



ACCELERATING GROWTH:
SOLARA AND AURORE MERGE
TO BECOME INDIA'S SECOND
LARGEST PURE PLAY API /
CRAMS COMPANY

STRONG
FOUNDATION.
ACCELERATING
GROWTH.

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

Except for the historical information contained herein, statements in this presentation and the subsequent discussions, which include words or phrases such as "will", "aim", "will likely result", "would", "believe", "may", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", seek to", "future", "objective", "goal", "likely", "project", "should", "potential", "will pursue", and similar expressions of such expressions may constitute "forward-looking statements". These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to our ability to successfully implement our strategy, our growth and expansion plans, obtain regulatory approvals, our provisioning policies, technological changes, investment and business income, cash flow projections, our exposure to market risks as well as other risks. The Company does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

A progressive move to combine two growth engines and build a future ready platform

"As Solara continues its journey towards accelerated growth, the combination with Aurore is a significant boost. The two entities complement each other on product portfolio, geographical presence and customers while amplifying the strengths on world class quality systems, strong R&D capabilities and robust manufacturing infrastructure. The entrepreneurial growth mindset that Raj and his team bring will further strengthen Solara. The combination will provide a compelling value proposition for both our generic APIs and CRAMS customers and exciting opportunities for the talented teams to grow with the company"

Bharath Sessa

MD & CEO, Solara



Rajender Rao Juvvadi

Founder and MD, Aurore

"I am excited about the synergies the merged entity brings with the complementary product portfolio and backward integration of key molecules. As a large pure play API player, we are in a good position to leverage our combined scale enabling us to meet customer needs. We enhance our differentiation by offering credible supply assurance towards our customers. The merged entity will develop and deliver products with agility and enable further strengthening of our global customer footprint. The aggregation of strengths between the two organizations would significantly enhance shareholder value"

KEY TRANSACTION DETAILS

- ▶ **Aurore to merge** with Solara in an **all-stock transaction** and the shareholders of Aurore will have **27% ownership in the merged entity**
- ▶ The **transaction is immediately EPS accretive** to Solara's shareholders
- ▶ The transaction will deliver **100% of Aurore Life Sciences (ALS)** which owns all the IP and 100% revenues and EBITDA of the group, 100% stake of ELS¹ and **67% stake of Aurore Pharma Private Limited (APPL)**
- ▶ Promoter stake holding in Solara will move from **42.57% to 55.15%**

Category	Pre-transaction	Post transaction
Public	57.43%	44.85%
Promoters	42.57%	55.15%
Total	100.00%	100.00%

- ▶ With this transaction, the **existing promoters align all their API interests** in the merged entity

DEAL METRICS

Particulars	Pre-transaction	New issue	Solara post-transaction
Equity Shares	3,59,29,767	1,32,94,800	4,92,24,567
Equity Value (INR Cr.)	5,055	1,870	6,926
Relative Value per share (INR)	1,406.93	1,406.93	

The valuation was conducted by a SEBI approved valuer and the fairness opinion was provided by ICICI Securities Limited

AUORE SNAPSHOT*



Revenue FY21 (INR) 545 Cr.	EBITDA (INR) 175 Cr. (32.1%)	PAT (INR) 95 Cr.
Manufacturing sites 2	R&D Centre 1	Employees 700+

**The financial figures are as per management account of FY21*



BACKGROUND

- **Aurore Group** consists of **Aurore Life Sciences (ALS)** and its ownership in **Aurore Pharma Private Limited (APPL)**
- ALS owns all the IP and **100% consolidation of the revenue and EBITDA of the group**
- APPL is one of the manufacturing units acquired from **Mylan (now Viatis)** and counts **Viatis** as a key customer

EXPERIENCE

- Formed as a partnership between **Rajender Rao (Raj)**, the family office of **Arun Kumar** and **ilabs**
- Raj founded **RA Chem Pharma**, a leading pharmaceutical company in 2003 which grew to ~ Rs.4,000mn revenues by FY2017
- **iLabs Group** is an India centric sector investment fund

PHILOSOPHY

- The leadership team at Aurore brings a combined domain experience of **over 50 years in the API space**
- **Core operating philosophy** with an all-time compliance of quality systems, environment, health and safety
- **Portfolio selection** based on anchor customer "ask", niche products with complex chemistry

CAPACITY

- **Two facilities** in India with a combined **manufacturing capacity of 800 KL**
- **Flagship facility in Hyderabad** in approved with USFDA, EDQM, WHO Geneva, COFEPRIS, KFDA amongst other regulatory agencies

R&D CAPABILITY

- **Dedicated center in Hyderabad, India** with a team that comprises of leading scientists
- **Well-equipped with the infrastructure** to support advanced research across all therapeutic segments
- **Strategies on route of synthesis** to make competitive products and help achieve faster delivery to market

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Strengthened Financial Outcomes



Robust balance sheet provides opportunities for sizeable investments

- Combination is **Margin and EPS accretive**.
- **Assets turn at Aurore is ~2x** and that of the merged entity increases **from 1.5x to ~1.7x**
- **ROCE** for the merged entity increases by **200 basis points to cross 20%**
- **Operating leverage** will **drive incremental free cash generation** & help Solara to **attain transformative growth**
- Strong Balance Sheet with **Net Debt/EBITDA ratio ~ 1.0x** providing significant leverage

Aurore's capacity demands meets Solara's recent capex investments

- Aurore has created **800KL capacity** and **will need more capacity** as it expands its market footprint and product basket
- Solara's significant capex outlay to **build capacity in Vizag** will **meet Aurore's need for capacities** and enable **faster ramp up**
- **Aurore's intermediates** presence will help in supply chain de-risking by **backward integration for key KSMs**
- **Scale** provides opportunities for **supply chain efficiencies**



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Asset and cost synergies

3



Accelerates
CRAMS
growth



CRAMS business triples in revenue from the addition of Aurore's CRAMS portfolio

- The **nascent CRAMS business of Solara** is ~INR 75 Cr. and benefits from significant addition of **Aurore's CRAMS revenue of ~INR 150 Cr.** to reach a meaningful size
- **Customer profile of CRAMS business** is now **significantly diversified** providing runway for future growth
- Existing Aurore partnerships with **innovators for high value molecules** can be leveraged

40+ new products from Aurore and 3X R&D velocity

- **Well balanced product pipeline / portfolio** with a good mix of high volume (**Amlodipine, Valacyclovir**) and niche products (**Nafamostat Camostat, Levothyroxine**) complements Solara's similar strategy at a different scale
- **Aurore's strong track record of filings (15+ products a year)** will accelerate Solara's offerings up to 25+ new products a year
- Aurore has completed **sizeable investments** in developing portfolio of **ARV products which allows Solara to enter a new space**



Product
diversification &
accelerated R&D

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Strategic Rationale: A wider push to customers with a strengthened APAC presence

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Larger customer base and higher share of wallet



Improved product portfolio will enable Solara to grow further with its marquee customers

- Solara and Aurore's customers will benefit from the combination which offers sizeable **cross selling opportunities**
- **Increased product portfolio** will provide more opportunities for **partnering** with **customers**
- Solara's **strategic customer focused approach** will leverage **Aurore's product portfolio** and **strengthen** long term **relationships with customers**

Solara's focus market of APAC, benefits from Aurore's strong presence in the region

- Solara's stated position is to significantly increase its APAC region sales with particular emphasis on **Japan & Korea**
- **~29% of Aurore's sales** is from this focus region. Transaction will make the combination one of the largest API suppliers in the region¹ with revenues in excess of **INR 300 Cr.**
- Aurore complements **Solara's China focus** by addition of **7 DMF submissions** taking total submissions to **14**



Greater market presence in APAC

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¹ Excludes India

Strategic Rationale: Enhanced product footprint in the US market

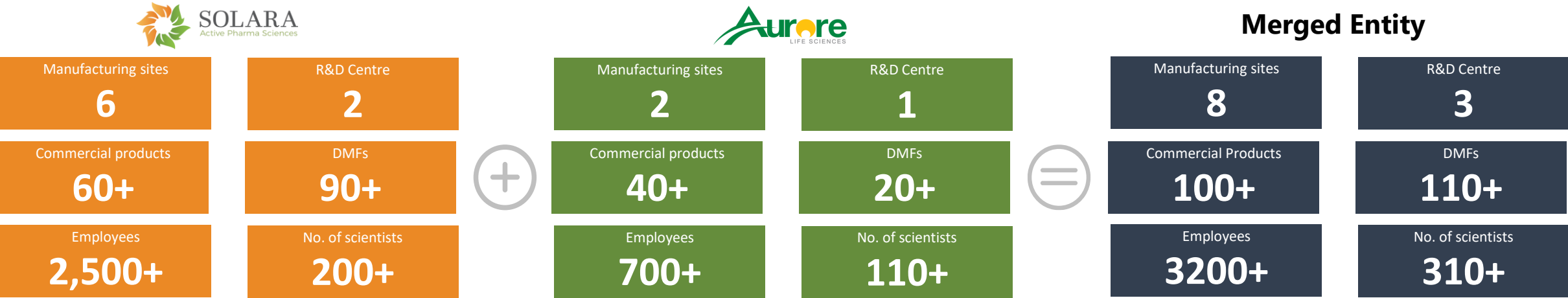
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US presence bolstered

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- Solara’s leadership position in the US gets further augmented by strong filings of Aurore
- **Aurore** has filed **20 DMFs for US market**. These products are complementary to **Solara’s existing filings**
 - **4 DMFs** have been triggered for source variation / ANDA filings resulting in **near term upsides for Solara in US**

Solara is well positioned to benefit immensely by leveraging the individual strengths



- **8 manufacturing sites** with a combined **reactor capacity of 3,000+ KL** and regulatory approvals from global agencies
- **3 R&D centers** in India with capabilities to **develop over 25 products every year**
- **Strong product portfolio** – more than **100+ commercial products** and more than **50+ in the pipeline** resulting in higher “**share of wallet**” for customers. Key products are **backward integrated**



TYPE

- Aurore to merge with Solara in an **all-stock transaction**
- Aurore shareholders will own 27% of the merged entity
- Accounting of the merger as per **IND AS 103** – Business Combinations



TIMELINE

- Subject to **statutory, regulatory, creditors** and **shareholder approvals**
- **Deal Effective Date:** 1st April 2021
- Estimated deal closure date is **March 2022**



POST TRANSACTION LANDSCAPE

- Post the deal, the company shall **operate as Solara**
- Consequent to the proposed transaction, **Solara promoter group** shall also include identified shareholders of Aurore
- After the transaction, existing and incoming promoters together shall hold **55.15%** in the merged entity

TRANSACTION ADVISORS

Solara's advisors: Project Manager - Transaction Square LLP; SEBI valuer - Niranjan Kumar; Legal Advisor - DSK Legal and Anagram Partners; Fairness Opinion - ICICI Securities Limited; Due Diligence - Ernst and Young & J Sagar Associates

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THANK YOU

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