

August 3, 2020

The BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai – 400 001

The National Stock Exchange of India Limited  
Exchange Plaza, Bandra-Kurla Complex  
Bandra (E), Mumbai – 400 051

**Scrip Code: 541540**

**Scrip Code: SOLARA**

Dear Sirs,

**Sub: Outcome of Board Meeting**

Please refer our letter dated July 27, 2020 under Regulation 29 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, in continuation we wish to inform that at the meeting of Board of Directors held today (August 3, 2020) the Directors has inter-alia amongst other subject approved the following:

- Unaudited financial results (standalone and consolidated) of the Company for the quarter ended June 30, 2020 pursuant to Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. A copy of the unaudited financial results (standalone and consolidated) for the quarter ended June 30, 2020 along with the Limited Review Report by the Auditors and press release is attached.
- Resignation of Mr. Jitesh Devendra (DIN 06469234) as Managing Director and Directorship of the Company, with effect from August 3, 2020.
- Appointment of Mr. Bharath R Sesha (DIN: 01983066) as Managing Director and CEO of the Company with effect from August 3, 2020. Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 is attached.

The Board Meeting commenced at 11.45 AM and concluded at 12.30 PM.

We request you to take the same on record.

Thanking you,

Yours faithfully,

**For Solara Active Pharma Sciences Limited**

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

Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

No.	Particulars	Remarks
1.	Reason for change viz., appointment or otherwise	Mr. Bharath R. Sesha is appointed as Managing Director of the Company
2.	Date of Appointment	December 9, 2019
3.	Date of appointment as Managing Director	August 3, 2020
4.	Brief Profile	<p>Bharath is an Engineering graduate with a management degree from the Institute for Technology and Management, Chennai. He also has a master's degree in International Management from Thunderbird School of Global Management, United States.</p> <p>Bharath joins Solara from Nalco Water, India where he was the Managing Director responsible for the growth strategy.</p> <p>He has over two decades of experience and a decade leading diverse businesses including pharmaceuticals and has held CXO level positions in companies like Philips, DSM Sinochem Pharmaceuticals, Royal DSM NV.</p> <p>Throughout his professional stints, Bharath has focused on managing the business growth and profitability of these companies across the pharmaceutical, healthcare, consumer lifestyle, and material sciences industries. He has operated in countries like USA, Hongkong, China, Middle East, Egypt, Africa and Europe.</p>
5.	Disclosure of relationship between directors	Mr. Bharath R. Sesha is not related to any promoter, director or key managerial personnel of the company.

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

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

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **SOLARA ACTIVE PHARMA SCIENCES LIMITED** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), for the quarter ended June 30, 2020 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
4. The Statement includes the results of the following entities:

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

5. Based on our review conducted and procedures performed as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.
6. The consolidated unaudited financial results includes the interim financial results of 3 subsidiaries which have not been reviewed by their auditors, whose interim financial results reflect total revenue of Rs. 0.85 Crores for the quarter ended June 30, 2020, total profit after tax of Rs. 0.21 Crores for the quarter ended June 30, 2020 and total comprehensive income Rs. 0.21 Crores for

# Deloitte Haskins & Sells LLP

the quarter ended June 30, 2020, as considered in the Statement. According to the information and explanations given to us by the Management, these interim financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of our reliance on the interim financial results 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: 20206920AAAAGM2404

Place: Bengaluru  
Date: 3 August 2020



**SOLARA ACTIVE PHARMA SCIENCES LIMITED**

CIN: L24230MH2017PLC291636

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

Corp. Office: No 28, Sardar Patel Road, Guindy, Chennai - 600 032

**STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS  
FOR THE QUARTER ENDED JUNE 30, 2020**

(Rs. in Crores except per share data)

Sl. No.	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Previous Financial Year ended
		30.06.2020	31.03.2020	30.06.2019	31.03.2020
		UNAUDITED	(Refer note 5)	UNAUDITED	AUDITED
I	Revenue from operations	348.42	296.77	330.17	1,321.75
II	Other income	4.58	12.13	4.36	27.52
III	<b>Total income (I + II)</b>	<b>353.00</b>	<b>308.90</b>	<b>334.53</b>	<b>1,349.27</b>
IV	<b>Expenses</b>				
	(a) Cost of materials consumed	127.70	139.30	163.06	623.36
	(b) Purchases of stock-in-trade	3.02	0.30	5.01	29.67
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18.96	(10.26)	(16.36)	(54.16)
	(d) Employee benefits expense	54.50	53.44	48.63	204.13
	(e) Finance costs	19.83	20.38	18.65	77.89
	(f) Depreciation and amortisation expense	26.23	23.93	22.89	94.16
	(g) Other expenses	60.44	63.91	66.15	259.31
	<b>Total expenses (IV)</b>	<b>310.68</b>	<b>291.00</b>	<b>308.03</b>	<b>1,234.36</b>
V	<b>Profit/(loss) before tax (III - IV)</b>	<b>42.32</b>	<b>17.90</b>	<b>26.50</b>	<b>114.91</b>
VI	<b>Tax expense</b>				
	- Current tax	7.47	4.46	5.66	21.22
	- Current tax of subsidiary - reversal of excess provision of prior year	-	-	-	(0.14)
	- Deferred tax	(7.42)	(4.37)	(5.66)	(20.69)
	<b>Total tax expense (VI)</b>	<b>0.05</b>	<b>0.09</b>	<b>-</b>	<b>0.39</b>
VII	<b>Profit/(loss) for the period (V - VI)</b>	<b>42.27</b>	<b>17.81</b>	<b>26.50</b>	<b>114.52</b>
VIII	<b>Other comprehensive income</b>				
A	(i) Items that will not be reclassified to statement of profit and loss	-	(3.29)	-	(3.29)
	(ii) Income tax relating to items that will not be reclassified to statement of profit and loss	-	-	-	-
B	(i) Items that may be reclassified to statement of profit and loss	0.01	(0.27)	-	(0.42)
	(ii) Income tax relating to items that may be reclassified to statement of profit and loss	-	-	-	-
	<b>Total other comprehensive income for the period (VIII)</b>	<b>0.01</b>	<b>(3.56)</b>	<b>-</b>	<b>(3.71)</b>
IX	<b>Total comprehensive income for the period (VII + VIII)</b>	<b>42.28</b>	<b>14.25</b>	<b>26.50</b>	<b>110.81</b>
	<b>Profit for the year attributable to:</b>				
	- Equity shareholders of the Group	42.28	17.82	26.52	114.61
	- Non-controlling interests	(0.01)	(0.01)	(0.02)	(0.09)
	<b>Other Comprehensive income:</b>				
	- Equity shareholders of the Group	0.01	(3.56)	-	(3.71)
	- Non-controlling interests	-	-	-	-
	<b>Total Comprehensive income:</b>				
	- Equity shareholders of the Group	42.29	14.26	26.52	110.90
	- Non-controlling interests	(0.01)	(0.01)	(0.02)	(0.09)
	<b>Earnings per equity share (face value of Rs. 10/- each)</b>				
	(a) Basic (Rs.)	15.75	6.78	10.29	44.29
	(b) Diluted (Rs.)	14.74	6.21	10.22	42.82
	See accompanying notes to these Financial Results				



**SOLARA ACTIVE PHARMA SCIENCES LIMITED**

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

Corp. Office: No 28, Sardar Patel Road, Guindy, Chennai - 600 032

**STATEMENT OF CONSOLIDATED UNAUDITED FINANCIAL RESULTS  
FOR THE QUARTER ENDED JUNE 30, 2020****Notes:**

- 1 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on August 3, 2020. The above results for the quarter ended June 30, 2020 have been reviewed by Deloitte Haskins & Sells LLP, the statutory auditor of the Company, on which they have given an unmodified report.
- 2 The Group's operations relate to only one reportable segment viz Active Pharmaceutical Ingredient (API). Accordingly no separate disclosure of segment information is required.

**3 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	Previous Financial Year ended
		30.06.2020	31.03.2020	30.06.2019	31.03.2020
		UNAUDITED	(Refer note 5)	UNAUDITED	AUDITED
I	Total Income	353.00	308.88	334.52	1,349.26
II	Profit/(loss) before tax	42.09	18.18	23.61	112.49
III	Profit/(loss) after tax	42.09	18.18	23.61	112.49

- 4 The Group has evaluated impact of COVID-19 pandemic in assessing the recoverability of receivables, goodwill, property plant and equipment and investment properties based on its review of current indicators of future economic conditions. Based on such assessment, the Group expects to recover carrying values of such assets. The Group will continue to closely monitor any material changes to future economic conditions.
- 5 The results for the quarter ended March 31, 2020, are the balancing figure between audited figures in respect of the full financial year ended March 31, 2020 and the published year to date figures upto the third quarter of the respective financial year then ended.

For and on behalf of board

**Bharath R Sessa**

Managing Director &amp; CEO

Place : Bengaluru

Date : August 3, 2020



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

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

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **SOLARA ACTIVE PHARMA SCIENCES LIMITED** ("the Company"), for the quarter ended June 30, 2020 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

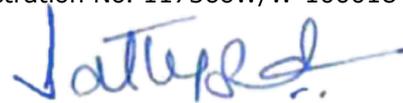
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
Firm's Registration No. 117366W/W-100018



**Sathya P. Koushik**

Partner

Membership No. 206920

UDIN: 20206920AAAAGL3487



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**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS  
FOR THE QUARTER ENDED JUNE 30, 2020**

(Rs. in Crores except per share data)

Sl. No.	Particulars	3 months ended	Preceding 3 months ended	Corresponding 3 months ended in the previous year	Previous Financial Year ended
		30.06.2020	31.03.2020	30.06.2019	31.03.2020
		UNAUDITED	(Refer note 5)	UNAUDITED (Refer note 2)	AUDITED
I	Revenue from operations	348.42	296.77	330.17	1,321.75
II	Other income	4.58	12.11	4.35	27.51
III	<b>Total income (I + II)</b>	<b>353.00</b>	<b>308.88</b>	<b>334.52</b>	<b>1,349.26</b>
IV	<b>Expenses</b>				
	(a) Cost of materials consumed	127.69	139.30	163.06	623.36
	(b) Purchases of stock-in-trade	3.02	0.30	5.01	29.67
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	18.96	(10.26)	(16.36)	(54.16)
	(d) Employee benefits expense	54.08	52.68	48.13	202.24
	(e) Finance costs	19.83	20.37	18.64	77.88
	(f) Depreciation and amortisation expense	26.14	23.84	22.82	93.67
	(g) Other expenses	61.19	64.47	69.61	264.11
	<b>Total expenses (IV)</b>	<b>310.91</b>	<b>290.70</b>	<b>310.91</b>	<b>1,236.77</b>
V	<b>Profit/(loss) before tax (III - IV)</b>	<b>42.09</b>	<b>18.18</b>	<b>23.61</b>	<b>112.49</b>
VI	<b>Tax expense</b>				
	- Current tax	7.42	4.37	5.66	20.69
	- Deferred tax	(7.42)	(4.37)	(5.66)	(20.69)
	<b>Total tax expense (VI)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
VII	<b>Profit/(loss) for the period (V - VI)</b>	<b>42.09</b>	<b>18.18</b>	<b>23.61</b>	<b>112.49</b>
VIII	<b>Other comprehensive income/(loss)</b>				
A	(i) Items that will not be reclassified to statement of profit and loss	-	(3.29)	-	(3.29)
	(ii) Income tax relating to items that will not be reclassified to statement of profit and loss	-	-	-	-
B	(i) Items that may be reclassified to statement of profit and loss	-	-	-	-
	(ii) Income tax relating to items that may be reclassified to statement of profit and loss	-	-	-	-
	<b>Total other comprehensive income/(loss) for the period (VIII)</b>	<b>-</b>	<b>(3.29)</b>	<b>-</b>	<b>(3.29)</b>
IX	<b>Total comprehensive income for the period (VII + VIII)</b>	<b>42.09</b>	<b>14.89</b>	<b>23.61</b>	<b>109.20</b>
	<b>Earnings per equity share (face value of Rs. 10/- each)</b>				
	(a) Basic (Rs.)	15.67	6.91	9.16	43.47
	(b) Diluted (Rs.)	14.67	6.34	9.09	42.03
	See accompanying notes to these Financial Results				



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**STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS  
FOR THE QUARTER ENDED JUNE 30, 2020****Notes:**

- 1 The above results were reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on August 3, 2020. The above results for the quarter ended June 30, 2020 have been reviewed by Deloitte Haskins & Sells LLP, the statutory auditor of the Company, on which they have given an unmodified report.
- 2 The National Company Law Tribunal vide its order dated December 20, 2019 approved the scheme of amalgamation (Scheme) between the Company and Strides Chemicals Private Limited (SCPL), a wholly owned subsidiary of the Company. The Company filed the scheme on February 1, 2020 with Registrar of Companies.

The appointed date of the Scheme is September 1, 2018, the date on which the Company acquired all shares of SCPL thereby resulting in SCPL becoming a wholly-owned subsidiary of the Company. In accordance with the requirements of Appendix C of Ind AS 103 Business Combination, the standalone results of the corresponding period in the previous year has been restated as if the amalgamation / merger had occurred on the appointed date of the Scheme. Further, the results published for quarter ended June 30, 2019 have also been recast to include the results of SCPL.

The standalone profit before tax as reported in published results for the prior periods are as below (without considering the impact of above restatement):

Particulars	(Rs. In Crores)
	Corresponding 3 months ended in the previous year 30.06.2019
Profit/(loss) before tax	25.32

The aforesaid merger does not have any incremental impact on the consolidated results of the Company.

- 3 The Company's operations relate to only one reportable segment viz Active Pharmaceutical Ingredient (API). Accordingly no separate disclosure of segment information is required.
- 4 The Company has evaluated impact of COVID-19 pandemic in assessing the recoverability of receivables, goodwill, property plant and equipment and investment properties based on its review of current indicators of future economic conditions. Based on such assessment, the Company expects to recover carrying values of such assets. The Company will continue to closely monitor any material changes to future economic conditions.
- 5 The results for the quarter ended March 31, 2020, are the balancing figure between audited figures in respect of the full financial year ended March 31, 2020 and the published year to date figures upto the third quarter of the respective financial year then ended.

**For and on behalf of board****Bharath R Sesa**

Managing Director &amp; CEO

Place : Bengaluru

Date : August 3, 2020



## Solara reports a strong Q1FY21 Performance

- » **Q1FY21 Revenues at ₹3,530 Mn, up 6% YoY and 14% QoQ**
- » **Q1FY21 EBITDA at ₹863 Mn, up 30% YoY and 43% QoQ**
- » **Operating leverage delivering highest ever EBITDA in a quarter**
- » **Q1FY21 PAT at ₹423 Mn, and up 60% YoY and 137% QoQ**
- » **Basic EPS at ₹15.75 in Q1FY21**
- » **Solara announces validation of its multipurpose greenfield facility at Vizag, India**
  - **Phase 1 goes on stream for Ibuprofen and its derivatives**
  - **Ibuprofen capacity increases from 4,800 TPA to 8,400 TPA**

**Bengaluru, India – August 3, 2020:** Solara Active Pharma Sciences Ltd (Solara) (NSE: SOLARA; BSE: 541540), a leading Active Pharmaceutical Ingredient provider today announced the financial results for the **first quarter (Q1FY21)**.

### Financial Performance for Q1FY21

Particulars	Q1FY21	Q4FY20	QoQ	Q1FY20	YoY
Revenue	3,530	3,089	14%	3,345	6%
<b>Operating EBITDA</b>	<b>1,007</b>	<b>724</b>	<b>39%</b>	<b>787</b>	<b>28%</b>
Operating EBITDA Margins	28.5%	23.4%	510 bps	23.5%	499 bps
R&D Cost	-140	-110		-115	
Forex gain/(Loss)	-4	-8		-9	
<b>Reported EBITDA</b>	<b>863</b>	<b>605</b>	<b>43%</b>	<b>663</b>	<b>30%</b>
Reported EBITDA Margins	24.4%	19.6%	480 bps	19.8%	463 bps
<b>PAT</b>	<b>423</b>	<b>178</b>	<b>137%</b>	<b>265</b>	<b>60%</b>
Basic EPS (Rs. Per share)	15.75	6.78		10.29	

In line with the earlier announcement, the Company also informed that Jitesh Devendra, Managing Director, has fully transitioned his responsibilities to Bharath Sesha who takes over the baton as the MD and CEO of the Company.

Commenting on the performance, **Bharath Sesha**, the MD & CEO of the Company, added “We have started the new financial year on a strong foundation despite having a lockdown situation for three weeks in the early phase of Covid-19. Solara has delivered strong sales growth and has reported its highest ever EBITDA performance on the back of a strong base business demand and also the introduction of new products across different markets. We are also thankful to our employees who have given their best every single day amidst the hardships in these unprecedented times and have helped Solara in serving its partners and fulfilling a larger purpose for society. As Jitesh will be leaving Solara, the Board and leadership would like to thank him for his efforts in building Solara into a Global API platform and accomplish all of this in a short period. I want to extend my gratitude personally and thank Jitesh for sharing his strategic insights and guiding me through this period of transition. ”

**Jitesh Devendra**, the outgoing MD of the Company, further added *“I had the pleasure of leading Solara and be part of an exciting and remarkable journey. I am pleasantly happy with the evolution of Solara into a leading global company in a short span, and I must thank the founders and the Board members who reposed their trust in me in driving many milestones for this great Company. I thank my colleagues for working along with me in this journey and deliver on the commitments in all possible ways. As I step aside from the Board and the leadership position today, I feel very deeply connected to Solara, a company that we christened. That said, I remain very confident of Solara’s future, and I strongly feel that Bharath and his team would continue to deliver and continue to create value for all our stakeholders. I wish the best for Solara as they embark on the next phase of growth and success. ”*

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

**Vizag Facility Update**

**Phase 1 goes on stream for Ibuprofen**

- » 3,600 TPA new capacity goes on stream from Q2FY21
- » Ibuprofen capacity for Solara augments to 8,400 TPA with significant capacity commitments and long-term contracts
- » DCS controlled automation with compliance of 21CFR part 11.
- » Peak capacity expected to reach in four quarters as the site would undergo the customary regulatory process and partner approvals for qualification

**Phase 2 designed for multipurpose API capabilities**

- » Phase 2 capacity designed to augment capabilities in campaign-based niche APIs
- » Most modern and modular design for efficiencies, expansion and flexible production campaigns

**EBITDA Reconciliation**

Particulars	Q1FY21	Q4FY20	Q1FY20
Profit/(loss) before tax as per SEBI reporting (Continuing Operations)	423	179	265
Add : Finance costs	198	204	186
Add: Depreciation and amortisation expense	262	239	229
Less: Interest income	(20)	(17)	(17)
<b>Consolidated Reported EBITDA as per press release</b>	<b>863</b>	<b>605</b>	<b>663</b>

**Earnings Conference Call**

The Company will conduct an earnings call at **3.30 PM IST on August 3, 2020**, where the Management will discuss the Company’s performance and answer questions from participants. To participate in this conference call, please dial the numbers provided below ten minutes ahead of the scheduled start time. The dial-in numbers for this call are **+91 22 6280 1346 or +91 22 7115 8247**. Please note that the transcript of the conference call will be uploaded on the Company website in due course.

**About Solara**

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

**Investor / Analyst contact**

**Abhishek Singhal**

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☎ +91 99877 66968

**Statutory and corporate affairs**

**Murali Krishna S**

**Raghavan. V**

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

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



**SOLARA**  
Active Pharma Sciences

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

# **SOLARA REPORTS A STRONG Q1'21 PERFORMANCE**

**STRONG  
FOUNDATION.  
ACCELERATING  
GROWTH.**

**Q1'21 EARNINGS UPDATE**  
*August 3, 2020*

# Strong execution leading to a robust Q1'21 Performance



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

*We have started the new financial year on a strong foundation despite having a lockdown situation for three weeks in the early phase of Covid-19.*

*Solara has delivered strong sales growth and has reported its highest ever EBITDA performance on the back of a strong base business demand and also the introduction of new products across different markets. We are also thankful to our employees who have given their best every single day amidst the hardships in these unprecedented times and have helped Solara in serving its partners and fulfilling a larger purpose for society.*

*As Jitesh will be leaving Solara, the Board and leadership would like to thank him for his efforts in building Solara into a Global API platform and accomplish all of this in a short period. I want to extend my gratitude personally and thank Jitesh for sharing his strategic insights and guiding me through this period of transition.*

”

*I had the pleasure of leading Solara and be part of an exciting and remarkable journey. I am pleasantly happy with the evolution of Solara into a leading global company in a short span, and I must thank the founders and the Board members who reposed their trust in me in driving many milestones for this great company.*

*I thank my colleagues for working along with me in this journey and deliver on the commitments in all possible ways. As I step aside from the Board and the leadership position today, I feel very deeply connected to Solara, a company that we christened.*

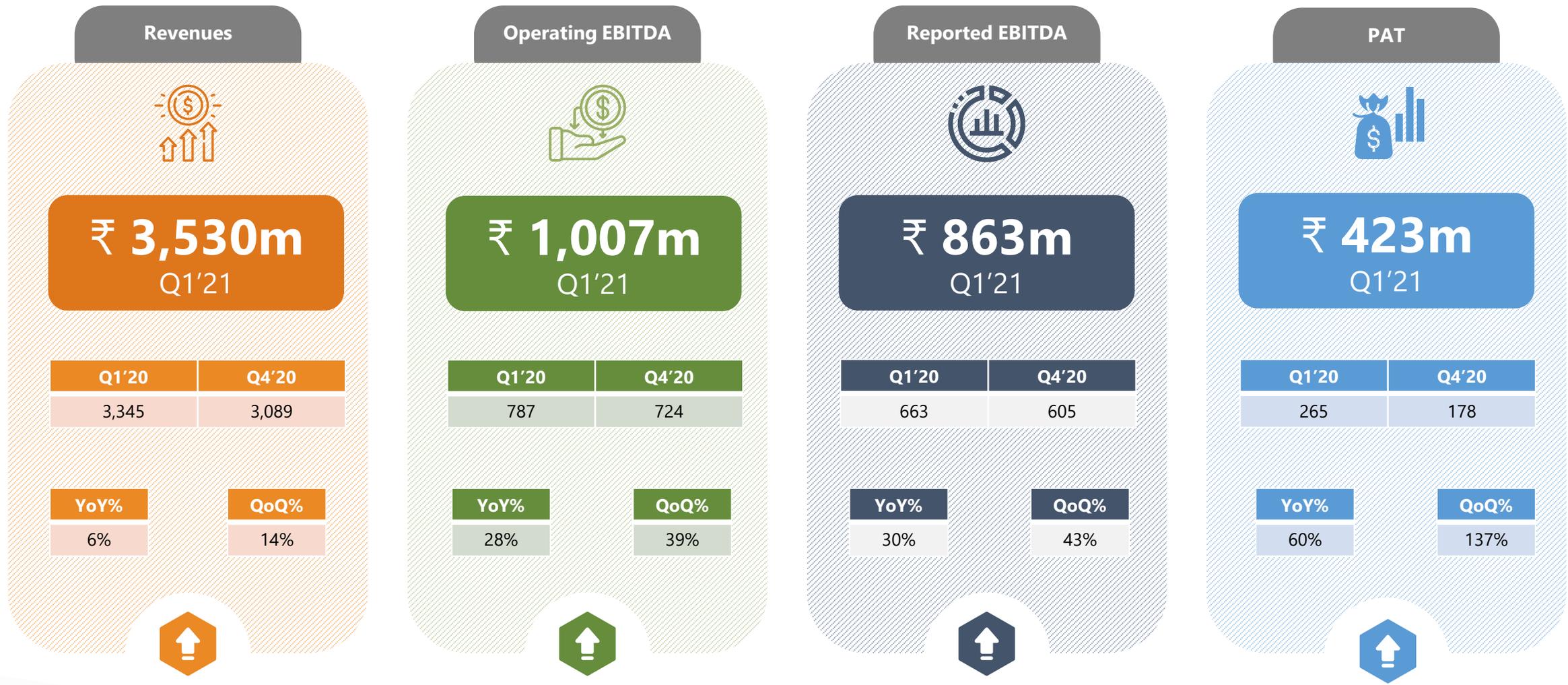
*That said, I remain very confident of Solara's future, and I strongly feel that Bharath and his team would continue to deliver and continue to create value for all our stakeholders. I wish the best for Solara as they embark on the next phase of growth and success.*

“



**Jitesh Devendra**  
Outgoing MD

# Operating leverage delivering highest ever EBITDA in a quarter with 24% EBITDA margins



The financial results above reflect the continuing business operations

# In spite of a 3-week Covid-19 disruption, Solara demonstrated strong all-round performance

## YoY and QoQ Performance

### Year on Year Comparison

Particulars	Q1 '21	Q1 '20	Change
<b>Revenue</b>	<b>3,530</b>	<b>3,345</b>	<b>6%</b>
<b>Gross margins</b>	<b>2,014</b>	<b>1,816</b>	<b>11%</b>
Gross margins %	57.0%	54.3%	277 bps
<b>Operating EBITDA</b>	<b>1,007</b>	<b>787</b>	<b>28%</b>
Operating EBITDA Margins	28.5%	23.5%	499 bps
R&D Cost	-140	-115	
Forex gain/(Loss)	-4	-9	
<b>Reported EBITDA</b>	<b>863</b>	<b>663</b>	<b>30%</b>
Reported EBITDA Margins	24.4%	19.8%	463 bps
<b>PAT</b>	<b>423</b>	<b>265</b>	<b>60%</b>
<b>Basic EPS (₹/Share)</b>	<b>15.75</b>	<b>10.29</b>	

### Quarter on Quarter Comparison

Particulars	Q1 '21	Q4 '20	Change
<b>Revenue</b>	<b>3,530</b>	<b>3,089</b>	<b>14%</b>
<b>Gross margins</b>	<b>2,014</b>	<b>1,781</b>	<b>13%</b>
Gross margins %	57.0%	57.7%	-62 bps
<b>Operating EBITDA</b>	<b>1,007</b>	<b>724</b>	<b>39%</b>
Operating EBITDA Margins	28.5%	23.4%	510 bps
R&D Cost	-140	-110	
Forex gain/(Loss)	-4	-8	
<b>Reported EBITDA</b>	<b>863</b>	<b>605</b>	<b>43%</b>
Reported EBITDA Margins	24.4%	19.6%	480 bps
<b>PAT</b>	<b>423</b>	<b>178</b>	<b>137%</b>
<b>Basic EPS (₹/Share)</b>	<b>15.75</b>	<b>6.78</b>	

## Business and Operations Update

### Business

- ➔ **Regulated markets** represents ~76% of our quarterly revenues.
- ➔ **New products launches** are progressing well and are receiving traction for supply partnerships across the markets
- ➔ **Long term contracts** now account for >50% of our total revenues
- ➔ **Newly setup CRAMS division** tracking as per plan and receiving customer traction with new business inquiries

### Operations

- ➔ USFDA has classified our manufacturing site at Cuddalore as “**Official Action Indicated (OAI)**”. Solara is strongly committed to collaborating with USFDA to address the observations raised by the agency in the form 483 issued to the company (*Further details on the subsequent slides*)
- ➔ We took a **temporary shutdown across our locations** w.e.f. 23<sup>rd</sup> March 2020 and have also taken several proactive measures towards providing a safe working environment for our employees and ensure business continuity for our partners
- ➔ **Operations resumed** across our locations by mid of April 2020. The **operational cost of ₹127 Mn incurred during the Covid-19 disruption** has been accounted for.

## Statement of Assets and Liabilities

### Source of Funds

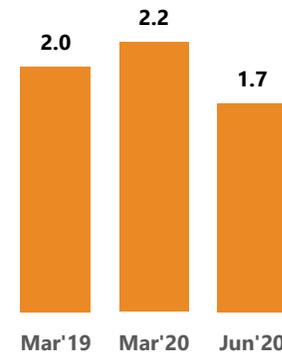
Particulars Rs Mn	Mar'19	Mar'20	Jun'20
<b>Shareholders' funds</b>	<b>9,559</b>	<b>10,859</b>	<b>11,294</b>
Less: Goodwill	-3,651	-3,651	-3,651
Net worth	5,908	7,209	7,643
Term Loan	3,236	3,530	3,358
Working Capital	3,625	3,538	3,723
Gross Debt	6,861	7,068	7,081
Less: Cash	-2,245	-1,068	-1,157
<b>Net Debt</b>	<b>4,616</b>	<b>6,000</b>	<b>5,924</b>
<b>Total</b>	<b>10,524</b>	<b>13,209</b>	<b>13,567</b>

### Utilization of Funds

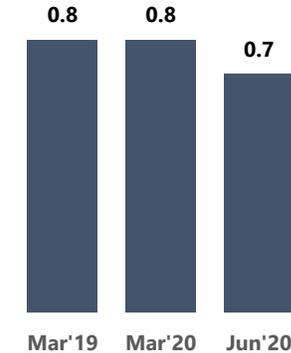
Particulars	Mar'19	Mar'20	Jun'20
Net Tangible Fixed Assets	8,034	9,932	9,889
Net Non-current Assets	190	183	188
Net Current Assets	2,300	3,094	3,490
<b>Total</b>	<b>10,524</b>	<b>13,209</b>	<b>13,567</b>

## Key Highlights

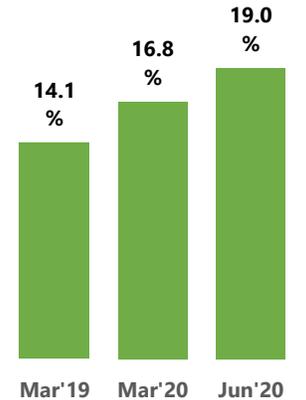
### Net Debt/EBITDA



### Net Debt/Equity



### \*ROCE%

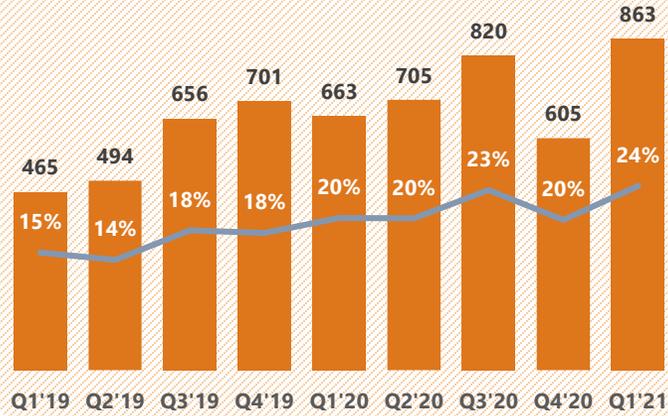


- ➔ Improvements in financial ratios led by a **right sized balance sheet position**
- ➔ Net Debt to EBITDA comfortable at **<2x range** and Net Debt to Equity at **~0.8x**
- ➔ As of June 30<sup>th</sup>, 2020, the Company has no outstanding **Inter-Company Deposit(ICDs)**
- ➔ The warrants issued to Promoters and TPG are due for subscription in Q2'21. Consequently, the cash and equivalents of the Company are expected to go up by **₹2,880 million** in Q2'21. This will result into a **net debt of ~₹3,000 million**
- ➔ The share capital of the company will increase from **26.8 million** shares to **36.0 million** shares post the warrant conversion.

\* ROCE for Jun'20 is computed by annualising the results of Q1FY21

# Strong momentum continues after a "one-off" Q4'20 performance

EBITDA (₹ Million)



Profit After Tax (₹ Million)



Basic EPS (₹/share)



- ➔ **Growth in Reported EBITDA margins** Quarter on Quarter with Q4 FY'20 being an exception due to COVID-19
- ➔ Strong leverage situation supporting better **EBITDA to EPS conversion(49% in Q1'21 vs 29% in Q4'20)**



# Solara announces commencement of phase 1 of its new greenfield facility at Vizag, India

## Phase 1 goes on stream for Ibuprofen



- **3,600 TPA** new capacity goes on stream from **Q2'21**
- Ibuprofen capacity for Solara augments to **8,400 TPA** with significant capacity commitments and long-term contracts
- **DCS controlled automation** with **compliance of 21CFR part 11.**
- **Peak capacity** expected to reach in **four quarters** as the site would undergo **customary regulatory process** and **partner approvals** for qualification

## Phase 2 designed for multipurpose API capabilities



- **Phase 2 capacity** designed to augment capabilities in **campaign-based niche APIs**
- Most modern and modular design for **efficiencies, expansion and flexible production campaigns**

## About the Vizag Facility



- Located in **APIIC – APSEZ ,Atchutapuram**, an upcoming manufacturing hub
- Strategically located for convenience on **allied services and logistical support**
- Site area of **17 acres** with potential future expansion
- Total investment of **₹2,500 Mn**



# **Update on Cuddalore facility inspection**

## SITE HISTORY

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- Located in Cuddalore, Tamil Nadu, India, the facility was **established in 1991** by erstwhile **Shasun Pharmaceuticals Limited (Shasun)**. The facility became part of **Strides Pharma Science Limited (Strides)** pursuant to the merger of **Strides** with **Shasun** in November 2015. In April 2018, the select API business of Strides was demerged from the parent company and integrated into **Solara Active Pharma Sciences Limited (Solara)**
- The facility has a total land area of **~72800 m<sup>2</sup> with constructed area of ~40000 m<sup>2</sup>** which includes five production blocks and twelve packing sections catering multi product manufacturing with **750+ employees** at the site.
- The facility has been inspected by various **Regulatory Authorities**, including **USFDA, EDQM, MHRA, PMDA and WHO** and has been servicing key regulated markets viz. US, Europe and Japan. The facility has completed **8 FDA inspections** to date of which two inspections (April 2017 and July 2019) were **zero 483s**.

## BACKGROUND ON INSPECTION

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- The USFDA inspected our Cuddalore facility from **March 02 to March 07, 2020** and the same concluded with **six (6) Form 483 inspection observations**.
- Subsequently the inspection was classified as "OAI" in June 2020.
- We have instituted a **special task force** comprising of internal and external experts to address all the observations **appropriately and taken significant measures** to accomplish the reclassification of the site.
- We continue to work with US FDA and are **submitting all our responses and Corrective Action Preventive Action (CAPAs)** on time to close-out the inspection positively.
- Solara is committed to the **highest level of Quality and Compliance** and would re-emphasize that its **Quality systems are robust. The observations does not have any impact on other APIs, which we manufacture and supply to the markets.**

**Growth levers for  
a steady progress  
in the future**

# The Growth Strategy is along Five Levers, Complimenting and Amplifying each other

Strong foundation...

...Leading To Accelerating Growth

01

## CUSTOMER CENTRICITY

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



02

## CONTINUOUS IMPROVEMENT

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



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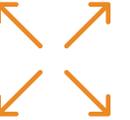
## INORGANIC

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

04

## NEW PRODUCTS/MARKETS

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



03

## CRAMS

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





## GROWTH & SUSTAINING THE EXISTING BUSINESS

- Transitioning to a strategic relationship with customers based on high advocacy and supply assurance driven by strategic backward integration
- Expand new markets and new customers for Existing Business
- Continued investments to drive quality and compliance to the next level



## R&D

- Focus on new products under NCE-1, Validation supplies, market specific and quick to launch.
- Proactive cost improvement programs to stay competitive and for contributing to sustainable growth & margin expansion
- Incubating new technology platforms to strengthen differentiation and secure our future pipeline



## NEW GROWTH LEVERS NEW PRODUCTS & CRAMS

- Expand share of New Product launches in the past years to new markets and new customers
- Expanding market access for our existing products to increase sales and gross margins
- CRAMS Services across the entire value chain of a new chemical entity which covers from Pre-Clinical to Commercial Phase



## Quality & EHS

- Continued investments to drive quality and compliance to the next level

# THANK YOU

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