

November 11, 2021

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

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 meeting of the Board of Directors of Solara Active Pharma Sciences Limited ("Company") held on 11th November 2021 – Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") read with SEBI Circular No. CIR/CFD/CMD/4/2015 dated September 09, 2015, as amended from time to time.

In terms of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") read with SEBI Circular bearing reference number CIR/CFD/CMD/4/2015 dated September 9, 2015, we hereby submit the outcome of the meeting of the Board of Directors ("Board") of Solara Active Pharma Sciences Limited ("Solara" or the "Company") held on 11th November 2021. Based on the recommendations of the Audit Committee and the Committee of Independent Directors, the Board has considered and approved a Composite Scheme of Amalgamation (Merger by Absorption) cum Demerger and Arrangement (the "Scheme") amongst Hydra Active Pharma Sciences Private Limited and Aurore Life Sciences Private Limited and Emphyrean Lifesciences Private Limited and Solara under Sections 230 to 232 and Section 66 of the Companies Act, 2013 read with other applicable provisions and the Rules framed thereunder ("the Act"). Further the Board has given authorisation to file the Scheme along with relevant disclosures, documents, certifications, and undertakings with the stock exchanges.

The Scheme, inter alia, provides for:

- a) Redemption of 0.1% Redeemable Preference Shares of Rs. 1,000 each issued by Hydra Active Pharma Sciences Private Limited ("Hydra" or "Amalgamating Company 1" or "Transferor Company 1").
- b) Subject to satisfactory fulfilment and accomplishment of (a) above, amalgamation of Transferor Company 1 with Aurore Life Sciences Private Limited ("Aurore Life Sciences" or "Amalgamated Company 1" or "Transferee Company 1" or "Demerged Company")
- c) Subject to satisfactory fulfilment and accomplishment of (a) and (b) above, demerger of the Demerged Undertaking (API Business Undertaking) from Demerged Company into Solara Active Pharma Sciences Limited ("Solara" or "Resulting Company" or "Amalgamated Company 2" or "Transferee Company 2")
- d) Subject to satisfactory fulfilment and accomplishment of (a), (b) and (c) above, amalgamation of Emphyrean Lifesciences Private Limited ("Emphyrean" or the "Amalgamating Company 2" or "Transferor Company 2") with the Transferee Company 2.



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Tel : +91 44 43446700, 22207500
Fax : +91 44 22350278
E-mail : investors@solara.com
www.solara.co.in

The Scheme is subject to the fulfilment of certain conditions including receipt of approvals of shareholders and creditors of companies involved and approval of other regulatory authorities as may be required, including those of the National Stock Exchange of India Limited, BSE Limited, Securities and Exchange Board of India and the National Company Law Tribunal, having jurisdiction over the respective companies ("NCLT").

Advisors for the proposed transaction are Transaction Square LLP, Share Exchange Ratio Report issued by Niranjana Kumar, Registered Valuer – Financial Securities or Assets (affiliate of Transaction Square LLP), Fairness opinion on the Share Exchange Ratio Report by ICICI Securities Limited and Legal advisors to the proposed Scheme are Anagram Partners and DSK Legal.

Please find enclosed Annexure 1 containing details as per Regulation 30 of the Listing Regulations read with Circular CIR/CFD/CMD/4/2015 dated September 9, 2015.

We request you to take the same on record.

Thanking you,
Yours faithfully,

For Solara Active Pharma Sciences Limited

A handwritten signature in blue ink, appearing to read 'S. Murali Krishna', is written over a horizontal line.

S. Murali Krishna
Company Secretary

Annexure – I

Disclosures regarding the proposed Composite Scheme of Amalgamation (Merger by Absorption) cum Demerger and Arrangement

Sr. No.	Particulars	Details															
a)	Name of the entities forming part of the Scheme, details in brief such as size, turnover, etc	<p>This Scheme is a Composite Scheme of Amalgamation (Merger by Absorption) cum Demerger and Arrangement ("Scheme") involving:</p> <ol style="list-style-type: none"> Hydra Active Pharma Sciences Private Limited ("Hydra" or "Amalgamating Company 1" or "Transferor Company 1"). Aurore Life Sciences Private Limited ("Aurore Life Sciences" or "Amalgamated Company 1" or "Transferee Company 1" or "Demerged Company") Empyrean Lifesciences Private Limited ("Empyrean" or "Amalgamating Company 2" or "Transferor Company 2") Solara Active Pharma Sciences Limited ("Solara" or "Resulting Company" or "Amalgamated Company 2" or "Transferee Company 2"). It is Listed on BSE and NSE. <p>Set out below is the net-worth and total income for the 6 months period ended 30th September 2021 of the entities involved in the Scheme – (Amount in INR Crores)</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Total Income (Standalone)</th> <th>Net Worth (Standalone)</th> </tr> </thead> <tbody> <tr> <td>Solara*</td> <td>816.49</td> <td>1667.01</td> </tr> <tr> <td>Aurore Life Sciences</td> <td>250.82</td> <td>219.63</td> </tr> <tr> <td>Empyrean</td> <td>3.00</td> <td>(5.13)</td> </tr> <tr> <td>Hydra</td> <td>0.11</td> <td>126.51</td> </tr> </tbody> </table> <p>* Limited reviewed by the Auditor</p>	Particulars	Total Income (Standalone)	Net Worth (Standalone)	Solara*	816.49	1667.01	Aurore Life Sciences	250.82	219.63	Empyrean	3.00	(5.13)	Hydra	0.11	126.51
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b)	Whether the transaction would fall within the related transactions? If Yes, whether the same is done at "Arm's Length"	<p>The proposed Scheme does not fall within the purview of related party transactions in terms of exemption granted under General Circular No. 30/2014 dated 17th July 2014 issued by the Ministry of Corporate Affairs since the Scheme is under Sections 230 to 232 of the Companies Act, 2013 and is subject to the sanction of the National Company Law Tribunal and provisions of Section 188 of the Companies Act, 2013 are not applicable.</p>															

		<p>The companies involved in the Scheme have following relationship with each other–</p> <ul style="list-style-type: none"> • Karuna Business Solutions LLP is a common promoter in Solara and Hydra holding 7.83% and 29.75% stake in respective companies. • Hydra holds 61.65% stake in Aurore Life Sciences. • Empyrean is a wholly owned subsidiary of Aurore Life Sciences. <p>Pursuant to the scheme, Solara would discharge consideration by way of issue of equity shares as recommended by the Board relying on the Report on recommendation of fair share exchange ratio obtained from Niranjana Kumar, Registered Valuer – Securities or Financial Assets, a Registered Valuer and Fairness opinion on the said valuation report is obtained from ICICI Securities Limited.</p>											
c)	Area of Business of the entity(ies)	<table border="1"> <thead> <tr> <th data-bbox="662 1070 831 1104">Company</th> <th data-bbox="831 1070 1465 1104">Business</th> </tr> </thead> <tbody> <tr> <td data-bbox="662 1104 831 1346">Solara</td> <td data-bbox="831 1104 1465 1346">Solara is engaged in the business of manufacturing and development of Active Pharmaceutical Ingredients ('API') and also offers Contract Manufacturing and Development Services to the global companies.</td> </tr> <tr> <td data-bbox="662 1346 831 1491">Aurore Life Sciences</td> <td data-bbox="831 1346 1465 1491">Aurore Life Sciences is engaged in the business of developing wide range of generic pharmaceutical products.</td> </tr> <tr> <td data-bbox="662 1491 831 1615">Empyrean</td> <td data-bbox="831 1491 1465 1615">Empyrean is a wholly owned subsidiary of Aurore Life Sciences and is engaged in the pharmaceutical business.</td> </tr> <tr> <td data-bbox="662 1615 831 1738">Hydra</td> <td data-bbox="831 1615 1465 1738">Hydra is engaged in pharmaceutical business through its subsidiary company Aurore Life Sciences where in it holds 61.65% stake.</td> </tr> </tbody> </table>	Company	Business	Solara	Solara is engaged in the business of manufacturing and development of Active Pharmaceutical Ingredients ('API') and also offers Contract Manufacturing and Development Services to the global companies.	Aurore Life Sciences	Aurore Life Sciences is engaged in the business of developing wide range of generic pharmaceutical products.	Empyrean	Empyrean is a wholly owned subsidiary of Aurore Life Sciences and is engaged in the pharmaceutical business.	Hydra	Hydra is engaged in pharmaceutical business through its subsidiary company Aurore Life Sciences where in it holds 61.65% stake.	
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d)	Rationale for the Scheme	<p>The Transferor Company 1, Transferor Company 2, Demerged Company and Transferee Company 2 are engaged in similar lines of business and complement each other. With an intent to expand the business and achieve larger product portfolio, economies of scale, efficiency, optimization of logistic and distribution network and other related economies by consolidating the business operations being managed by different management teams, the Board of Directors of the all the Companies propose to</p>											

		<p>consolidate the business of Transferor Company 1, Transferor Company 2 and Demerged Undertaking of the Demerged Company with the Transferee Company 2. The proposed Scheme would inter alia have the following benefits:</p> <ol style="list-style-type: none"> 1. Enable the consolidation of the API business of the Demerged Company and Transferor Company 2 with the Transferee Company 2 and would create one of the largest API players in the industry and will facilitate in focused growth, operational efficiency, integration synergies and better supervision of the business. 2. Enhance business potential and increased capability to offer a wider portfolio of products with a diversified resource base and deeper client relationships. 3. Significantly de-risk operations with the combined entity having seven manufacturing facilities, three Research & Development Centres and footprint in 75 + countries enabling a wider market reach and customer offerings. 4. Improve organizational capability and leadership, arising from the pooling of human capital who have the diverse skills, talent and vast experience to compete successfully in an increasingly competitive industry. 5. Enable greater access to different market segments in conduct of its business and addition of new products in the portfolio would improve the competitive position of the combined entity. 6. Add new Research and Development capabilities, new products pipeline and capabilities and would also bring in large Contract Research and Manufacturing business innovator relationship. 7. Result in financial resources being efficiently merged and pooled leading to more effective and centralized management of funds, greater economies of scale, stronger base for future growth and reduction of administrative overheads. 8. Further, the synergies arising out of the consolidation of business will lead to enhancement of net worth of the combined business and enhancement in earnings and cash flow would optimize the value of the Transferee Company 2 and enhance the shareholder's value. 9. Moreover, the Scheme is expected to increase the long-term value for all the shareholders of the Transferor Company 1, Transferor Company 2, Demerged Undertaking of Demerged Company and Transferee
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		Company 2. Further, the public shareholders of the Transferee Company 2 will have an opportunity to participate in the profit and growth of the businesses of Transferor Company 1, Transferor Company 2 and Demerged Undertaking of the Demerged Company which are currently unlisted.
e)	Brief details of the division to be demerged	The Demerged Undertaking comprises of the Active Pharmaceutical Ingredients ("API") Business (including investment in Emphyreon) of the Demerged Company
f)	Turnover of the demerged division and as percentage to the total turnover of the listed entity in the immediately preceding financial year / based on financials of the last financial year;	Turnover of the Demerged Undertaking for the 6 months period ended on 30 th September 2021 is INR 250.82 Crores which constituted nearly 100% of the total turnover of the Demerged Company for the aforesaid period.
g)	In case of cash consideration - amount or otherwise share exchange ratio;	<p>There is no cash consideration involved in the Scheme.</p> <p>Below is the share exchange ratio for the Scheme:</p> <p><u>For Amalgamation of Transferor Company 1 with the Transferee Company 1</u></p> <p>"6,23,41,667 (Six Crore Twenty Three Lakhs Forty One Thousand Six Hundred and Sixty Seven) fully paid up equity shares of the face value of INR 10 (Rupees Ten Only) each of Transferee Company 1 shall be issued and allotted as fully paid up equity shares to the equity shareholders of Transferor Company 1, in proportion to their holding of fully paid up equity shares of the face value of INR 10 (Rupees Ten Only) each in Transferor Company 1"</p> <p><u>For Demerger of the Demerged Undertaking from the Demerged Company into the Resulting Company/Transferee Company 2</u></p> <p>1,122 (One Thousand One Hundred and Twenty-Two) fully paid up equity shares of INR 10 (Rupees Ten only) each of Resulting Company, credited as fully paid up, for every 10,000 (Ten</p>

		<p>Thousand) fully paid up equity shares of INR 10 (Rupees Ten only) each of the Demerged Company held by such shareholders.</p> <p><u>For Amalgamation of Transferor Company 2 with the Transferee Company 2</u></p> <p>Pursuant to the demerger of the Demerged Undertaking from the Demerged Company into the Resulting Company/ Transferee Company 2 and upon the Scheme becoming effective, the entire issued, subscribed and paid-up share capital of the Transferor Company 2 will be held by Transferee Company 2, there shall be no issue of shares as consideration for amalgamation of the Transferor Company 2 with the Transferee Company 2.</p>																													
h)	Brief details of change in shareholding pattern (if any) of listed entity	<p><u>Change in shareholding of Solara:</u></p> <table border="1" data-bbox="662 985 1465 1538"> <thead> <tr> <th rowspan="2">Category</th> <th colspan="2">Pre-Scheme</th> <th colspan="2">Post-Scheme</th> </tr> <tr> <th>No. of shares</th> <th>% share holding</th> <th>No. of shares</th> <th>% share holding</th> </tr> </thead> <tbody> <tr> <td>Promoter and Promoter Group</td> <td>1,42,03,710</td> <td>39.53</td> <td>2,32,40,675</td> <td>49.16</td> </tr> <tr> <td>Public</td> <td>2,17,26,057</td> <td>60.47</td> <td>2,40,34,968</td> <td>50.84</td> </tr> <tr> <td>Non-Promoter Non Public</td> <td>-</td> <td>-</td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>3,59,29,767</td> <td>100</td> <td>4,72,75,643</td> <td>100</td> </tr> </tbody> </table>	Category	Pre-Scheme		Post-Scheme		No. of shares	% share holding	No. of shares	% share holding	Promoter and Promoter Group	1,42,03,710	39.53	2,32,40,675	49.16	Public	2,17,26,057	60.47	2,40,34,968	50.84	Non-Promoter Non Public	-	-			Total	3,59,29,767	100	4,72,75,643	100
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