December 31, 2023, and December 31, 2022 and during the Financial Years ended March 31, 2023 and March 31, 2022:

Particulars	Nine month period ended December 31, 2023		Nine month period ended December 31, 2022		Financial Year ended March 31, 2023		Financial Year ended March 31, 2022	
	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue	Revenue *(in ₹ crore)*	% of total revenue
Revenue generated from top 10 customers	270.30	41.90	327.04	54.84	548.91	37.43	553.42	42.96

We have had repeat orders from our customers and have developed long term relationships with certain customers. We do not typically enter into long term contracts with our customers. In the absence of long-term contracts, there can be no assurance that our existing customers will continue to purchase our products. We are also exposed to risks of lower sales volume or lower price realization on such volumes depending on prevailing market conditions, as a result of such short-term arrangements. Our relationship with our customers is therefore dependent to a large extent on our ability to regularly meet customer requirements, including price competitiveness, efficient and timely product deliveries, price comparison with other brands and consistent product quality, amongst others.

Further, as we are dependent on our top 10 customers for a significant portion of our sales, the loss of such customers or any disruptions in such sales may materially affect our business, cash flows and results of operations. Further, the volume of sales to our customers may vary due to our customers' attempts to manage their inventory, market demand, product and supply pricing trends and customer preferences, among others, which may result in a decrease in demand or lack of commercial success of products of which we are a major supplier, which could reduce our sales and materially adversely affect our business, cash flows, results of operations and financial condition.

3. ***Our Manufacturing Facilities and products are subject to inspection process by various regulatory authorities, including USFDA, and if we receive a warning letter or sanction as a result of such an inspection, our ability to manufacture our products may be adversely affected.***

Our Manufacturing Facilities and products are subject to inspection by the USFDA. In case any critical non-compliance are cited during the inspection at any of our manufacturing facilities or for any of our products, then we may be subject to the receipt of a warning letter or sanction, which could result in the withholding of product approval and the resultant delays in sales of such products. As part of its inspection process, the USFDA field investigator may issue a Form 483 letter (notice of inspectional observations) after an on-site inspection. If we receive a Form 483 letter, we must respond in a prompt manner with appropriate corrective action. If the observations are critical in nature, we may receive a subsequent official action indicated ("**OAI**") status or warning letter from USFDA. As part of the warning letter process, we may be required, among other actions, to hire a third-party consultant to assist in the resolution of the findings, which could interrupt our manufacturing process and increase expense. Further, if we are unable to take corrective measures for observations stated in such 483 letters, we may receive an OAI or a warning letter. If we receive a warning letter from the USFDA or are subject to further sanctions, our ability to manufacture our products may be interrupted or prevented, resulting in delays in the sales of our products.

4. ***Failure to successfully commercialize our products under development, or if the APIs and other products that we commercialize do not perform as expected.***

Our success depends significantly on our ability to successfully commercialize our products under development. The development and commercialization process are both time consuming and costly and involves a high degree of business risk. During these periods, our competitors may be developing similar products of which we are unaware of that could compete directly or indirectly with our products under development. Due to the prolonged period of time for developing a new product and delays associated with regulatory approval process, we may invest resources in developing products that will face competition of which we are currently unaware. Such unforeseen competition may hinder our ability to effectively plan the timing of our product development, which could have an adverse impact on our financial condition, cash flows and results of operations.

Our products currently under development, if and when fully developed and tested, may not perform as we expect, or necessary regulatory approvals may not be obtained in a timely manner, or at all, and we may not be able to successfully and profitably produce and market such products. Even if we are successful in developing a new product, such product may become subject to litigation by other parties claiming that our product infringes on their patents or may be seized in transit by regulatory authorities for alleged infringement of third party intellectual property rights or may be otherwise unsuccessful in the market place due to the introduction of superior products by our competitors.

Moreover, it may take an extended period of time for our new products to gain market acceptance, if at all. To develop our product pipeline, we commit substantial time, efforts, funds and other resources for R&D. Our investments in new product launches and R&D for future products could result in higher costs without a proportionate increase in revenues.

5. Decrease in the sale of products containing our APIs, which has caused severe side effects.

The pharmaceutical products containing our APIs may cause severe side effects as a result of a number of factors, many of which are outside of our control. These factors, which may become evident only when such products are introduced into the marketplace, include potential side effects not revealed in clinical testing, unusual but severe side effects in isolated cases, defective products not detected by quality management systems or misuse of products by end-users. Our APIs contained in the products may also be perceived to cause severe side effects when a conclusive determination as to the cause of such severe side effects is not obtained or is unobtainable.

In addition, products containing our APIs may be perceived to cause severe side effects if other pharmaceutical companies' products containing the same or similar APIs, raw materials or delivery technologies as the products containing our APIs, cause or are perceived to have caused severe side effects.

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 read with Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter, as applicable to our 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, our 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. Basis of consolidation

The consolidated financial statements incorporate the financial statements of our Company and entities (including structured entities) controlled by our Company and its Subsidiaries. Control is achieved when our 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.

Our 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 our 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. Our Company considers all relevant facts and circumstances in assessing whether or not our Company's voting rights in an investee are sufficient to give it power, including:

-the size of our Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

-potential voting rights held by our Company, other vote holders or other parties;

-rights arising from other contractual arrangements; and

-any additional facts and circumstances that indicate that our 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 our Company obtains control over the subsidiary and ceases when our 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 our Company gains control until the date when our Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of our Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of our 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 our Company's accounting policies.

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

The details of our Subsidiaries as considered in these consolidated financial statements.

Sr. No.	Name of Subsidiary	% of Holding	Country of Incorporation
1.	Chemsynth Laboratories Private Limited	49.00	India
2.	Sequent Penems Private Limited	100.00	India
3.	Shasun USA Inc.	100.00	USA
4.	Solara Active Pharma Sciences LTDA*	100.00	Brazil

**The company incorporated on March 27, 2023, and no investment made by our Company as on balance sheet date.*

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 our Company, liabilities incurred by our Company to the former owners of the acquiree and the equity interests issued by our Company in exchange of control of the acquiree. Acquisition-related costs are generally recognized 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, our 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 recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized 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 recognized 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.

vi. Revenue recognition

Revenue is measured at the amount of consideration which our Company expects to be entitled to in exchange for transferring distinct goods or services to a customer as specified in the contract, excluding amounts collected on behalf of third parties (for example taxes and duties collected on behalf of the government) and is recorded net of provisions for sales discounts and returns, which are established at the time of sale. Consideration is generally due upon satisfaction of performance obligations and a receivable is recognized when it becomes unconditional. Where the collection of accounts receivable is expected to be after one year from the date of sale, revenues are discounted for the time value of money.

Sale of goods

Our 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 recognized 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 our 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 recognized on achievement of a development milestone and when it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur.

Revenue from fixed-price, fixed time frame contracts, where the performance obligations are satisfied overtime is recognized on a straight-line basis over the specified period unless some other method better represents the stage of completion, provided there is no uncertainty as to measurement or collectability of the consideration.

Share of Profit and Royalties

Share of profits and royalty incomes under manufacturing and supply agreements with customers are accrued based on sales as confirmed by the customers.

vii. Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to our 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.

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

Our Company as lessor

Leases for which our 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 our 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 Right-of-Use ("**RoU**") asset arising from the head-lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Our Company as lessee

Our 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.

Our Company has entered into lease arrangements for its factory land and office premises. Our Company at the inception of the lease contract recognizes a RoU asset at cost and corresponding lease liability, except for leases with term of less than 12 months (short term) and low-value assets.

The cost of the RoU 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 RoU assets is measured at cost less any accumulated depreciation and accumulated impairment losses, if any. The RoU assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of RoU assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if our Company changes its assessment if whether it will exercise an extension or a termination option.

For short-term and low value leases, our Company recognizes the lease payments as an operating expense on a straight-line basis over the lease term.

x. Foreign currencies transactions and translation

Functional currency of an entity is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Indian Rupees (Rs.), which is the functional currency of our Company. 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 the entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

For the purposes of presenting these consolidated financial statements, the assets and liabilities of our Company'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:

a. interest expense calculated using the effective interest rate method,
b. finance charges in respect of finance leases, and
c. 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

<u>Short term obligations</u>

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.

<u>Retirement benefit costs and termination benefits</u>

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.

Our Company 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 our 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.

<u>Defined contribution plan</u>

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

<u>Compensated absences</u>

Compensated absences which are not expected to occur within 12 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 12 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.

<u>Current Tax</u>

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. Our Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

<u>Deferred Tax</u>

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 our Company 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 our 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 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: eight – 20 years
Vehicles: five years
Office Equipment: three – five 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 are held for long-term rentals or for capital appreciation or both, and that is not occupied by our 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 our 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.

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: three – five years
Registration and brands: five – 10 years

xvii. Impairment of assets

Impairment of financial assets:

Our 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. Our 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 12 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, our 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, our 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 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; and
- Stock-in trade: weighted average basis

xix. Provisions

Provisions are recognised when our Company has a present obligation (legal or constructive) as a result of a past event, it is probable that our 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 our 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.

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 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 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 recognized 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:

Our Company 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 our Company neither transfers nor retains substantially all risks and rewards of ownership and continues to control the transferred asset, our Company recognizes its retained interest in the asset and associated liability for the amounts it may have to pay. If our Company retains substantially all risks and rewards of the ownership of a transferred financial asset, our Company continues to recognize the financial asset and also recognizes a collaterized 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 our Company after deducting all of its liabilities. Equity instruments recognised by our Company are recognised at the proceeds received net of direct issue cost.

xxii. Operating Cycle

Based on the normal time between acquisition of assets and their realisation in cash or cash equivalents, our 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.

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 our Company's Board of Directors. Our 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, recognized 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, our 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 our Company's accounting policies, the directors of our 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.

Critical accounting judgement

Chemsynth Laboratories Private Limited ("**Chemsynth**") is considered subsidiary of our Company even though our Company holds 49% of the ownership interest and voting rights and non-controlling interests have about 51% of the ownership interest and the voting rights. The directors of our Company assessed whether or not our Company has control over Chemsynth based on whether our Company has the practical ability to direct the relevant activities unilaterally. Based on such assessment, the directors concluded that our Company has sufficient management rights to unilaterally direct the relevant activities of Chemsynth and therefore our Company 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. Our 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

Our 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.

Defined benefit plans and compensated absences:

The cost of the defined benefit plans, compensated absences and the present value of the defined benefit obligations are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Realisable value of inventories:

The Company estimates the net realisable value (NRV) of its inventories by taking into account their estimated selling price, estimated cost of completion, estimated costs necessary to make the sale. Management reviews the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. Inventories are written down to NRV where such NRV is lower than their cost.

Income taxes

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

Deferred tax is recorded on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted at the reporting date. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. Our Company considers expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. The amount of deferred tax assets considered realisable, however, could reduce in the near term if estimates of future taxable income during the carry-forward period are reduced.

Controlling parties assessment

Our Company perform assessment for identification of controlling parties. The assessment involves judgements which included consideration of controlling parties' absolute size of holding in our Company, determination of whether other parties are acting on the investor's behalf, determination of whether parties have the practical ability to exercise that right and the relative size of and dispersion of the shareholdings owned by the other shareholders.

Litigations

Our 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 our 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. Our 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, our 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 our 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.

Results of Operations

The following descriptions set forth information with respect to key components of our statement of profit and loss:

Principal components of income and expenses

Income: Income includes (i) revenue from operations; and (ii) other income.

Revenue from operations: Our revenue from operations consists of sale of products, sale of services and other operating revenue.

- Sale of products/services – It includes sale of active pharma ingredients ("**API**") and Contract Research and Manufacturing Services ("**CRAMS**").

- Other Operating Revenue – It includes export incentives, share of profit, sale of by products and scrap, and other support service income.

Other income: This includes interest income from loans and advances, rental income from investment properties and other non-operating income like liabilities / provisions no longer required written back, exchange gain (net) etc.

Expenses: Expenses include cost of materials consumed, purchase of stock-in-trade, changes in inventories of finished goods and work-in-progress, employee benefits expense, finance costs, depreciation and amortization expenses and other expenses.

Cost of materials consumed: This comprises consumption of raw materials and packing materials.

Purchase of stock-in-trade: This comprises expenses towards purchase of traded goods.

Changes in inventories of finished goods and work-in-progress: Changes in inventories of finished goods, work-in-progress and stock-in-trade are an adjustment of the opening stock and closing stock of finished goods, work-in-progress and stock-in-trade at the end of the fiscal.

Employee benefits expense: This primarily comprises expenses incurred towards salaries and wages, contributions to the provident fund and other funds, share based payments, other employee benefits.

Finance costs: Finance costs primarily comprises interest expense on loans and bank overdrafts, delayed payment of income tax, exchange difference regarded as an adjustment to borrowing costs and other finance costs but less amounts included in the cost of qualifying assets.

Depreciation and amortization expense: Depreciation and amortization expenses comprises depreciation on property, plant and equipment, investment properties, right-to-use assets and amortisation of intangible assets.

Other expenses: Other expenses primarily comprises expenses for power and fuel, repair and maintenance, freight and forwarding, subcontracting, consumption of stores and spares, sales commission, legal and professional fees and miscellaneous expenses.

Income and Expenses

Nine month period ended December 31, 2023 compared to nine month period ended December 31, 2022

(₹*in crore, except percentages)*

Particulars	For the nine month period ended		Increase/ (Decrease) %
	December 31, 2023	December 31, 2022	
Income			
A. Revenue from operations	1,026.28	1,063.19	(3.47)
B. Other Income	3.67	17.87	(79.46)
Total Income (A+B)	**1,029.95**	**1,081.06**	**(4.73)**
Expenses			
Cost of materials consumed	602.27	578.80	4.05
Purchase of stock-in-trade	4.95	5.11	(3.13)
Changes in inventories of finished goods and work-in-progress	37.82	12.48	203.04
Employee benefits expense	187.91	168.44	11.56
Finance costs	74.42	68.10	9.28
Depreciation and amortization expenses	78.08	84.74	(7.86)
Other expenses	298.27	213.24	39.88
Total expenses	**1,283.72**	**1,130.91**	**13.51**
Profit/ (Loss) before tax	**(253.77)**	**(49.85)**	**409.07**
Exceptional items – net gain / (loss)	(67.99)	-	
Profit before tax	**(321.76)**	**(49.85)**	**545.46**
Tax Expense			
Current Tax	-	0.47	(100.00)
Deferred Tax	(10.25)	(24.32)	(57.85)
Total tax expense	**(10.25)**	**(23.85)**	**(57.02)**
Profit for the year (A)	**(311.51)**	**(26.00)**	**1,098.12**
Other Comprehensive Income			
(A) Items that will not be reclassified subsequently to profit or loss			
i. Re-measurement gains/(losses) of defined benefit plans	0.24	(1.66)	(114.46)
ii. Income tax relating to items that will not be re-classified subsequently to profit or loss		0.58	(100.00)
(B) Items that may be reclassified subsequently to profit or loss			
i. Exchange differences on translating the financial statements of foreign operations	(0.05)	(0.24)	(79.17)
ii. Income tax relating to items that may be re-classified to statement of profit and loss	-	-	-
Total other comprehensive	**0.19**	**(1.32)**	**(114.39)**

Particulars	For the nine month period ended		Increase/ (Decrease) %
	December 31, 2023	December 31, 2022	
income/(loss) for the year (B)			
Total Comprehensive income/(loss) for the period (A +B)	**(311.32)**	**(27.32)**	**1,039.53**

Revenue

Total Income

Our total income decreased by 4.73% to ₹1,029.95 crore for the nine month period ended December 31, 2023, from ₹1,081.06 crore for the nine month period ended December 31, 2022, primarily due to a decrease in our revenue from operations during this period.

Revenue from Operations

Our revenue from operations decreased by 3.47% to ₹1,026.28 crore for the nine month period ended December 31, 2023 from ₹1,063.19 crore for the nine month period ended December 31, 2022, due to a decrease in sale of our products, amounting to ₹37.24 crore

Other Income

Our other income decreased by 79.46% to ₹3.67 crore during the nine month period ended December 31, 2023, from ₹17.87 crore during the nine month period ended December 31, 2022, primarily due to decrease in other non-operating income during this period, amounting to ₹8.91 crore.

Expenses

Total expenses

Our total expenses increased by 13.51% to ₹1,283.72 crore during the nine month period ended December 31, 2023, from ₹1,130.91 crore during the nine month period ended December 31, 2022. This was primarily due to an increase in cost of materials consumed, changes in inventories of finished goods and work-in-progress, employee benefit expenses, finance cost and other expenses respectively.

Cost of materials consumed

Our cost of materials consumed increased by 4.05% to ₹602.27 crore during the nine month period ended December 31, 2023, from ₹578.80 crore during the nine month period ended December 31, 2022, due to increase in consumption of raw materials.

Purchase of stock-in-trade

Our purchase of stock-in-trade decreased by 3.13% to ₹4.95 crore during the nine month period ended December 31, 2023 from ₹5.11 crore during the nine month period ended December 31, 2022. This was primarily due to decrease in the purchase of traded goods.

Changes in inventories of finished goods and work-in-progress

The changes in inventories of finished goods, stock-in-trade and work-in-progress increased by 203.04% to ₹37.82 crore during the nine month period ended December 31, 2023 as against ₹12.48 crore during the nine month period ended December 31, 2022. This is primarily due to decrease in inventory levels of finished goods and work-in-progress to ₹392.95 crore as at December 31, 2023 from ₹430.77 crore as at March 31, 2023 and increase in inventory levels of finished goods and work-in-progress to ₹425.34 crore as at December 31, 2022 from ₹437.82 crore as at March 31, 2022.

Employee benefits expense

Our employee benefits expense increased by 11.56 % to ₹187.91 crore during the nine month period ended December 31, 2023, from ₹168.44 crore during the nine month period ended December 31, 2022. This increase was primarily due to increase in salaries and wages of the employees of our Company amounting to ₹19.16 crore.

Finance costs

Our finance costs increased by 9.28% to ₹74.42 crore during the nine month period ended December 31, 2023, from ₹68.10 crore during the nine month period ended December 31, 2022, due to increase in interest rate of working capital demand loan.

Depreciation and amortization expense

Our expenses on depreciation and amortization expense decreased by 7.86% to ₹78.08 crore during the nine month period ended December 31, 2023, from ₹84.74 crore during the nine month period ended December 31, 2022, due to the expiry of useful life of some of the assets in normal course of business during this period.

Other expenses

Other expenses increased by 39.88% to ₹298.27 crore during the nine month period ended December 31, 2023, from ₹213.34 crore during the nine month period ended December 31, 2022. Such increase was primarily due increase in repairs and maintenance expenses amounting to ₹6.25 crore and power and fuel expenses amounting to ₹15.95 crore, and allowance for doubtful trade receivables amounting to ₹54.83 crore respectively.

Tax expense

- *Current tax* – Our current tax decreased to Nil during the nine month period ended December 31, 2023 from ₹0.47 crore during the nine month period ended December 31, 2022. This decrease was primarily as a result of decrease in the provision for tax of one of the subsidiary companies during the nine month period ended December 31, 2023.

- *Deferred tax* – Our deferred tax expenses were ₹(10.25) crore during the nine month period ended December 31, 2023 as compared to a deferred tax expenses of ₹(24.32) crore during the nine month period ended December 31, 2022. This decrease was primarily due to the conservative approach taken by our Company to discontinue the deferred tax credit on the accumulated losses in the profit and loss account during the nine month period ended December 31, 2023 resulting in a decrease over the nine month period ended December 31, 2022.

Profit/(Loss) for the nine month period

For the reasons discussed above, our loss for the nine month period ended December 31, 2023, was ₹311.51 crore as compared to a loss during the nine month period ended December 31, 2022, being ₹26.00 crore.

Total comprehensive income/loss

Total comprehensive loss during the nine month period ended December 31, 2023, was ₹311.32 crore as compared to a loss during the nine month period ended December 31, 2022 being ₹27.32 crore.

Fiscal 2023 compared to Fiscal 2022

The following table sets forth select financial data from our Annual Financial Statements for the Financial Year ended March 31, 2023, compared with the Financial Year ended March 31, 2022:

(₹in crore, except percentages)

Particulars	Financial Year		Increase/ (Decrease) %
	March 31, 2023	March 31, 2022	
Income			
A. Revenue from operations	1,443.81	1,268.34	13.83
B. Other Income	22.55	20.02	12.64
Total Income (A+B)	**1,466.36**	**1,288.36**	**13.82**
Expenses			
Cost of materials consumed	773.90	858.86	(9.89)
Purchase of stock-in-trade	7.88	53.78	(85.35)
Changes in inventories of finished goods and work-in-progress	7.05	(258.75)	102.72
Employee benefits expense	228.63	236.34	(3.26)
Finance costs	90.06	75.28	19.63
Depreciation and amortization expenses	111.19	112.32	(1.01)
Other expenses	292.47	298.14	(1.90)
Total expenses	**1,511.18**	**1,375.97**	**9.83**
Profit/ (Loss) before tax	**(44.82)**	**(87.61)**	**(48.84)**
Exceptional items – net gain / (loss)	Nil	(3.49)	(100.00)
Profit before tax	(44.82)	(91.10)	(50.80)
Tax Expense			
Current Tax	(0.09)	0.17	(152.94)
Deferred Tax	(22.48)	(32.98)	(31.84)
Total tax expense	**(22.57)**	**(32.81)**	**(31.21)**
Profit for the year (A)	**(22.25)**	**(58.29)**	**(61.83)**
Other Comprehensive Income			
(A) Items that will not be reclassified subsequently to profit or loss			
i. Re-measurement gains/(losses) of defined benefit plans	(2.70)	3.09	(187.38)
ii. Income tax relating to items that will not be re-classified subsequently to profit or loss	0.94	(1.08)	(187.04)
(B) Items that may be reclassified subsequently to profit or loss			
i. Exchange differences on translating the financial statements of foreign operations	(0.30)	(0.12)	150.00
ii. Income tax relating to items that may be re-classified to statement of profit and loss	Nil	Nil	
Total other comprehensive income/(loss) for the year (B)	**(2.06)**	**1.89**	**(208.99)**

Particulars	Financial Year		Increase/ (Decrease) %
	March 31, 2023	March 31, 2022	
Total Comprehensive income/(loss) for the period (A +B)	**(24.31)**	**(56.40)**	**(56.90)**

Revenue

Total Income

Our total income increased by 13.82% to ₹1,466.36 crore for the Financial Year ended March 31, 2023, from ₹1,288.36 crore for the Financial Year ended March 31, 2022, primarily due to an increase in our revenue from operations during the year.

Revenue from operations

Our revenue from operations increased by 13.83% to ₹1,443.81 crore for the Financial Year ended March 31, 2023, from ₹1,268.34 crore for the Financial Year ended March 31, 2022, due to an increase in sale of products to ₹1,374.01 crore during the Financial Year ended March 31, 2023, from ₹1,207.44 crore during the Financial Year ended March 31, 2022, which was on account of the sale of products by our Company.

Other Income

Our other income increased by 12.64% to ₹22.55 crore during the Financial Year ended March 31, 2023, from ₹20.02 crore during the Financial Year ended March 31, 2022, primarily due to increase in other non-operating income to ₹12.32 crore during the Financial Year ended March 31, 2023, from ₹6.67 crore during the Financial Year ended March 31, 2022.

Expenses

Total expenses

Our total expenses increased by 9.83% to ₹1,511.18 crore during the Financial Year ended March 31, 2023, from ₹1,375.97 crore during the Financial Year ended March 31, 2022. This was primarily due to an increase in cost of materials consumed, employee benefit expenses and finance costs, respectively.

Cost of materials consumed

Cost of materials consumed decreased by 9.89% to ₹773.90 crore during the Financial Year ended March 31, 2023, from ₹858.86 crore during the Financial Year ended March 31, 2022. The decrease of cost of materials consumed was due to decrease in purchases on account of optimization of existing inventories amounting to ₹762.00 crore during the Financial Year ended March 31, 2023, from ₹880.46 crore during the Financial Year ended March 31, 2022.

Purchase of stock-in-trade

Purchase of stock-in-trade decreased by 85.35% to ₹7.88 crore during the Financial Year ended March 31, 2023, from ₹53.78 crore during the Financial Year ended March 31, 2022. This was primarily due to decreased sale of traded goods.

Changes in inventories of finished goods and work-in-progress

The changes in inventories of finished goods and work-in-progress increased by 102.72% to ₹7.05 crore during the Financial Year ended March 31, 2023 from ₹(258.75) crore during the Financial Year ended March 31, 2022. This is primarily due to movement in inventories related to finished goods and work-in-progress .

Employee benefits expense

Our employee benefits expense decreased by 3.26% to ₹228.63 crore during the Financial Year ended March 31, 2023 from ₹236.34 crore during the Financial Year ended March 31, 2022, due to a (a) decrease in salaries and wages to ₹188.51 crore during the Financial Year ended March 31, 2023 from ₹196.79 crore during the Financial Year ended March 31, 2022; and (b) decrease in other employee benefits to ₹20.71 crore during the Financial Year ended March 31, 2023 from ₹21.94 crore during the Financial Year ended March 31, 2022.

Finance costs

Our finance costs increased by 19.63% to ₹90.06 crore during the Financial Year ended March 31, 2023, from ₹75.28 crore during the Financial Year ended March 31, 2022, due to an increase in average borrowings to ₹1,012.86 crore during the Financial Year ended March 31, 2023, from ₹815.74 crore during the Financial Year ended March 31, 2022.

Depreciation and amortization expense

Our expenses on depreciation and amortization expense decreased by 1.01% to ₹111.19 crore during the Financial Year ended March 31, 2023, from ₹112.32 crore during the Financial Year ended March 31, 2022, due to expiry of useful life of some of the assets in normal course of business during the Financial Year ended March 31, 2023.

Other expenses

Other expenses decreased by 1.90% to ₹292.47 crore during the Financial Year ended March 31, 2023, from ₹298.14 crore during the Financial Year ended March 31, 2022. Such decrease was primarily due to (a) decrease in repairs and maintenance expenses to ₹50.08 crore during the Financial Year ended March 31, 2023, from ₹54.00 crore during the Financial Year ended March 31, 2022, and (b) decrease in legal and professional fees to ₹12.76 crore during Financial Year ended March 31, 2023 from ₹18.69 crore during the Financial Year ended March 31, 2022.

Tax expense

- *Current tax:* Our current tax decreased by 152.94% to ₹(0.09) crore during the Financial Year ended March 31, 2023, from ₹0.17 crore during the Financial Year ended March 31, 2022. This decrease was primarily as a result of reversal of previous year excess provision for tax.

- *Deferred tax:* Our deferred tax expenses decreased by 31.84% to ₹(22.48) crore during the Financial Year ended March 31, 2023, from a deferred tax expenses of ₹(32.98) crore during the Financial Year ended March 31, 2022. This decrease was primarily as a result of reduction in loss before tax in Financial Year ended March 31, 2023.

Profit/(Loss) for the year

For the reasons discussed above, our loss for the Financial Year ended March 31, 2023, was ₹22.25 crore as compared to a loss during the Financial Year ended March 31, 2022, being ₹58.29 crore.

Total comprehensive income/loss

Total comprehensive loss during the Financial Year ended March 31, 2023, was ₹24.31 crore. This includes loss for the year amounting to ₹22.25 crore and other comprehensive loss of ₹2.06 crore.

Statement of Cash Flows

The following table sets forth selected items from the cash flow statements during the Financial Years ended March 31, 2023 and March 31, 2022:

(in ₹ crore)

Particulars	Financial Years ended	
	March 31, 2023	**March 31, 2022**
Net cash flow generated from operating activities	156.25	(242.03)
Net cash flow utilized in investing activities	(81.14)	(242.85)
Net cash flow generated from financing activities	(112.76)	333.57
Net increase or (decrease) in cash and cash equivalents	**(37.65)**	**(151.31)**
Cash and cash equivalents as at the beginning of the year	**46.38**	**197.69**
Cash and cash equivalents as at the close of the year	**8.73**	**46.38**

Net cash flow from operating activities

Financial Year ended March 31, 2023

Our net cash generated from operating activities was ₹156.25 crore in Financial Year ended March 31, 2023. Our operating profit before working capital changes was ₹141.97 crore in Financial Year ended March 31, 2023, which was primarily adjusted for an increase in trade receivables of ₹52.80 crore and set off by an increase in trade payables of ₹38.90 crore.

Financial Year ended March 31, 2022

Our net cash used in operating activities was ₹242.03 crore in Financial Year ended March 31, 2022. Our operating profit before working capital changes was ₹89.86 crore in Financial Year ended March 31, 2022, which was primarily adjusted by an increase in inventories of ₹280.58 crore and an increase in other assets of ₹29.49 crore and a decrease in trade payables of ₹23.88 crore.

Net cash flow from investing activities

Financial Year ended March 31, 2023

Our net cash used in investing activities was ₹81.14 crore in Financial Year ended March 31, 2023. This was primarily on account of capital expenditure for property, plant and equipment and intangible assets, including capital advances amounting to ₹111.31 crore which was set-off by sale of property, plant and equipment of ₹1.30 crore, interest received of ₹7.35 crore and repayment of inter-corporate deposit of ₹17.65 crore, respectively.

Financial Year ended March 31, 2022

Our net cash used in investing activities was ₹242.85 crore in Financial Year ended March 31, 2022. This was primarily on account of capital expenditure for property, plant and equipment and intangible assets, including capital advances amounting to ₹208.62 crore, proceeds from inter corporate deposit of ₹50.00 crore and set off by sale of property, plant and equipment of ₹0.13 crore and interest received of ₹10.05 crore, respectively.

Net cash flow from financing activities

Financial Year ended March 31, 2023

Our net cash used in financing activities was ₹112.76 crore in Financial Year ended March 31, 2023. This was primarily on account of proceeds from non-current borrowings of ₹68.30 crore and an increase in current borrowings of ₹39.44 crore and set off by repayment of non-current borrowings of ₹130.62 crore, interest paid on borrowings of ₹87.45 crore and lease payments of ₹2.43 crore, respectively.

Financial Year ended March 31, 2022

Our net cash generated from financing activities was ₹333.57 crore in Financial Year ended March 31, 2022. This was primarily on account of proceeds from issue of equity shares of ₹2.90 crore, proceeds from non-current borrowings of ₹262.40 crore and an increase in current borrowings of ₹248.67 crore as set off by repayment of non-current borrowing of ₹93.76 crore, interest paid on borrowings of ₹73.40 crore, dividend paid of ₹10.78 crore and lease payment of ₹2.46 crore.

Indebtedness

As on February 29, 2024, we have outstanding borrowings of ₹953.72 crore, the details of which are given below:

(in ₹ crore)

Particulars	Outstanding amount as on February 29, 2024	Outstanding amount as on March 31, 2023
Non-current Borrowings	248.73	235.10
Current Borrowings	704.99	766.05
Total	**953.72**	**1,001.15**

Our Company's credit rating for long-term bank loan was CRISIL BBB/ Negative and short-term bank loan was CRISIL A3+.

Contingent Liabilities

We had the following contingent liabilities in the Annual Financial Statements and Unaudited Interim Financial Statements:

Particulars	As of December 31, 2023	As of March 31, 2023
Indirect taxes	3.61	3.61
Total	3.61	**3.61**

Related party transactions

For details regarding our related party transactions for Fiscal 2023 and for Fiscal 2022, in accordance with Ind AS 24, see "*Financial Statements*" on page 127.

Contractual Obligations and Other Commitments

For the periods indicated below, we had contractual obligations in the following amounts:

(in ₹ crore)

Period	Amount
Nine month period ended December 31, 2023	39.03
Financial Year ended March 31, 2023	34.39

Material Frauds

There are no material frauds committed against our Company, in the last two financial years.

Reservations, Qualifications and Adverse Remarks

There are no reservations, qualifications and adverse remarks in the Annual Financial Statements of our Company, in the last two financial years.

Details of Default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues or repayment of debentures or repayment of deposits or repayment of loans from any bank or financial institution

We have not defaulted in repayment of loans or borrowing to a financial institution, bank or government, or repayment of statutory dues.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of our Company result in material concentration of credit risk.

Liquidity risk

Liquidity risk refers to the risk that our Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. Our Company manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Our Company has established an appropriate liquidity risk management framework for its short term, medium term and long term funding requirement.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign exchange risk.

Foreign currency risk

Our 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 in currencies other than the functional currency of the respective entities.

Interest rate risk

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

Off-Balance Sheet Commitments and Arrangements as of December 31, 2023

Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):

(in ₹ crore)

Particulars	Amount
Property, plant and equipment	38.62
Intangible assets	0.41

Unusual or Infrequent Events or Transactions

Except as described in this Letter of Offer, there have been no events or transactions to our knowledge that have in the past or may in the future affect our business operations or financial performance which may be described as "unusual" or "infrequent".

Significant dependence on a single or few suppliers or customers

Revenue from one customer of our Company during the Financial Year ended March 31, 2023, was ₹189.70 crore which is individually more than 10% of our Company's total revenue for the year. Revenue from such customer during previous year was ₹119.22 crore. No customer individually contributed for more than 10% of the Group's total revenue during the Financial Year ended March 31, 2022. For further details, see *"Risk Factors – We predominantly rely on our top 10 customers for a majority of the portion of our revenue from operations. A loss of any of these customers or a significant decrease in revenue from any of those customers may adversely affect our business, results of operations and financial condition. Further, there is no assurance that future orders will be given to us by such client" on page 21.*

Material Developments

Other than as disclosed in the section titled *"Material Developments"* on page 221, no circumstances have arisen since the date of the last financial statements as disclosed in this Letter of Offer which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

*Our Company has solely for the purposes of this Issue passed a resolution on material litigation which was adopted by our Board on October 19, 2023 ("**Materiality Threshold**") which provides as follows:*

All outstanding civil, regulatory and tax proceedings involving our Company where the monetary amount of claim involved in such proceedings is in excess of 5% of the average of absolute profit or loss after tax of our Company for the last two financial years as per the audited standalone financial statements; or in excess of 1% of the net worth of our Company as on March 31, 2023 as per the audited standalone financial statements, whichever is lower, or where amount is not quantifiable or is below the materiality threshold but which materially and adversely affect the operations or the financial position of our Company.

Accordingly, ₹2.02 crore, which is 5% of the average profit after tax of our Company for the last two financial years, has been considered as the materiality threshold for identification of material litigation involving our Company and our Subsidiaries.

Further, except as disclosed in this section, there are no outstanding matters involving our Company and our Subsidiaries which: (i) if they result in an adverse outcome, would have a material adverse effect on our operations or financial position; (ii) involve issues of moral turpitude or criminal liability; (iii) involve material violations of statutory regulations; (iv) involve economic offences where proceedings have been initiated. Pre-litigation notices received by our Company from third-parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company are impleaded as defendants in litigation proceedings before any judicial forum.

Litigations against our Company

A. Proceedings involving issues of moral turpitude or criminal liability

Proceedings against our Company

1. The Inspector of Police, Cuddalore ("**Complainant**") has filed a criminal complaint bearing calendar case No. 1200150 of 2016 ("**Complaint**") against Baburajan. R, employed as a safety officer in our Company and N. Balamurugan, a contractor of our Company ("**Accused"**), before the court of Chief Judicial Magistrate, Cuddalore (the "**Trial Court**") regarding the contraventions of sections 287, 338 and 304(A) of the IPC. The Complaint was filed on account of death of two employees of our erstwhile company as a result of an accident which occurred on November 16, 2015 ("**Accident**"), while working on the Cuddalore factory premises of our Company. The Complaint has been filed praying that the Accused be punished under the above mentioned sections of the IPC. Subsequently, a petition was filed by the Accused before the High Court of Madras ("**High Court**") for calling of the records of the Complaint and quashing the same. The High Court thereafter, directed the Trial Court to dispose off the Complaint. The matter is currently pending before the Trial Court.

2. The Union of India, Mistry of Health and Family Welfare through Drugs Inspector, Officer of the CDSCO, Directorate General of Health Services ("**Petitioner**") has filed a special case suit bearing No. 5 of 2019 ("**Suit**") against our Company and others ("**Respondents**") before the Sessions Court, Daman ("**Special Court**"). A complaint was filed against our Company by the Drugs Inspector of CDSCO before the Station House Officer, Cuddalore whereby it was alleged that our Company had manufactured a certain drug (cetilistat) in contravention of various provisions of the Drugs and Cosmetics Act, 1940 and the rules made thereunder ("**Complaint**"). Subsequently, a show cause notice ("**SCN**") and various notices seeking information were issued to our Company by the Inspector of Drugs, CDSCO. Our Company responded to the queries *vide* letter dated July 09, 2018. Accordingly, the Suit was filed by the Petitioner praying that the Special Court take appropriate action. The Special Court *vide* its order dated July 23, 2019 ("**Order**") took cognizance and issued summons dated July 24, 2019, upon the Respondents ("**Summons**")

   Additionally, a writ petition has also been filed by the erstwhile directors of our Company against the Petitioner and the State of Maharashtra before the High Court of Bombay ("**High Court**") wherein they have prayed for quashing and setting aside the Summons issued upon them. The High Court *vide* its order dated September 24, 2019, provided interim relief in the nature of stay of further proceedings against the erstwhile directors of our Company, which is pending before the Special Court. Accordingly, the proceedings pending before the Special Court have been stayed.

3. A first information report ("**FIR**") was registered against our Company for alleged violations of sections 285, 337 and 338 of the IPC. The FIR was filed by one of the victims of a fire accident that occurred at our Puducherry facility on November 04, 2023. The FIR is currently being investigated by the authorities.

Proceeding by our Company

1. Our Company has filed a complaint bearing summary trial case number 2096 of 2023 ("**Complaint**") against Logus Labortries Private Limited ("**Accused**") before the Fast Track court-III Saidapet, Chennai ("**Court**"), for alleged violations of Section 138 of the Negotiable Instruments Act, 1881, as amended. The Accused had issued 10 cheques aggregating to ₹6.21 crore, which were dishonored. Upon intimation of the same, the Accused transferred ₹0.05 crore to our Company and thereafter, the Complaint was filed for the balance amount of ₹6.16 crore. The Complaint is currently pending before the Court.

B. Matters involving material violations of statutory regulations by our Company

Except as stated in "*Outstanding Litigation and Defaults – Tax Proceedings involving our Company*" on page 217 there are no matters involving material violations of statutory regulations by our Company.

C. Economic Offences where proceedings have been initiated against our Company

As on the date of this Letter of Offer, there are no economic offences where proceedings have been initiated against our Company.

D. Proceedings involving an amount exceeding the Materiality Threshold or where amount is not quantifiable or is below the Materiality Threshold, but which materially and adversely affect the operations or the financial position of our Company.

1. Our Company has filed a civil suit bearing number 412 of 2013 ("**Suit**") against the New India Insurance Company Limited ("**Respondent**") before the High Court of Judicature at Madras ("**High Court**"). Our Company had obtained various policies from the Respondent wherein the stock of intermediary chemicals, fuels, stores, spares, packing materials, and related materials of our Company was covered under the policies. On March 7, 2011, a fire occurred on the factory premises of our Company at Cuddalore, which was reported by us on March 09, 2011, and a claim form was filed with the Respondent for a loss of ₹23.04 crore ("**Claim**"). The claim was rejected by the Respondent *vide* its letter dated July 14, 2011. Accordingly, the Suit has been filed by our Company restricting its claim to ₹4.84 crore together with an interest at the rate of 18%. p.a and for payment of costs of the suit. The Suit is currently pending before the High Court.

2. Indus Projects Private Limited ("**IPPL**"), in its capacity as an operational creditor has filed a company petition to initiate corporate insolvency resolution process against our Company ("**Petition**") before the National Company Law Tribunal, Mumbai ("**NCLT**"). IPPL was hired by our Company for providing services relating to construction works for which invoices were raised by IPPL from time to time. It has been alleged that:

   a. our Company had not made payments for the raised invoices and the same became due from April 30, 2021, to the tune of ₹6.03 crore along with interest amounting to ₹2.50 crore (w.e.f. April 30, 2021, till September 11, 2023);

   b. IPPL followed up with our Company for the recovery of the said amount through emails, however, the same remained to be paid by our Company; and

   c. a demand notice dated September 16, 2023, was sent by IPPL to our Company for the recovery of the said amounts, to which our Company had responded *vide* reply dated September 22, 2023.

   Since our Company failed to make the abovementioned payments, the Petition has been filed which is yet to be admitted by the NCLT.

Tax Proceedings involving our Company

The details of the outstanding tax proceedings involving our Company along with a brief description of matters exceeding Materiality Threshold, are as disclosed below.

1. Our Company has filed a tax appeal before the National Faceless Appeal Centre ("**NFAC**") against an assessment order dated September 27, 2022 ("**Assessment Order**") passed by Assessing Officer ("**AO**") for Assessment Year 2021. Pursuant to the Assessment Order, the AO (i) disallowed deduction claimed u/s 35(2B) of the Income Tax Act, 1961 ("**IT Act**") amounting to ₹20.60 crore, (ii) disallowed depreciation claimed on goodwill and product portfolio amounting to ₹164.04 crore and (iii) debt of our Company written off by third party amounting to ₹0.13 crore considered as deemed income u/s 41 of the IT Act (collectively, the "**Disallowances**") and accordingly a demand notice was issued for an amount of ₹52.64 crore. The tax implication for such Disallowances was ₹64.56 crore. The order against appeal had been passed *vide* order dated March 31, 2024, confirming disallowance of depreciation on goodwill and product portfolio, deduction u/s 35(2AB) & addition u/s 41 of the IT Act. However, issue with regard to alternate claim of deduction u/s 35(1) of the IT Act as against Section 35(2AB), set-off of carried forward losses and credit for taxes paid have been remanded back to the AO. Our Company is in the process of filing of appeal before ITAT.

2. Our Company has filed a tax appeal before the Commissioner of Income Tax (Appels) ("**CIT (A)**") against an assessment order dated September 06, 2021 ("**Assessment Order**") passed by National Faceless Assessment Centre("**NFAC**") for Assessment Year 2019. Pursuant to the Assessment Order, the NFAC disallowed depreciation claimed on goodwill and product portfolio claimed u/s 32(1)(ii) of the Income Tax Act, 1961 ("**IT Act**") amounting to ₹115.97 crore and accordingly a demand notice was issued for a sum of ₹Nil. The tax implication for such disallowance is ₹40.52 crore. The order against appeal had been passed *vide* order dated April 18, 2024, confirming disallowance of depreciation on goodwill and product portfolio. Our Company is in the process of filing appeal before the ITAT.

3. Our Company has filed a tax appeal before the National Faceless Appeal Centre ("NFAC") against an assessment order dated March 21, 2024 ("**Assessment Order**") passed by National Faceless Assessment Centre("NFAC") for Assessment Year 2023. Pursuant to the Assessment Order, the NFAC disallowed depreciation claimed on product portfolio claimed u/s 32(1)(ii) of the Income Tax Act, 1961 ("**IT Act**") amounting to ₹30.05 crore and accordingly a demand notice was issued for a sum of ₹Nil. Our Company has filed an appeal before the CIT (A) and the matter is currently pending. The tax implication for such disallowance is ₹10.50 crore.

4. The Joint Commissioner of Central Excise, Cuddalore ("**Joint Commissioner"**) issued show cause notices dated November 18, 2016 and February 14, 2018, respectively ("**Show Cause Notices**") to our Company for non-payment of additional duty of customs payable on clearances of goods on stock transfer basis amounting to ₹1.78 crore and ₹0.96 crore, respectively. Our Company has responded to the Show Cause Notices *vide* letters dated March 03, 2017 and March 31, 2018, respectively. The Show Cause Notices were transferred to call book *vide* letter dated May 23, 2019, since the department's appeal in another case was pending before the High Court of Gujarat.

Litigations involving our Subsidiaries

(a) Proceedings involving issues of moral turpitude or criminal liability

Criminal proceedings against our Subsidiaries

As on the date of this Letter of Offer, there are no proceedings involving issues of moral turpitude or criminal liability initiated against our Subsidiaries.

Criminal proceedings initiated by our Subsidiaries

As on the date of this Letter of Offer, there are no proceedings involving issues of moral turpitude or criminal liability initiated by our Subsidiaries.

(b) Matters involving material violations of statutory regulations by our Subsidiaries

As on the date of this Letter of Offer, there are no matters involving material violations of statutory regulations by our Subsidiaries.

(c) Economic Offences where proceedings have been initiated against our Subsidiaries

As on the date of this Letter of Offer, there are no economic offences where proceedings have been initiated against our Subsidiaries.

(d) Other proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or financial position of our Company

Civil litigation against our Subsidiaries

As on the date of this Letter of Offer, there are no outstanding civil litigations initiated against our Subsidiaries.

Civil litigation initiated by our Subsidiaries

As on the date of this Letter of Offer, there are no outstanding civil litigations initiated by our Subsidiaries.

Tax Proceedings involving our Subsidiaries

As on the date of this Letter of Offer, there are no tax proceedings involving our Subsidiaries.

GOVERNMENT AND OTHER APPROVALS

Since our Company intends to utilize the proceeds of the Issue, after deducting Issue related expenses towards repayment, of all or a portion of certain outstanding borrowings availed by our Company and for general corporate purposes, no government and regulatory approval pertaining to the objects of the Issue will be required.

MATERIAL DEVELOPMENTS

There are no material developments since March 31, 2023, that have taken place and which materially and adversely affect or are likely to affect the trading or profitability of our Company, or the value of its assets, or its ability to pay its liabilities, except as stated below:

a. There was a fire accident on November 04, 2023, at our Company's manufacturing facility at Puducherry whereby three blocks out of the total 76 blocks were impacted by the fire. The resultant fire caused injuries to 14 workers, of which 12 workers recovered while two succumbed to injuries The fire also caused damage to the existing plant, equipment and inventories. There was also disruption in the production at the Puducherry facility for a brief period and thereafter, there was resumption of production after receiving the required statutory approvals. The exceptional loss on account of the fire at the Puducherry facility was ₹62.77 crore.

b. Our Company had entered into a share purchase agreement for the divestment of its 100% shareholding in SeQuent Penems Private Limited, (one of our Subsidiaries) to Symbio Generrics India Private Limited for a cash consideration of ₹12.50 crore. The transaction was expected to be completed by April 30, 2024, upon receipt of necessary approvals and completion of customary closing conditions. The transaction closed on April 25, 2024. There is no material impact on our business performance.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of our Board of Directors passed at its meeting held on July 5, 2023, in accordance with Section 62(1)(a) of the Companies Act and other applicable laws, for an amount aggregating to ₹449.95 crore.

The Rights Issue Committee, in its meeting held on May 09, 2024 has approved to issue Equity Shares to the Eligible Equity Shareholders at Issue Price of ₹375.00 per Rights Equity Share (including a premium of ₹365.00 per Rights Equity Share), aggregating to ₹449.95 crore* in the ratio of one Rights Equity Shares for every three fully paid-up Equity Shares, as held on the Record Date. The Issue Price of ₹375.00 per Rights Equity Share has been arrived at by our Company in consultation with the Lead Manager, prior to determination of the Record Date**.** On Application, Investors will have to pay ₹131.25 per Rights Equity Share which constitutes 35% of the Issue Price and the balance ₹243.75 per Rights Equity Share, which constitutes 65% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined, from time to time, at its sole discretion, by our Board or its Rights Issue Committee.
**Assuming full subscription of all Call Monies with respect to Rights Equity Shares.*

This Letter of Offer has been approved by the Rights Issue Committee pursuant to their resolution dated May 09, 2024.

Our Company has received *in-principle* approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in this Issue pursuant to their letters dated May 06, 2024 and May 02, 2024, respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI ICDR Master Circular.

Our Company has been allotted the ISIN INE624Z20016 for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. Our Company has been allotted the ISIN IN9624Z01014 both from NSDL and CDSL for the partly paid-up Rights Equity Shares (at the time of Application) to be Allotted pursuant to this Issue. For details, see "*Terms of the Issue*" on page 233.

Prohibition by SEBI or Other Governmental Authorities

Our Company, our Promoters, members of our Promoter Group and our Directors have not been prohibited/debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

Further, our Promoters and our Directors are not promoter(s) or director(s) of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Directors are associated with entities operating in the securities market. No action has been initiated by SEBI against the entities operating in the securities market with which the Directors are associated.

Neither our Promoters nor any of our Directors are declared fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Prohibition by RBI

Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act. Our Equity Shares are presently listed on the Stock Exchanges. Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters and members of our Promoter Group are in compliance and undertake to comply with the requirements of the Companies (Significant Beneficial Ownership) Rules, 2018, as amended, to the extent applicable, as at the date of this Letter of Offer.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made application to the Stock Exchanges and has received their *in-principle* approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the Issue.

Compliance with conditions of Fast Track Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations, and accordingly, our Company is eligible to make this Issue by way of a 'fast track issue':

1. Our Equity Shares have been listed on BSE and NSE, each being a recognized stock exchange having nationwide trading terminals, for a period of at least three years immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;

2. The entire shareholding of the members of our Promoter Group is held in dematerialized form as on the date of filing of this Letter of Offer with the Designated Stock Exchange;

3. The average market capitalization of the public shareholding (as defined under the SCRR) of our Company is at least ₹250 crores, in atleast one of the stock exchanges, calculated as per Explanation (i) of Regulation 99 of the SEBI ICDR Regulations;

4. The annualized trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six months' period;

5. The annualized delivery-based trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualized trading turnover of Equity Shares during such six months' period;

6. Our Company has been in compliance with the equity listing agreement entered into with the Stock Exchanges and the SEBI Listing Regulations, for a period of at least three years immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.

7. Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month of filing this Letter of Offer with the Designated Stock Exchange;

8. No show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and are pending against our Company, our Promoters or whole-time Directors as on the date of filing this Letter of Offer with the Designated Stock Exchange. Further, no show-cause notices have been issued by SEBI or an adjudicating officer in a proceeding for imposition of penalty and/or no prosecution proceedings have been initiated by SEBI against our Company, our Promoters or whole-time Directors as on the date of filing this Letter of Offer with the Designated Stock Exchange;

9. Our Company, our Promoters, the members of our Promoter Group or our Directors have not settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI during the three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

10. Our Equity Shares have not been suspended from trading as a disciplinary measure during three years

immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;

11. There is no conflict of interest between the Lead Manager and our Company or our Group Companies in accordance with applicable regulations;

12. Our Promoters and Promoter Group shall mandatorily subscribe to their rights entitlement and shall not renounce their rights, except to the extent of renunciation within our Promoter Group or for the purpose of complying with minimum public shareholding norms prescribed under the SCRR;

    Our Promoters have undertaken and confirmed in relation to this Issue to subscribe on their own account, and not through any nominated entity or person to:

    a. the full extent of their rights entitlement (in part or full) in the Issue in accordance with the applicable provisions of the SEBI Takeover Regulations; and

    b. renounce, any or all, of their rights entitlement (in part or full) in the Issue in favour of Promoter Group of our Company

    Our Promoters have confirmed that they will subscribe to any additional Rights Equity Share including subscription to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlement acquired through renunciation, either individually or jointly with any Promoters or any other members of the Promoter Group. Our Promoter Group has further confirmed that any such subscription to additional Equity Share and the unsubscribed portion, if any, shall be subject to the aggregate shareholding of the Promoters and Promoter Group of our Company not exceeding 75% of the issued, outstanding and fully paid-up equity share capital of our Company after the Issue.

    Our Promoters have confirmed that such acquisition of Equity Shares will not result in a change of control or the management of our Company and such acquisition will be in compliance with SEBI Takeover Code.

    Our Promoter Group, to the extent that they hold Equity Shares in our Company, undertake to either (i) subscribe on their account, and not through any nominated entity or person, to the full extent of their rights entitlement (in part or full) in the Issue in accordance with applicable provisions of the SEBI Takeover Regulations, as amended; or (ii) renounce, any or all, of their rights entitlement (in part or full) in the Issue in favour of Promoter Group of our Company. The above subscription of Rights Equity Shares shall be made to the extent that it does not result in any obligation on our Promoters and members of our Promoter Group to give an open offer in accordance with the SEBI Takeover Regulations and shall be in compliance with the Companies Act, the SEBI ICDR Regulations and other applicable laws.

    Our Promoter Group have also confirmed that they will subscribe to any additional Rights Equity Share including subscription to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlement acquired through renunciation, either individually or jointly with any Promoters or any other members of the Promoter Group. Our Promoter Group has further confirmed that any such subscription to additional Equity Share shall be subject to the aggregate shareholding of the Promoters and Promoter Group of our Company not exceeding 75% of the issued, outstanding and fully paid-up equity share capital of our Company after the Issue. Our Promoter Group have confirmed that such acquisition of Equity Shares will not result in a change of control or the management of our Company and such acquisition will be in compliance with SEBI Takeover Code.

    Any participation by our Promoters, over and above its Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

    For subscription by our Promoters and details in relation to compliance with minimum public shareholding norms prescribed under the SCRR, see "*Capital Structure*" on page 57; and

13. There are no audit qualifications (as defined under the SEBI ICDR Regulations) on the audited accounts of our Company in respect of the Annual Financial Statements for which such accounts are disclosed in this Letter of Offer.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;

2. The reports, statements and information referred to above are available on the websites of BSE and NSE; and

3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Further, neither of the provisions specified in Clause (3) of Part B of Schedule VI of the SEBI ICDR Regulations are applicable to our Company, as explained below:

1. Our Company's management has not undergone any change pursuant to acquisition of control in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or the SEBI Takeover Regulations, as applicable.

2. Our Company's specified securities have been listed consequent to the relaxation granted by SEBI under sub-rule (7) of Rule 19 of the SCRR for listing of its specified securities pursuant to a scheme approved by a tribunal under Sections 230-234 of the Companies Act and is making a rights issue of specified securities for the first time subsequent to such listing and a period of three full years has elapsed since such listing.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, NAMELY, CHOICE CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, CHOICE CAPITAL ADVISORS PRIVATE LIMITED HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MAY 09**, 2024 WHICH READS AS FOLLOWS:**

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS

LETTER OF OFFER OF THE SUBJECT ISSUE.

(2) ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH OUR COMPANY, OUR DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY OUR COMPANY, WE CONFIRM THAT:

(a) THIS LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;

(b) ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(c) THE MATERIAL DISCLOSURES MADE IN THIS LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) BESIDES OURSELVES, ALL INTERMEDIARIES NAMED IN THIS LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID. COMPLIED WITH

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. NOT APPLICABLE

(5) WRITTEN CONSENT FROM OUR PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY OUR PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THIS LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THIS LETTER OF OFFER. NOT APPLICABLE

(6) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THIS LETTER OF OFFER. NOT APPLICABLE

(7) ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTERS' CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THE STATUTORY AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO OUR COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE. NOT APPLICABLE

(8) NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THIS ISSUE ARE CREDITED OR TRANSFERRED TO A

SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER(S) TO THE ISSUE AND OUR COMPANY SPECIFICALLY CONTAINS THIS CONDITION. NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE

(9) THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF OUR COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN THE LAST 10 YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION. COMPLIED WITH TO THE EXTENT APPLICABLE

(10) FOLLOWING DISCLOSURES HAVE BEEN MADE IN THIS LETTER OF OFFER:

(a) AN UNDERTAKING FROM OUR COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF OUR COMPANY, EXCLUDING SUPERIOR RIGHTS EQUITY SHARES, WHERE OUR COMPANY HAS OUTSTANDING SUPERIOR RIGHTS EQUITY SHARES. COMPLIED WITH (OUR COMPANY HAS NOT ISSUED ANY SUPERIOR RIGHTS EQUITY SHARES); AND

(b) AN UNDERTAKING FROM OUR COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI. COMPLIED WITH

(11) WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE

(12) IF APPLICABLE, OUR COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE

(13) NONE OF THE INTERMEDIARIES NAMED IN THIS LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY. COMPLIED WITH

(14) OUR COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF THE SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY OUR COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER. COMPLIED WITH

(15) THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS. NOTED FOR COMPLIANCE

(16) ALL MATERIAL DISCLOSURES IN RESPECT OF OUR COMPANY HAVE BEEN MADE IN THIS LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN OUR COMPANY OR RELATING TO OUR COMPANY UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN. COMPLIED WITH AND NOTED FOR COMPLIANCE

(17) AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE SPECIFIED SECURITIES OF OUR COMPANY. COMPLIED WITH

THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY

FROM ANY LIABILITIES UNDER THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager accepts no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/evaluation as to their ability and quantum of investment in this Issue.

CAUTION

Our Company and the Lead Manager shall make all information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the sole and exclusive jurisdiction of the appropriate court(s) in Mumbai, India.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is BSE.

Disclaimer Clause of the BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Letter of Offer is as under:

"BSE Limited ("the Exchange") has given, vide its letter dated April 25, 2024 permission to this Company to use the Exchange's name in this Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- *Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or*
- *Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or*
- *Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;*

And it should not for any reason be deemed or construed that this letter of offer has been cleared or approved *by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever "*

Disclaimer Clause of NSE

As required, a copy of this Letter of Offer has been submitted to NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Letter of Offer is as under:

"As required, a copy of this letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/41352 dated May 02, 2024, permission to the Issuer to use the Exchange's name in this letter of offer as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer.

It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever. "

Selling Restrictions

The distribution of this Letter of Offer and the Issue Materials, and the issue of Rights Entitlements and Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer and other Issue Materials come are required to inform themselves about and observe such restrictions.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders who are outside the United States in offshore transactions in reliance on Regulation S of the Securities Act, located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or other Issue Materials relating to our Company, the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges.

Accordingly, the Rights Equity Shares and the Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer, the Issue Materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer and Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed, or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue Materials will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address.

If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity

Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Neither the receipt of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY ISSUE MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS AS DESCRIBED IN THIS LETTER OF OFFER.

Filing

This Letter of Offer is being filed with the Stock Exchanges and SEBI, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will, simultaneously while filing this Letter of Offer with the Designated Stock Exchange, being BSE, do an online filing with SEBI through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018, issued by SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

Listing

The Rights Equity Shares offered through this Letter of Offer are proposed to be listed on BSE and NSE. Applications will be made to the Stock Exchanges for obtaining permission for listing and trading of the Rights Equity Shares. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalized.

Consents

Consents in writing of each of our Directors, Legal Advisor to the Issue, Banker to the Issue, the Lead Manager to the Issue, Registrar to the Issue, Statutory Auditors, Independent Chartered Accountant, Chartered Engineer, Monitoring Agency, CARE, in their respective capacities, have been obtained, and such consents have not been withdrawn up to the time of delivery of this Letter of Offer.

Experts to the Issue

Our Company has received consent from its Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants through its letter dated April 24, 2024 to include its name as required under Section 26(1) of the Companies Act in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act in respect of the Annual Financial Statements and Unaudited Interim Financial Statements, and the reports issued by them and such consent has not been withdrawn as of the date of this Letter of Offer. However, the term "expert" and the consent thereof shall not be construed to mean an "expert" or consent within the meaning as defined under the Securities Act.

Our Company has received consent from M/s Mahesh C. Solanki & Co., Chartered Accountants through its letter dated April 22, 2024 to include its name as required under Section 26(1) of the Companies Act in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act in respect of the certificates issued by it in its capacity as an Independent Chartered Accountant and the Statement of Special Tax Benefits and such consent has not been withdrawn as of the date of this Letter of Offer.

Our Company has received consent from M Ravichandran, Chartered Engineer through his letter dated April 22, 2024 to include his name as required under Section 26(1) of the Companies Act in this Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act in respect of the certificates issued by him in his capacity as an independent chartered engineer and such consent has not been withdrawn as of the date of this Letter of Offer.

However, the term "expert" shall not be construed to mean an "expert" as defined under the Securities Act.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI circular bearing reference number CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI Master Circular bearing reference number SEBI/HO/OIAE/IGRD/P/CIR/2022 dated November 7, 2022, and any other circulars issued in this regard. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders' Relationship Committee which meets at least once a year and as and when required. Its terms of reference include looking into various aspects of interest of shareholders and monitoring and resolving grievances of shareholders of our Company. Cameo Corporate Services Limited, is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with our Company Secretary and Compliance Officer.

The investor complaints received by our Company are generally disposed of within 15 days from the date of receipt of the complaint.

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the Investor, contact number(s), e-mail address of the sole/first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see "*Terms of the Issue*" on page 233.

The contact details of the Registrar to the Issue and our Company Secretary and Compliance Officer, are as follows:

Registrar to the Issue

Cameo Corporate Services Limited
Subramanian Building,
No.1, Club House Road,
Chennai – 600 002,
Tamil Nadu, India
Telephone: +91 44 – 4002 0700
E-mail: rights@cameoindia.com
Investor Grievance E-mail: https://wisdom.cameoindia.com
Contact Person: K. Sreepriya
Website: www.cameoindia.com
SEBI Registration No.: INR000003753

Company Secretary and Compliance Officer

Suddapalli Muralikrishna
2nd Floor, Admin Block,
27, Vandaloor Kelambakkam Road,
Keelakottaiyur Village,
Melakottaiyur (Post),
Chennai 600 127,
Tamil Nadu, India
Telephone: + 91 44 4740 6700
Email: muralikrishna@solara.co.in

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, Investors proposing to apply in this Issue can apply only through ASBA by mechanism as disclosed in this Letter of Offer.

Investors are requested to note that application in this Issue can only be made through ASBA or any other mode which may be notified by SEBI.

OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, SEBI ICDR Master Circular and the ASBA Circulars, this Letter of Offer and other Issue Materials will be sent/dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer and other Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be provided by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. In case the Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

(i) our Company at www.solara.co.in.

(ii) the Registrar to the Issue at www.cameoindia.com.

(iii) the Lead Manager, i.e., Choice Capital Advisors Private Limited at www.choiceindia.com/merchant-investment-banking.

(iv) the Stock Exchanges at www.bseindia.com and www.nseindia.com, respectively.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (i.e., www.cameoindia.com) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.solara.co.in).

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for not sending the physical copies of Issue Materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Issue Materials attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Issue Materials and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer or any Issue Materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Issue Materials must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Issue Materials should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Materials in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Issue Materials are received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Issue Materials. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

II. PROCESS OF MAKING AN APPLICATION TO THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI ICDR Master Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see "*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 246.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Investors should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that **incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see "*Terms of the Issue–- Grounds for Technical Rejection*" on page 242. Our Company, the Lead Manager, the Registrar to the Issue and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Investors.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see "*Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 237.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

(i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements;

(ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part);

(iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements;

(iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares;

(v) renounce its Rights Entitlements in full.

In accordance with the SEBI ICDR Master Circular, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date i.e. June 11, 2024, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period through ASBA mode. Such resident Eligible Equity Shareholders must check the procedure for Application in "*Terms of the Issue - Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form*" on page 239.

Making of an application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this Issue, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Company, their directors, their employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's for Investors applying through ASBA:

(a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.

(b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.

(c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

(d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

(e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

(f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

(g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

(h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

(i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors applying through ASBA:

(a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.

(c) Do not send your physical Application to the Lead Manager, the Registrar to the Issue, a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

(d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

(e) Do not submit Application Form using third party ASBA account.

(f) Avoid applying on the Issue Closing Date due to risk of delay/restrictions in making any physical Application.

(g) Do not submit multiple Applications.

(h) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(i) Do not pay the Application Money in cash, by money order, pay order or postal order

Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply may make an Application to subscribe to this Issue on plain paper in terms of Regulation 78 of SEBI ICDR Regulations in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected.

Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Solara Active Pharma Sciences Limited;

2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;

4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to this Issue;

5. Number of Equity Shares held as on Record Date;

6. Allotment option – only dematerialised form;

7. Number of Rights Equity Shares entitled to;

8. Number of Rights Equity Shares applied for within the Rights Entitlements;

9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

10. Total number of Rights Equity Shares applied for;

11. Total amount paid at the rate of ₹131.25 per Rights Equity Share (as the application money);

12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);

16. An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at www.cameoindia.com; and

17. All such Eligible Equity Shareholders are deemed to have accepted the following:

*"I/We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the Securities Act of 1933, as amended (the "**Securities Act**"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "**United States**"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. I/we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions only outside the United States in compliance with Regulation S under the Securities Act ("**Regulation S**") to existing shareholders and located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/We understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/We confirm that I am/we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither our Company, nor the Registrar to the Issue, the Lead Manager or any*

other person acting on behalf of our Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar to the Issue, the Lead Manager or any other person acting on behalf of our Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/We satisfy, and each account for which I/we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected. Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar to the Issue not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar to the Issue at www.cameoindia.com.

Our Company, the Lead Manager and the Registrar to the Issue shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form.

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar to the Issue or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar to the Issue, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

(a) The Eligible Equity Shareholders shall send a letter to the Registrar to the Issue containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar to the Issue no later than two Working Days prior to the Issue Closing Date;

(b) The Registrar to the Issue shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

(c) The remaining procedure for Application shall be same as set out in "*Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* on page 237.

(d) In accordance with the SEBI ICDR Master Circular, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR TO THE ISSUE OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in "*Terms of the Issue - Basis of Allotment*" on page 254.

Eligible Equity Shareholders who renounce their Rights Entitlements in full or part cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application.

(a) Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) In accordance with the SEBI ICDR Master Circular, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be eligible to make an Application for Rights Equity Shares against their Rights Entitlements with respect to the equity shares held in physical form.

(c) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(d) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under *"Terms of Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process"* on page 237

(e) Applications should be (i) submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(f) Applications should not be submitted to the Banker to the Issue, our Company or the Registrar to the Issue or the Lead Manager.

(g) All Investors, and in the case of Application in joint names, each of the joint Investors, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "*suspended for credit*" and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.

(h) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation "**Demographic Details**") are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar to the Issue will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar to the Issue. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed on the registered e-mail address or to the address of the Investor as per the Indian address provided to our Company or the Registrar to the Issue or Demographic Details received from the Depositories, as the case may be. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar to the Issue or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**

(i) By signing the Application Forms, Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

(j) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(k) Investors should provide correct DP ID and Client ID/Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/Folio number should match the demat account details in the records available with Company and/or Registrar to the Issue, failing which such Application is liable to be rejected. Investors will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar to the Issue will not be liable for any such rejections.

(l) In case of joint holders and physical Applications, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

(m) All communication in connection with Applications for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar to the Issue in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(n) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(o) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

(p) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(q) Avoid applying on the Issue Closing Date due to risk of delay/restrictions in making any physical Application.

(r) Do not pay the Application Money in cash, by money order, pay order or postal order.

(s) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(t) An Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

(u) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar to the Issue.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar to the Issue as per the demographic details downloaded from the Depositories.

(c) Sending an Application to our Company, the Lead Manager, Registrar to the Issue, to a branch of a SCSB which is not a Designated Branch of the SCSB.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.

(m) Application Forms supported by Funds blocked from a third party bank account

(n) Applications by shareholders who have renounced their Rights Entitlement in Full either by market sale or by off-market transfer.

(o) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

(p) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

(q) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(r) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

(s) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(t) Application from Investors that are residing in U.S. address as per the depository records.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT/CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using Additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "*Terms of the Issue - Procedure for Applications by Mutual Funds*" on page 245.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected.

Procedure for Applications by certain categories of Investors

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates (i.e., 100%).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to *inter alia* the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre - approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities/centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e., in any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, *inter alia*, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020 issued by the DPIIT, the FEMA Rules have been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar to the Issue about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate Application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC- SI")

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in Application Form or a plain paper Application is June 11, 2024 i.e., Issue Closing Date. Our Board or Rights Issue Committee may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or Rights Issue Committee, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or Rights Issue Committee shall be at liberty to dispose of the Equity Shares hereby offered, as set out in "*Terms of the Issue - Basis of Allotment*" on page 254.

Please note that on the Issue Closing Date, Applications will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar to the Issue informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where Application is submitted. However, no Investor, may withdraw their Application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded/unblocked in the ASBA Accounts of the Investor within a period of four days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (i.e., www.cameoindia.com) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.solara.co.in).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. Our Company shall apply for a separate ISIN for the Rights Entitlements/A separate ISIN for the Rights Entitlements has also been generated which is INE624Z20016. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar to the Issue after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Rights Issue for subscribing to the Rights Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar to the Issue (i.e. www.cameoindia.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF Authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit and/or credit or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar to the Issue on the Record Date; or (c) Equity Shares held by Eligible Equity

Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar to the Issue; or (d) credit of the Rights Entitlements returned/reversed/failed; or e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any. Eligible Equity Shareholders, holding Equity Shares in physical form as on Record Date are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar to the Issue not later than two Working Days prior to the Issue Closing Date, i.e., June 06, 2024 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. In accordance with SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, Shareholders holding shares in physical form shall be required to provide their demat account details to our Company and the Registrar for credit of Rights Entitlements not later than two Working Days prior to the Issue Closing Date, such that credit of Rights Entitlements in their demat account takes place at least one day before the Issue Closing Date.

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges, (the "**On Market Renunciation**"); or (b) through an off-market transfer (the "**Off Market Renunciation**"), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

The amount payable on application is ₹131.25 per Rights Equity Share (including a premium of ₹127.75), and the balance of ₹243.75 (including a premium of ₹237.25) shall be paid on one or more subsequent Call(s), as determined from time to time, at its sole discretion, by our Board or Rights Issue Committee.
The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company has obtained a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under the said separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call Notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

(a) *On Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Designated Stock Exchange, through a registered stock-broker in the same manner as the existing Equity Shares.

In this regard, in terms of provisions of the SEBI ICDR Regulations, and the SEBI ICDR Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN INE624Z20016 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges, for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges, from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights

Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from May 28, 2024 to June 05, 2024 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN INE624Z20016 and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on T+1 rolling settlement basis, where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and SEBI.

(b) *Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN INE624Z20016 , the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar to the Issue will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar to the Issue, pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar to the Issue's instruction from the ASBA Account into the Allotment Account(s). The balance amount remaining after the finalisation of the Basis of

Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Investors are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

4. Application Forms received from non-residents/NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of Business Hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see "*The Issue*" on page 50.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of one Rights Equity Shares for every three fully paid up Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than three Equity Shares or not in the multiple of three Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one Additional Rights Equity Share each if they apply for Additional Rights

Equity Shares over and above their Rights Entitlements, if any. For example, if an Eligible Equity Shareholder holds four Equity Shares, such Equity Shareholder will be entitled to one Rights Equity Shares and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for Additional Rights Equity Shares, over and above their Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than three Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer and other Issue Materials, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice. The Rights Equity Shares to be issued and Allotted under this Issue shall, upon being fully paid-up rank *pari passu* with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received *in-principle* approval from BSE through letter bearing reference number LOD/Rights/AM/FIP/164/2024-25 dated May 06, 2024 and from NSE through letter bearing reference number NSE/LIST/41352 dated May 02, 2024. Our Company will apply to the Stock Exchanges, for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 541540) and NSE (Scrip Code: SOLARA) under the ISIN: INE624Z01016. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoter and the Promoter Group

For details of the intention and extent of subscription to the Issue by our Promoter and the members of the Promoter Group, see "*Summary of Letter of Offer – Intention and extent of participation by our*

Promoters/Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement" on page 18.

Rights of Holders of Equity Shares of our Company

Subject to applicable laws, Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

(a) The right to receive dividend, if declared;

(b) The right to receive surplus on liquidation;

(c) The right to receive offers for rights shares and be allotted bonus shares, if announced;

(d) The right to free transferability of Rights Equity Shares;

(e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited/restricted by law and as disclosed in this Letter of Offer; and

(f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, the Memorandum of Association and the Articles of Association.

VII. GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialized mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialized form, there is no need to make a separate nomination for the Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialized form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialized form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Marathi daily newspaper, Marathi also being the local language of Navi Mumbai, Maharashtra, India where our Registered Office is located and/or, will be sent by post to the Indian address of the Eligible Equity Shareholders provided to our Company. However, the distribution of this Letter of Offer, the Abridged Letter of Offer and the issue of Rights Equity Shares on a rights basis, including pursuant to the Issue, to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on its website.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue rights equity shares to non-resident equity shareholders including Additional Rights Equity Shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018, issued by RBI, non- residents may, amongst other things, (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/letters of Allotment/Allotment Advice. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

This Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions. Eligible Equity Shareholders can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar` to the Issue, our Company, the Lead Manager and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Investors. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Investor is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please also note that pursuant to Circular no. 14 dated September 16, 2003, issued by RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors in India and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor, being an OCB, may apply for this issue, as an incorporated non-resident entity, provided that (i) it is not under the adverse notice of RBI; and (ii) it complies with the FDI Circular 2020 and the FEMA Rules. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar to the Issue and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at https://rights.cameoindia.com/solara.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. **FOR DETAILS, SEE "*TERMS OF ISSUE – ALLOTMENT ADVICE/ RETAIL UNBLOCKING OF ASBA ACCOUNTS*" ON PAGE 255.**

VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	**MONDAY, MAY 27, 2024**
ISSUE OPENING DATE	**TUESDAY, MAY 28, 2024**
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS#	**WEDNESDAY, JUNE 05, 2024**
ISSUE CLOSING DATE*	**TUESDAY, JUNE 11, 2024**
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	**TUESDAY, JUNE 18, 2024**
DATE OF ALLOTMENT (ON OR ABOUT)	**WEDNESDAY, JUNE 19, 2024**
DATE OF CREDIT (ON OR ABOUT)	**WEDNESDAY, JUNE 19, 2024**
DATE OF LISTING (ON OR ABOUT)	**THURSDAY, JUNE 20, 2024**

[#] *Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*
**Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Investor after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar to the Issue, they are required to provide their demat account details to our Company or the Registrar to the Issue not later than two clear Working Days prior to the Issue Closing Date, i.e., June 06, 2024 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

(e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (e) vis-à-vis above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

X. ALLOTMENT ADVICE/ RETAIL UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/dispatch Allotment Advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialized mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "*officers in default*" shall pay interest at 15% per annum and such other rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment Advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Investor has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money shall be unblocked. The unblocking of ASBA funds shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in unblocking of funds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XI. PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through unblocking amounts blocked using ASBA facility.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Investors, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in dematerialized Form

NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALISED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS AT THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/ FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

a) Tripartite agreement dated February 21, 2020, amongst our Company, NSDL and the Registrar to the Issue.

b) Tripartite agreement dated February 20, 2020, amongst our Company, CDSL and the Registrar to the Issue.

INVESTORS MAY NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

3. The responsibility for correctness of information filled in the Application Form vis a vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

5. The Rights Equity Shares will be allotted to Investors only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/with IEPF Authority/in suspense, etc.). Allotment Advice, refund order (if any) would be sent by e-mail or registered post or speed post to the sole/ first Investor's address provided by the Eligible Equity Shareholders to our Company but the Applicant's Depository Participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment Advice/refund intimation will be directly sent to the Investors by the Registrar to the Issue, on their registered e-mail address or through physical dispatch, if the e-mail address is not available.

7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

9. Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar to the Issue or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue.

XIII. IMPERSONATION

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act which is reproduced below:

"Any person who –

a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹0.1 crore or 1% of the turnover of our Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹0.1 crore or one per cent of the turnover of our Company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹0.5 crore or with both.

XIV. UTILIZATION OF ISSUE PROCEEDS

Our Board declares that:

A. All monies received out of this Issue shall be transferred to a separate bank account;

B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.

2) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the time limit specified by SEBI.

3) The funds required for making refunds/unblocking to unsuccessful Investors as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company.

4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date or as per applicable law, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

5) In case of refund/unblocking of the Application Money for unsuccessful Investors or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Investors.

6) No further issue of securities shall be made till the securities offered through this Letter of Offer are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with Regulation 97 of SEBI ICDR Regulations.

7) Adequate arrangements shall be made to collect all ASBA Applications.

8) As on the date of this Letter of Offer, our Company does not have any convertible debt instruments.

9) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. INVESTOR GRIEVANCES, COMMUNICATIONS AND IMPORTANT LINKS

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Issue Materials are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "**Solara Active Pharma Sciences Limited- Rights Issue"** on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

   Cameo Corporate Services Limited
   Subramanian Building,
   No.1, Club House Road,
   Chennai – 600 002,
   Tamil Nadu, India
   Telephone: +91 44 4002 0700
   Email: rights@cameoindia.com
   Investor grievance E-mail: https://wisdom.cameoindia.com
   Contact Person: K. Sreepriya

Website: www.cameoindia.com
SEBI Registration No.: INR000003753

3. In accordance with the SEBI ICDR Master Circular, frequently asked questions and online/electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar to the Issue (i.e. www.cameoindia.com). Further, helpline number provided by the Registrar to the Issue for guidance on the Application process and resolution of difficulties is 91 44 4002 0700.

4. The Investors can visit following links for the below-mentioned purposes:

   a) Frequently asked questions and online/electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.cameoindia.com.

   b) Updation of Indian address/e-mail address/phone or mobile number in the records maintained by the Registrar to the Issue: www.cameoindia.com.

   c) Updation of demat account details by Eligible Equity Shareholders holding Equity Shares in physical form: www.cameoindia.com.

   d) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: www.cameoindia.com

   This Issue will be kept open for a minimum period of 15 days. However, our Board or our Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 ("**FDI Policy**") which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy will be valid until the DPIIT issues an updated circular. Subject to conditions specified in the FDI Policy, up to 100% foreign investment under the automatic route is currently permitted in "pharmaceuticals" (greenfield), while up to 74% foreign investment under the automatic route is currently permitted in "pharmaceuticals" (brownfield), with approval under the government route for any foreign investment beyond such threshold.

The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

Please also note that pursuant to Circular no. 14 dated September 16, 2003, issued by RBI, Overseas Corporate Bodies ("**OCBs**") have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this Issue as an incorporated non-resident must do so in accordance with the FDI Policy and the FEMA Rules. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

Eligibility and Restrictions

General

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into (i) the United States or (ii) or any jurisdiction other than India, in each case, except in accordance with the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone (i) in the United States or (ii) any jurisdiction in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer and any other Issue Materials should not distribute or send this Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Manager or its affiliates to any filing or registration requirement (other than in India). If this Letter of Offer or any other Issue Material is received by any person in any such jurisdiction, they must not seek to subscribe to the Rights Equity Shares.

Rights Entitlements may not be transferred or sold to any person outside India.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares.

This Letter of Offer and its accompanying documents are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements, or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

United States

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

Representations, Warranties and Agreements by Purchasers

In addition to the applicable representations, warranties and agreements set forth above, each purchaser by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the "purchaser", which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as

a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.

2. If any Rights Entitlements were bought by the purchaser or otherwise transferred to the purchaser by a third party (other than our Company), the purchaser was in India at the time of such purchase or transfer;

3. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.

4. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of this Letter of Offer with SEBI and the Stock Exchanges); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements except in India or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.

5. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.

6. None of the purchaser, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

7. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our Group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, the Lead Manager or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.

8. Without limiting the generality of the foregoing, the purchaser acknowledges that the Equity Shares are listed on BSE Limited and National Stock Exchange of India Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and National Stock Exchange of India Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "**Exchange Information**"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) none of our Company, any of its affiliates, the Lead Manager or any of its affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

9. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "**Information**"), has been prepared solely by our

Company; and (ii) neither the Lead Manager nor any of its affiliates has verified such Information, and no the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by the Lead Manager or any of its affiliates.

10. The purchaser will not hold our Company, the Lead Manager or its affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it.

11. The purchaser understands and acknowledges that the Lead Manager is assisting our Company in respect of this Issue and that the Lead Manager is acting solely for our Company and no one else in connection with this Issue and, in particular, are not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue or the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue.

12. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained in this Letter of Offer and the Application Form. The purchaser understands that none of our Company, the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is in the United States, or is ineligible to participate in this Issue under applicable securities laws.

13. The purchaser is aware that the Rights Entitlements and the Equity Shares have not been and will not be registered under the Securities Act and that the offer of the Rights Entitlements and the offer and sale of the Rights Equity Shares to the purchaser was made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

14. The purchaser subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future the purchaser decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, the purchaser shall only offer, sell, pledge or otherwise transfer such Rights Equity Shares (i) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws;

15. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares.

16. If the purchaser is outside India, the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company or the Lead Manager with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.

17. If the purchaser is outside India, the purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence.

18. The purchaser is authorized to consummate the purchase of the Rights Equity Shares sold pursuant to this Issue in compliance with all applicable laws and regulations.

19. Except for the sale of Rights Equity Shares on one or more of the Stock Exchanges, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the being sold.

20. The purchaser shall hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties or agreements set forth above and elsewhere in this Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.

21. The purchaser acknowledges that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

SECTION VIII: STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following material documents and contracts which have been entered (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years prior to the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, (a) may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of this Letter of Offer until the Issue Closing Date, and (b) will also be available at the website of our Company at www.solara.co.in, from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated May 09, 2024 between our Company and the Lead Manager.

2. Registrar Agreement dated April 04, 2024, between our Company and the Registrar to the Issue.

3. Banker to the Issue Agreement dated May 09, 2024 between our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.

4. Monitoring Agency Agreement dated May 09, 2024 between our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended.

2. Certificate of incorporation dated February 23, 2017, issued by Registrar of Companies, Central Registration Centre.

3. Certificate of incorporation pursuant to change of name dated March 25, 2017, issued by the RoC.

4. Annual Reports of our Company for Fiscal 2023, Fiscal 2022, Fiscal 2021, Fiscal 2020 and Fiscal 2019.

5. Resolutions of our Board of Directors dated July 05, 2023, approving the Issue.

6. Resolutions of our Rights Issue Committee dated May 09, 2024 approving this Letter of Offer, finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.

7. The Annual Financial Statements and Unaudited Interim Financial Statements along with reports dated May 12, 2023 and February 14, 2024, respectively, of the Statutory Auditors thereon included in this Letter of Offer.

8. Statement of special tax benefits dated April 22, 2024, issued by M/s Mahesh C. Solanki & Co, Independent Chartered Accountants, for our Company and its shareholders.

9. Consents of our Directors, Company Secretary and Compliance Officer, the Chief Financial Officer, the Statutory Auditors, Lead Manager, Banker to the Issue, Legal Advisor to the Issue, the Registrar to the Issue, the Monitoring Agency and the Independent Chartered Accountant for inclusion of their names in their respective capacities.

10. Consent letter dated April 24, 2024, from our Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants to include their name in this Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act, in respect of their (i) Annual Financial Statements; (ii) Unaudited Interim Financial Statements, included in this Letter of Offer. However, the term "expert" and the consent thereof shall not be construed to mean an "expert" or consent within the meaning as defined under the Securities Act.

11. Consent letter dated April 22, 2024, for our Independent Chartered Accountants, M/s Mahesh C. Solanki & Co, to include their name in this Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act.

12. Consent letter dated April 22, 2024, from the Chartered Engineer, M Ravichandran, to include his name in this Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act.

13. Certificate dated April 22, 2024, prepared and issued by the chartered engineer namely, M Ravichandran.

14. Report titled "*Industry Research Report on API (Pharma) Industry*" prepared and issued by CareEdge Research published in February 2024.

15. Tripartite Agreement dated February 21, 2020, entered between our Company, Registrar to the Issue and NSDL.

16. Tripartite Agreement dated February 20, 2020, entered between our Company, Registrar to the Issue and CDSL.

17. Due Diligence Certificate dated May 09, 2024 addressed to SEBI from the Lead Manager.

18. *In-principle* listing approvals dated May 06, 2024 and May 02, 2024, issued by BSE and NSE, respectively.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with this Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Kartheek Chintalapati Raju
Chairman and Non-Executive and Non-Independent Director

Date: May 09, 2024
Place: Hyderabad

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with this Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Poorvank Purohit
Managing Director and Chief Executive Officer

Date: May 09, 2024
Place: Bengaluru

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with this Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Mohan Muthunarayanan
Additional Director (Executive)

Date: May 09, 2024
Place: Chennai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with this Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Ankur Nand Thadani
Non-Executive and Non-Independent Director

Date: May 09, 2024
Place: Mumbai

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with this Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Arun Kumar Pillai
Non-Executive and Non-Independent Director

Date: May 09, 2024
Place: Bengaluru

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with this Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Ramakrishnan Rajagopal
Independent Director

Date: May 09, 2024
Place: Bengaluru

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with this Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Kausalya Santhanam
Independent Director

Date: May 09, 2024
Place: Bengaluru

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with this Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Rajendra Kumar Srivatsava
Independent Director

Date: May 09, 2024
Place: Hyderabad

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with this Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Rajiv Vijay Nabar
Independent Director

Date: May 09, 2024
Place: Surat

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with this Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

Arun Kumar Baskaran
Chief Financial Officer

Date: May 09, 2024
Place: Chennai