

Date: May 21, 2026

The BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001	The National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051
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Scrip Code: 541540, 890202

Symbol : SOLARA, SOLARAPP1

Dear Sir / Madam,

Subject: Transcript of the earnings conference call for the quarter and year ended March 31, 2026.

Pursuant to Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcript of earnings conference call for the quarter and year ended March 31, 2026, conducted on Friday, May 15, 2026, after the meeting of Board of Directors.

The above information is also available on the website of Company at: <https://solara.co.in/investor-relations/investor-update>

This is for your information and records.

Thanking you,
Yours faithfully,

For Solara Active Pharma Sciences Limited

Pooja Jaya Kumar
Company Secretary and Compliance Officer
ICSI Membership No.: A57415

Encl.: As above



“Solara Active Pharma Sciences Limited
Q4 FY26 Earnings Conference Call”

May 15, 2026



**MANAGEMENT: MR. SANDEEP RAO – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER– SOLARA ACTIVE
PHARMA SCIENCES LIMITED
MR. SARAT KUMAR – CHIEF FINANCIAL OFFICER–
SOLARA ACTIVE PHARMA SCIENCES LIMITED
MR. ABHISHEK SINGHAL– INVESTOR RELATIONS –
SOLARA ACTIVE PHARMA SCIENCES LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Solara Active Pharma Sciences Limited Q4 FY26 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this call is being recorded.

I now hand the conference over to Abhishek. Thank you, and over to you, Abhishek.

Abhishek Singhal: Thank you, Renju. Good afternoon, and thank you all for joining us today for Solara Earnings Call for the Fourth Quarter and Financial Year 2026. Today, we have with us Sandeep, MD and CEO; and Sarat, CFO of the company, to share the highlights of the business and financials for the quarter and financial year.

I hope you've gone through our results release and the quarterly investor presentation that have been uploaded on our website as well as the stock exchange website. The transcript of this call will be available in a week's time on the company's website.

Please note that today's discussion will be forward-looking in nature and must be viewed in relation to risks pertaining to our business. After the end of the call, in case you have any further questions, please feel free to reach out to the Investor Relations team.

I now hand over the call to Sandeep to make his opening comments.

Sandeep Rao: Thank you, Abhishek. A very nice good afternoon to all of you joining in today's Q4 '26 Earnings Call. I sincerely appreciate your time and presence on this call. Q4 '26 has been very good for us. Our business has delivered the highest revenue, gross margins and EBITDA in the previous 8 quarters.

In Q4 '26, our overall business has demonstrated a very strong sequential growth Q-o-Q of 12% and EBITDA growth of 65% Q-o-Q. The primary driver of the strong performance has been undeniably our base business, which continues to gain momentum. As you know, this business has already demonstrated superior profitability.

It operates at 26% EBITDA margin with gross margins of 54%. This further reinforces the objective we established at the start of the year, which was to pivot our business from a phase of reset to one that is defined by sustainable, profitable and reliable growth.

On Ibuprofen, we continue to face persistent headwinds in this business where we recorded a negative EBITDA. Our Board has appointed bankers to evaluate strategic options for ibuprofen, and we expect this process to finish in the next 2 quarters. Consequent to this, the carve-out of the polymers in the CRAMS business has put on hold until such time as we can finalize the strategic options for the ibuprofen business in H1 '27.

Just coming to a snapshot of our financial performance for the current quarter. Revenue has a 12% Q-o-Q growth. We delivered revenue of INR 392crs. Gross margins are at 47% with an absolute value of INR184 crores for the quarter. This reflects an improvement of gross margin by 170 basis points on a Q-o-Q basis.

The operating cost for the quarter is flat Q-o-Q driven. This has resulted in an EBITDA of INR61 crores, which reflects a significant Q-o-Q growth of 65%. Business contribution from our developed markets, which is our mainstay, continues to be at 75% of overall sales.

A short note on the crisis in the Middle East. Despite the significant crisis we've had in the Middle East and its impact on global business, I'd like to reiterate that the fundamentals of our base business continue to be strong. It continues to be supported by a resilient operating model and a healthy product mix across the developed markets.

Lastly, I would like to thank our shareholders for your continued support, your trust in Solara and for continuing to remain invested in Solara. With this, I will hand over the call to Sarat Kumar, our Chief Financial Officer.

Sarat Kumar:

Thank you, Sandeep. Ladies and gentlemen, good morning, good afternoon, and good evening to all of you, and thank you for joining in today's Q4 FY26 earnings call. As shared by Sandeep, despite facing headwinds in our ibuprofen business, the overall Solara business has recorded a strong quarterly result in Q4 of FY26 with the business recording its highest revenue, gross margin as well as EBITDA in the previous 8 quarters.

The operating costs for the quarter were flat Q-on-Q and hence, having a superior operating leverage, Solara business has clocked an EBITDA margin of 16% with an absolute EBITDA value of INR61 crores plus, which reflects significant growth of 65% Q-on-Q because we had quite a few subdued quarters in Q2 and Q3. As we continue to focus our efforts on operating cost leverage and margin expansion, we are very confident of chasing incremental business growth at a healthier margins going forward.

Towards our journey for a healthier balance sheet, we have been able to reduce our debt by roughly INR158-odd crores during FY26, which actually signifies close to 21% reduction in the debt during the year, out of which INR113 crores came off from the first call money of rights, which we had in May '26. And then balance INR45 crores were actually paid off from our operational cash flows.

Further, we have a line of sight to reduce the debt to close to INR503-odd crores by end of May '26, which is predominantly driven by the second and final call money proceeds, which we are expecting to be utilized by end of this month. Once again, we actually thank you for your support and patience as our entire team works towards turning around this company, and we are happy to take your questions, if any.

Moderator:

Thank you. The first question comes from the line of Sajal Kapoor with Antifragile Thinking. Please go ahead.

Sajal Kapoor:

Yes. Thank you for the opportunity. Hi, team. Encouraging performance, for sure. I have a few questions, please. So Q4 clearly showed momentum in the base business. But how much of the improvement reflects a structural change in utilization, customer mix and operating leverage versus some of the more temporary factors that might have influenced Q4 performance such as inventory restocking, spot orders or favorable product mix perhaps?

- Sandeep Rao:** Hi. So let me go first. Hi, Sajal.
- Sajal Kapoor:** Yes, hi, Sandeep.
- Sandeep Rao:** Firstly, if you see our revenue growth we have grown 12%. We've grown from around the base of the business. So on the base business, Sajal, we have a very healthy order book, and you've seen that in our numbers as well. So I'm very encouraged looking at this order book and the utilization across our facilities that there is a strong performance, and it is not factors outside our control that are really favoring our business.
- Sajal Kapoor:** So Sandeep, I mean, what I'm trying to understand is there is no cyclical kind of one-off like a spot order or some customer preponing purchases or a favorable product mix that may not repeat?
- Sandeep Rao:** No, no, no, Sajal. There's nothing one-off there. And like always, our story continues despite all the headwinds we are facing and the money that we are losing on the ibuprofen business, I think our base business is what's driving the momentum is what's keeping the tailwinds also. Again, coming back to your question, there's no one-off here.
- Sajal Kapoor:** Yes, yes. No, excellent. And then so just to continue from there, I mean, at what -- at current utilization levels, how should investors think about incremental margins from the base business itself, specifically what proportion of incremental revenue can convert into EBITDA before meaningful new fixed cost or capex might be required.
- So, I'm just trying to get my head around that how much spare capacity is still in the system, we could get some disproportionate benefit, i.e., the operating leverage without introducing fixed cost because the nature of the business is nonlinear, right?
- Sandeep Rao:** So, the story here is very clear. We want to keep our opex base minimal, and we have to increase year-on-year. But on the same opex base, we want to grow our business. So, if you look at our capacity, we are currently using around 70% of our capacity. So, there is enough capacity -- there's around 30% capacity left that we can utilize. Of course, we can't utilize all 100% of it. But there's enough spare capacity that we can utilize.
- Having said that, if you remember the few calls we had a couple of quarters earlier, we've done some debottlenecking projects. This is not big capex. These are not greenfield and brownfield. These are just improving cycle times on the line and so on. And those have also started showing up. So, we've got some additional capacity for high-margin products, while at the same time, we do have capacity across our sites for the existing products.
- Sajal Kapoor:** No, that's helpful, Sandeep. And finally, are you seeing customer relationships kind of deepen in a way that supports a multiyear growth visibility for the base business through larger share of wallet, longer contracts or integration into customer supply chain rather than just near-term order momentum. I mean how do you see slightly medium term, let's say, FY '28 onwards?
- Sandeep Rao:** So very good question, Sajal. I think you are right. A lot of our time and attention was taken by the ibuprofen business. To grow this base business, we've had to really invest a lot of time and

energy with our customers, especially, talking about these products, widening our customer base, increasing our share of wallet. So, a lot of the story is about finding the new customers primarily and new geographies for our existing products in the base business.

Sajal Kapoor: That's helpful. That's all from my side, Sandeep. Wish you all the very best.

Sandeep Rao: Thank you.

Moderator: Thank you. Next question comes from the line of Pranav Chawla with Ambit. Please go ahead.

Pranav Chawla: Can you elaborate on what type of strategic options for ibuprofen business are we looking at? And from the best of my recollection, we were supposed to announce something in the fourth quarter, we were supposed to give an update regarding this business.

Sandeep Rao: So, this is taking us some time. In fact, we've mentioned in our report out that we've appointed bankers to sort of give us strategic advice on this. ibuprofen business has been a drag for us, continues to be a drag for us. In fact, you will see from our numbers that the EBITDA, it's eaten out of our existing EBITDA, right? But I believe we'll be in a better position to put out the conclusion on this strategic piece in H1 of this financial year. You have to give us some more time.

Pranav Chawla: Got it. Sir, and one more thing. We have also seen improvement in realizations in ibuprofen globally in this quarter. Any particular reason why that is not clearly reflecting into our numbers? Have we wound down certain parts of this ibuprofen business?

Sarat Kumar: So, by the time this particular war has started, all these pricing upticks what you're talking about, which is slightly tactical currently due to the ongoing crisis. So, this is something which is happening of lately. But for the period, Q4 since most of our order book was already secured and all those prices were agreed, we didn't have that incremental, like price shifts coming into these numbers.

So Q1 is something we might have some kind of a tactical impact of those pricing in Q1. But that is something which is too early to say, till the time, we actually don't have the entire order book secured.

Pranav Chawla: Got it. Sir, and one last question on this ibuprofen business. How backward integrated are we in ibuprofen?

Sarat Kumar: We are not backward integrated.

Pranav Chawla: Backward integrated or we procure input materials from outside?

Sarat Kumar: Our starting material is IBAP. So, we are absolutely not backward integrated by any means.

Sandeep Rao: So, we don't manufacture the IBB. We source the IBB from third parties.

Pranav Chawla: Got it. Perfect. Thank you so much, that would be all from my end.

- Moderator:** Thank you. Next question comes from the line of Ankur Bhadekar with Antique Stock Broking.
- Ankur Bhadekar:** Yes, thank you for the opportunity. So, in the previous earnings call, the company has indicated plans to like bring the Vizag facility back into commercial production within the next 5 to 6 months. So, could you provide an update on the progress against the time line? And are we on track for commissioning as planned?
- Sarat Kumar:** As compared to what you say, Vizag plant commissioning has been actually done long back in 2024. But however, from 2024, the site has been mothballed. So, what we had mentioned in the last earnings call as well saying that once we evaluate this entire strategic options related to ibuprofen, then we will take a strategic call whether we want to move ibuprofen from Pondicherry to Vizag or we want to reutilize Vizag for a different set of things.
- As Sandeep mentioned in the call earlier, we are still in the process of evaluating those options, and you will have to give us time till H1 by when we will have a clear road map of exactly what we do with Vizag.
- Ankur Bhadekar:** And management had also mentioned that the facility would be like repositioned as a multipurpose plant with one block being converted into a high potent API manufacturing block. So, could you elaborate on the potential implications for margins over the medium to long term? Like how do you see the business going forward in terms of margins over the medium term?
- Sandeep Rao:** The primary driver of this business in the medium within 3-year horizon, if I might call it, will be our base business from the existing facility. It won't be Vizag driving these numbers. So, it's existing business, current manufacturing sites that are going to be driving the growth and the revenue growth and the margin growth.
- Ankur Bhadekar:** Okay, that helps. Thank you so much.
- Moderator:** Thank you. Next question comes from the line of Dhruv Sitlani with Everflow Partners. Please go ahead.
- Dhruv Sitlani:** Congrats on good set of...
- Moderator:** Mr. Sitlani sorry to interrupt, we cannot hear you. Can you come a little closer to the mic and speak? Can you speak a little louder?
- Dhruv Sitlani:** Congratulations on the good set of numbers in the growth API business. I just wanted to know what is the product concentration of the active product that is revenue contribution of the top 1 or top 3 or top 5 molecules? And is there any single product that is contributing around 10%, 15% of the growth API revenue?
- Sarat Kumar:** So, we actually don't have a single molecule or single product driving most of the growth. But roughly, we have commercialized close to 70 products in the entire portfolio, what we sell currently, of which roughly top 15 to 20 products has a mix of close to 75% of the entire business. So, we are not overly dependent on any one molecule driving that particular numbers. But yes,

we have a basket of close to top 15 products, which actually drive these margins and numbers close to 75%.

Dhruv Sitlani: That would be great. Another question that I have is in the CRAMS revenue. So it's approximately around INR100 crores at a good margin. What is the growth rate of CRAMS in FY '26 versus FY '25? And do we have enough order book or new contract coming up in FY '26 that would move this materially in FY '27?

Sarat Kumar: So, the entire numbers of INR100 crores what you are talking about referring to is the CRAMS plus Polymers business what we have. As a combined entity, which was supposed to be carved out as part of Synthix, which we had announced earlier. However, in the entire numbers, CRAMS is something which is very subscale. For example, our annual numbers from CRAMS are close to INR10 crores - INR12 crores, and we don't have that kind of a stronger pipeline to give you those kind of projections on this.

Dhruv Sitlani: Okay, sir. Another question I have is that in our base business, what sort of steady state EBITDA margins we expect to achieve in like next 2, 3 years down the line?

Sarat Kumar: We have been maintaining that we will be close to in the range of 25% plus, minus here and there. And this is something which we have been demonstrating quite consistently for the past few quarters, and that is something which should hold true for next few quarters as well.

Dhruv Sitlani: Okay, sir. Thank you so much. Last question I had in product other than ibuprofen, how much market share we have in India? And would we be among the leading players or not?

Sarat Kumar: Few products like complex chemicals like polymers, we are one of the leading players in the world. So definitely from a market share standpoint, we do have close to 50% plus of that market share. But then apart from this, most of the other products are something which are pure-play catalogue generics. So we don't have that kind of a market share tracking for all those products.

Dhruv Sitlani: Okay sir thank you for your time that was all from my side.

Sarat Kumar: Thank you.

Moderator: Thank you. Next question comes from the line of Prolin Nandu with Edelweiss Public Alternatives. Please go ahead.

Prolin Nandu: Hi team. So Sandeep, just wanted to understand, when you mentioned that you have appointed bankers to evaluate strategic options, what all options are included in this, right? And what has changed since last quarter? Because even in last quarter, we were under the process of reviewing what to do with this segment. So what is the definition of strategic options? What all things are included there? And what has changed since last quarter?

Sandeep Rao: So good question there. So we started this process last quarter, you are right. And we are seriously looking at what options we have. We have the traditional option of finding somebody who is better than us who can run the business or we convert into a multiproduct facility where

besides ibuprofen, we focus on other products as well. So we are looking at various kind of options at this point.

It's too early for me to sort of pin down and say this is what we're going to do. But as soon as we make up our mind on that, we will reach out and we'll let people know on what route we have selected.

Prolin Nandu: Okay. But Sandeep, the second option, you would be the better person to know, right, whether to change it to some other facility, where will banker come into the picture?

Sandeep Rao: I think there, there is a priority, right, in the sense that if we do find a qualified buyer for this business, that probably would be option number 1. That's where the bankers come in. Failing, which we will try and see whether we can exercise option number 2. So we've kept all our options open in this stage. I mean, listen, that business is something we've run for 40-odd years. We have very credible partners. We have some marquee customers, very sticky business. So we are very careful about what option we choose and how we go about exercising that.

Prolin Nandu: Sure. No, Sandeep, that's helpful. Two follow-up questions, right? What, I mean, what can someone who acquires this business do differently than what you have done for 40 years for someone to look at this asset right from a value generation perspective?

And the second related question, as you mentioned, right, there are lots of relationships. So what is the repercussion on our non-ibuprofen business from a customer relationship point of view, which also will go into the consideration of what we do for our ibuprofen business?

Sandeep Rao: So let me take your second question first because that's an easier question. What are the repercussions? A, even if we decide on one of these options that we talked about and it impacts our existing ibuprofen customers, we will make sure that we communicate it accordingly and make sure customers have enough time to change over to an alternate source, right?

So we will make sure that we maintain our credibility and reputation in the market. I think customers, with an open and transparent communications, customers will understand where we come from. So we do not see it impacting the non-ibuprofen business. On the first one, I think the buyer is in a better position to sort of answer why they would want to look at the facility. I do look, I mean, we are talking about, we are not backward integrated, point number one. We don't manufacture the IBAP.

Secondly, we also don't have access to new technologies which some of our competitors have. So I think if there's somebody out there who would have the intent to invest in a new process, who would have the intent to backward integrate on this manufacturing, ibuprofen still make a very compelling case for that entity.

Prolin Nandu: Sandeep that was very helpful. Thanks a lot and all the very best.

Sandeep Rao: Thank you.

- Moderator:** Thank you. Next question comes from the line of Harshit Khadka with Robo Capital. Please go ahead.
- Harshit Khadka:** Hello am I audible?
- Moderator:** Yes you are please go ahead.
- Harshit Khadka:** Yes sir. Thank you for the opportunity. It's good to see you are in 15% plus EBITDA margins in Q4. So just wanted to understand like what kind of numbers can we achieve for FY27 and FY28 on revenue and EBITDA basis? Do we have any outlook?
- Sandeep Rao:** No, Harshit. We will not give any outlook at this point. I would like to believe that the good performance in this quarter is a start to many such good quarters. But at this point in time, my priority and my team's priority is going to be just dig our heels in here and try to do better quarter-over-quarter.
- Harshit Khadka:** Correct. Okay sir thank you and good luck.
- Sandeep Rao:** Thank you.
- Moderator:** Thank you. Next question comes from the line of Amlan Chakraborty, AK Investing Company. Please go ahead.
- Amlan Chakraborty:** Good afternoon Team Solara. I think it's a great set of numbers. My question to you is very simple, how much percentage of R&D is Solara really spending on growing its API business?
- Sarat Kumar:** Amlan thank you for this particular question. So R&D is something which we have spent roughly close to INR200 crores in the past 4, 5 years. However, having said that, at the same time, we are also mindful that our R&D engine has not been able to come up with at least one new product filing in the last 4 years as well. So although we have spent our efforts on R&D, we have not been able to have success from those particular efforts.
- Having said that, our current annual rate of spend is close to INR25 crores on R&D. And now we have entirely revived that R&D engine with exactly commercially focused products pipeline for filing, etc. So this is something which has started in just late of FY26 and will be mostly in play from FY27 onwards. But the fruits of which will be only reflecting through FY29 or say FY30 onwards because once we start filing our products, by the time it's actually commercialized, there's a sufficient timeline of 2 to 3 years in between.
- Amlan Chakraborty:** I have one follow-up question also on this. Am I audible?
- Sarat Kumar:** Previously, since you said that we did not invest, Solara did not invest much of any R&D. So, but we had seen an uptick in the number of DMFs which have been filed. So can we expect that the number of DMFs which will be filed, there will be an uptick and also gradually the interest of the customers with respect to those DMFs can be expected to rise further?
- Sandeep Rao:** So we have a plan to do four to five DMF filings every year to start. As Sarat mentioned, the last 4 years, we've had no meaningful DMF filings. So, and at the end of the day, when you

engage a customer, you need new products to talk about, right? So we have an active DMF filing plan. Hopefully, we'll do 4 to 5 this year, 4 to 5 next year and so on. But all this will start seeing impactful revenues and margins coming in around the FY29, FY30 timeframe.

Amlan Chakraborty: Thank you so much sir for your efforts. Thank you.

Sandeep Rao: Thank you.

Moderator: Thank you. Next question comes from the line of Pragnesh Padia from Xylem Investments. Please go ahead. Since there is no reply from the line of Mr. Palia, we'll move to the next question. That is from the line of Dheeraj Kumar Reddy with Alpha Square.

Dheeraj Kumar Reddy: I just wanted to understand how is the company thinking in the CRAMS division? What are the areas of therapies which the company is working on? And how should one think about? Because given that we are unwinding the ibuprofen business, now the two main centers of Solara will be the base business and the CRAMS business, right? So how should one think about the CRAMS business? What kind of modalities therapies the company working on?

Sandeep Rao: So, as I said in one of my earlier comments, the driver of our business over the next 3 years is going to be our base business, okay? The CRAMS business has been subscale for us, and Sarat even gave you some numbers around it.

So, I think what we are going to focus is we are going to focus on Catalogue generics. We are going to focus on polymer APIs. We are also going to focus on certain select intermediates, but that's going to be what's going to drive the growth in FY '27, '28 and '29. We are currently not factoring a lot of CRAMS driving that growth. CRAMS is something we -- I think we still need to get back to the drawing table and figure out what we are going to do specifically to CRAMS.

Dheeraj Kumar Reddy: Got it. And in the base business, sir, how do you see the growth going forward? I mean, what will drive this growth?

Sandeep Rao: I think two things will matter here. One is can you expand that business with the existing business? As I said, all our new filings will come beyond the 3-year horizon, right? So, can you see new businesses with new customers?

Second is going to be about how we drive operational efficiency. Can we improve the yields of our products? Can we debottleneck our capacity for high-margin products? And the third is going to be how do we wisely focus on how do we optimally use our working capital and the free cash that we generate. I think these are going to be the three pivots around which our growth is going to be centered over the next 3 years.

Dheeraj Kumar Reddy: Got it. And sir, can we just assume that -- I mean the aspiration is to grow beyond 15%, 20% in this business?

Sandeep Rao: Well, as I said earlier, I don't think we will give an outlook here. But we are hopeful that we will be able to repeat this quarter's performance going ahead.

Dheeraj Kumar Reddy: Got it. Thanks a lot. That's helpful.

- Moderator:** Thank you Next question comes from the line of CA Shilpa Saboo, an individual investor.
- Shilpa Saboo:** Thank you for taking my question and congratulations on the good set of numbers. My first question about the Pondicherry plant is already answered. So, my second question is that what are your plans on the Mysore facility? It is a small facility and already in a residential sort of an area. So, what are your plans on that?
- Sandeep Rao:** So, the Mysore facility is a 30-c facility. And on that 30-acre facility in 5 acres, we have an intermediate manufacturing site. It does manufacturing one of the key intermediates of product that we eventually manufacture in Mangalore. So, at present, we will continue using it as an intermediate site manufacturing for our products within our ecosystem.
- Shilpa Saboo:** Okay. Sir thank you.
- Moderator:** Thank you. Next question comes from the line of Rohit Koti with Marshmello Capital. Please go back.
- Rohit Koti:** Thank you for the opportunity. Sir, could I ask you to please repeat the three focus areas you spoke about in the previous question?
- Sandeep Rao:** Sure. Three focus areas for us is one is expanding the existing business, which is seeding new customers for our existing products. Second is driving operational efficiency, driving that through capacity debottlenecking, yield improvement, cost improvement. And the third is going to be about wisely managing our financial.
- Rohit Koti:** So, coming a little bit on the financials. We have finished raising the third call -- sorry, second call of the rights issue. Do we expect to raise more capital for growth or for debt paydown over the next 2, 3 years in your view?
- Sarat Kumar:** So, after this rights issue, what has already been subscribed, we actually don't have any further plans to raise further capital either through equity or debt at this point of time.
- Rohit Koti:** Understood. So do you see the debt -- I mean, so it's been a phenomenal work. I think from the peak debt of more than INR1,000 crores, we have used both the rights money and the cash flow generated to pay down debt to quite a low level.
- So, for -- I mean, I wanted to hear your views on -- for our business, which is a base business of that quality and the growth plan that we have how much debt do you think would be required? I would assume that it should be a debt-free company given the quality of that business, what we have shown in the presentation of the last 2, 3 quarters. But wanted to hear your views on that.
- Sarat Kumar:** We also concur with kind of similar views. So we have an internal target of making Solara debt-free by FY '29.
- Rohit Koti:** Understood. So, this is debt free, I'm guessing you're talking not just about long-term debt, you're talking about working capital debt free as well, right?
- Sandeep Rao:** Yes.

Rohit Koti: Understood. so, I have been invested in the company for the last 2-odd years or 3 years. And personally, I have been very excited by the team that has been -- that is in place right now. I mean from whatever -- what I have seen online, everybody from the CEO to Sarat Kumar as CFO to the Commercial Officer, Quality Officer, all of you are from bigger organizations, much bigger organizations than Solara. And so, the extrapolation from somebody like us is that the intent is interesting going forward or going forward.

So, it will be nice to hear not a 1, 2-year view, but let's say, 3 to 5-year view, we have broadly three legs, right, Catalogue generics, the high-performance APIs and the CRAMS, which is very, very tiny right now. So, over a 3 to 5 year view, how do you see the team driving the company forward? The debt-free part was super helpful to hear. But anything else like capacity expansion in the three pivots you talked about, you talked about more customers for existing products, but you didn't talk about new products. So, could you speak about a long-term strategic vision for the company that the team have?

Sandeep Rao So let me take these, there are a lot of questions in this one question. Firstly, thanks million for staying invested in Solara because I know with Solara, it's been like a low quarters we do fairly well and then there are others we don't perform to expectations. So, thanks for staying invested.

We've spent a lot of time putting a good team together. If you remember, Sarat and I joined this company in February last year. We followed up with hiring a very, very experienced Chief Commercial Officer who joined us towards the end of the same month. Then we hired a Chief Human Resources Officer towards the middle of the year. So, I think we have a good team in place, a good team that can steer this company to good results.

In terms of capacity, we are not planning to take up any greenfield projects. There's no big capex that we're going to invest. In our existing facilities itself, we have around 30% capacity available. So, I think it's going to be all about how smartly and wisely we can use this capacity for our high-margin products.

I think the thing here is going to be how do we make use of opex leverage, how do we operationalize our business. I think those are going to be the key drivers. So, we are very hopeful, I will not give you a 3-5-year outlook, but with a good team in place, with capacities available and with all the new seedings that we've done in the market with our existing business, I'm really hopeful that we can keep this momentum going.

Rohit Koti: So in terms of the outlook, I'm not looking for the numbers, looking at more strategic direction in terms of what will you focus on more in terms of areas or products versus the idea. And when you speak about the 30% extra capacity available, I assume it is in the ex. Ibuprofen facility. Is that right?

Sandeep Rao: Yes. That is right. That is right because ibuprofen is a dedicated facility anyways. We can't do much there.

Rohit Koti: Understood. And in terms of the areas you -- I mean, so 30% sounds nice today, but over a 3 to 5-year horizon, I'm guessing it will fall short of the aspirations we have. So do we have space in the existing facilities in the base business to expand capacity, brownfield expansion if required?

Sandeep Rao: So what we are doing is while we are not putting big capex, we're putting incremental capex, right. Incremental capex and trying to debottle certain lines, which run high-margin products, but we are falling short of incremental capacity. So we're keeping the incremental fixes. And it's always nice to be in a position where all our facilities are filled and we're looking for new capacity.

So I would really like to be in that position. But for now, I have the capacity and we have the immediate fixes that we've done through debottlenecking exercises. In terms of the only other lever that I haven't talked about and since you mentioned a 5-year horizon, the only other lever that I haven't talked about is R&D.

Which, as I said, we intend to file four new DMF every year starting this year. And those products starts in the light of the day in the FY '29, '30, '31 timeframe. So in a 5-year horizon, we should see a growth momentum coming from new R&D products as well.

Moderator: Thank you. Mr. Koti, please rejoin the queue for more questions. Next question comes from the line of Japreet Singh, an Individual Investor.

Japreet Singh: So, I wanted to ask what has been done in the last 1 year since you guys have come in the field? What is the reason that have taken in the last 1 year?

Sandeep Rao: Sorry, I didn't get the second part of the question. No, you're audible. I heard the first part of your question. Can you repeat the second part of your question?

Japreet Singh: No, I wanted to ask what decisions and steps have you taken in the last 1 year or so?

Sandeep Rao: Okay. So the five things we have done in the last 1 year. Obviously, the first one was a steady leadership. I think what this company needed was a very healthy order book. So we've really worked on getting more customers to the table, finding new geographies for our products. So a lot of effort in the background has gone in increasing our market share, increasing our share of wallet, as somebody mentioned.

The second thing is, as I was mentioning earlier, is about reigniting this R&D engine because we've been -- we put roughly INR25 crores every year in R&D, and we would like to see meaningful DMF being filed. So we intend to have four to five DMFs filed. In fact, we filed our first DMF in the first week of April. So there is already some traction there.

The third is about how do we optimally utilize the capacity. So we initiated a lot of debottlenecking exercises where we had good products with high margins, but we didn't have the capacity. So we initiated capex and projects on these.

The fourth thing that we've done is obviously judicious use the limited working capital that we have, right? So with that, we are maintaining the fine balance between continuing our manufacturing, trying to pay off vendors as much as we can and having money available for capex spends as well.

So these are the four areas that we've been working on. And the fifth one, which is also a very important one is driving the organization towards performance, and there is a big people component in this as well. So we are trying to line people to be building a performance-oriented organization.

Moderator: Thank you. Mr. Singh, please rejoin the queue for more questions. Next question comes from the line of Ketan R Chheda, an Individual Investor.

Ketan R. Chheda: Thank you for the opportunity. Team I'd like to ask since the Vizag facility is mothballed, so I'm assuming that we are not generating any revenues from there. But at the same time, is there any expenses that we are incurring on that facility? And if yes, how much are those expenses?

Sarat Kumar: Yes. So as you said, this has been mothballed since '24. However, we have certain fixed cost expenditure for the Vizag site which is INR12 crores to INR15 crores annually.

Ketan R. Chheda: Sorry, you said INR12 crores to INR15 crores?

Sarat Kumar: Annually.

Ketan R. Chheda: Annually. Okay, fine. And the other question I have is with respect to the options that you are trying to work out for the ibuprofen business. Now you mentioned that one of the reasons why you would want to kind of look at buyers who could either bring in technology change or backward integration, which we are not doing right now we are backward integrated.

So my question is why wouldn't we think of doing those things? And I mean, if it would be helpful for the business, wouldn't be prudent for us to kind of change the technology, make it backward integrated. Of course, it will need some capex to be done. But isn't that profitable or it could be a profitable option for us?

Sandeep Rao: Ibuprofen at the end of the day, is a commodity business, right? In one bucket, I have a commodity business, which is ibuprofen. And on the other bucket, I have a base business that is giving me 23%, 25% EBITDA.

Ketan R. Chheda: Sorry, your voice is very muffled.

Sandeep Rao: I'll try and speak a little louder. Can you hear me now?

Ketan R. Chheda: Yes, better.

Sandeep Rao: Okay. See, at the end of the day, ibuprofen is a commodity business. Right? And a business that has continuously generated negative EBITDA for us. It's not today. It's been happening for the last few quarters. So from there, I see two businesses. I see commodity business, which requires investment and gives me negative returns.

And on the other hand, I see a base business that gives me 54%, 55% gross margins and 23%, 25% EBITDA. My preference, I would like to invest money available on the base business so I can grow that business to something a lot more meaningful than the current base business. So that's where I think we would like to focus our energies.

- Ketan R. Chheda:** Okay. And then on the other hand, we also have the derivatives, which is profitable for us, if I'm not wrong. So once we kind of hive off the ibuprofen business, what impact that hive off in our derivative business?
- Sarat Kumar:** So the derivative business is something that we intend to continue as it is. That is something we are not looking at any options at this point of time.
- Ketan R. Chheda:** What I was trying to understand is like there's any part of the ibuprofen that we are generating has been used captively for our derivatives business? And if yes, then after the ibuprofen, I assume we kind of hire or do whatever in the future. How would we then take care of the impact of capex that we are having right now.
- Sandeep Rao:** So two options there, either whoever we hive it off to continues to manufacturing the ibuprofen derivatives for us or we can go to third party and buy the ibuprofen and those are the only two meaningful options we have. But you are right, the derivative business means a better part of the ibuprofen business.
- Ketan R. Chheda:** And my last question is the base business that we have right now, if I compare it with the FY '25 numbers, we've kind of grown at about 6%-odd. Is there a possibility that, I mean, this business can grow at a better rate?
- Sandeep Rao:** That's my goal. I want to grow that business at a better rate, which I think requires a lot of management time and resource is I'd like to invest more time in that business. I think it's far better than the 6% growth in the gross margin.
- Ketan R. Chheda:** All right. Thank you so much for clarifying my questions. Wish you all the best.
- Moderator:** Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I now hand the conference over to the management for closing comments.
- Sandeep Rao:** Thank you, everybody, and I'd like to reiterate thank you for your support. Thank you for staying invested in us. Your team is working really hard to make sure that we build on the Q4 performance and hopefully show quarters as good or better than this in the future. Thank you.
- Moderator:** Thank you. On behalf of Solara Active Pharma Sciences Limited, that concludes this conference. Thank you for joining us, you may now disconnect your lines.