

July 29, 2025

The BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400 001 Scrip Code: 541540, 890202	The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex Bandra (E), Mumbai – 400 051 Symbol: SOLARA, SOLARAPP1
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Dear Sir / Madam,

Subject: Transcript of the earnings conference call for the quarter ended June 30, 2025

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 ended June 30, 2025, conducted after the meeting of Board of Directors held on July 25, 2025, for your information and records.

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

Thanking you,

Yours faithfully,

For Solara Active Pharma Sciences Limited

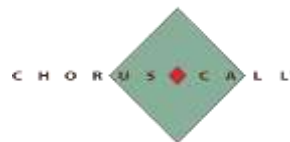
Pooja Jaya Kumar
Company Secretary and Compliance Officer
ICSI Membership No.: A57415

Encl.: As above



“Solara Active Pharma Sciences Limited
Q1 FY26 Earnings Conference Call”

July 25, 2025



**MANAGEMENT: MR. ARUN KUMAR – FOUNDER AND NON-EXECUTIVE
DIRECTOR– SOLARA ACTIVE PHARMA SCIENCES
LIMITED
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 Q1 FY '26 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. With this, I now hand the conference over to Mr. Abhishek Singhal. Thank you, and over to you, sir.

Abhishek Singhal: Thank you, Soumya. A very good afternoon to all of you and thank you for joining us today for Solara Active Pharma Sciences Earnings Conference Call for the first quarter ended financial year 2026. Today, we have with us Arun, Solara's Founder and non-Executive Director; Sandeep Rao, MD and CEO; and Sarat Kumar, CFO to share the highlights of the business and financials for the quarter.

I hope you've gone through our results release and the quarterly investor presentation, which have been uploaded on our website as well as 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 may be forward-looking in nature and must be viewed in relation to the risks pertaining to our business. After the end of this 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 Arun to make the opening remarks.

Arun Kumar: Thank you. Thank you, Abhishek. Good afternoon and thank you for joining the Solara's Q1 Results call. As Abhishek rightly said, the bulk of the meeting would be taken by my colleagues, Sandeep and Sarat. But from a promoter standpoint, I just wanted to express my deep satisfaction for the course correction that Solara is embarked on.

There's been a consistent focus on the quality of the business and a compounding effect of our actions in terms of cost containment, focusing on high-margin business and refocusing the company to be an engaged market player, is playing out slowly, but surely. And we are a lot more confident than what we have worked last year as we migrate this business to this new management team.

I'm delighted with the performance across the board that the team at Solara has delivered. And I now leave it to Sandeep and Sarat to give headline numbers and happy to address any questions as they come. Thank you, and Sandeep, over to you.

Sandeep Rao: Thank you, Arun. Good morning, good afternoon and good evening, and thank you all for joining today's Q1 '26 earnings call. I sincerely appreciate your time and your participation in this call. If you recap the last call, we had said three things. One, we had said that FY '26 was a reset year at Solara. The primary focus was margin expansion and debt reduction, establishing and maintaining a good governance.

Second thing I said was that we want to re-pivot this company to what we call as growth, which is profitable with our continued focus on market expansion. And the third thing I said is that we expect our business to grow top line by around 10% and EBITDA by around 15% to 20%.

In line with that, I'm happy to say that we started FY '26 with what I think is on the right note with a strong Q1. The revenue has grown quarter-on-quarter by about 15%, delivering the INR320 crores. Gross margin is at a healthy 54% and an absolute gross margin of INR173 crores, reflecting growth at around 8% on a Q-o-Q basis. The business has delivered EBITDA of INR57 crores, which reflects Q-o-Q growth of 13%.

This is our highest PAT in the last 12 quarters. And the key feature, which is the contribution from our developed markets continues to be at a very strong 77% of overall sales. In my opinion, I would like to believe that these are the first green shoots of growth. Over the next few quarters, me and the entire team at Solara is going to be working extremely diligently to build on this foundation.

And to continue our focus on gross margin growth and EBITDA growth alongside our continued efforts on cost control, opex leverage, debt reduction and network optimization. The plan, as I said, is to re-pivot the organization from reset to what we call as a sustainable, scalable, reliable and profitable growth.

And lastly, I would like to thank all of you for your trust, your confidence and your support to Solara. With this, I'd like to hand over the floor to our CFO, Sarat Kumar.

Sarat Kumar:

Sandeep, thank you. Good morning, good afternoon, and good evening, ladies and gentlemen. And first of all, thank you for joining in today's Q1 FY '26 call for Solara. As shared by Arun and Sandeep, we are glad to inform you that we are observing green shoots in the entire business, as we continue to pivot the organization towards a growth phase in FY '26 from the reset phase in FY '25. And I believe we have started this journey with a strong Q1.

Solara as a business has delivered a positive Q-on-Q growth on top line with a healthy margin profile of close to 54% and hence, clocking EBITDA margin of 18% with an absolute value of INR57 crores, which reflects a Q-on-Q growth of 13% and 36% year-on-year growth as compared to Q1 of FY '25.

From a PAT perspective, as Sandeep mentioned, we have clocked in INR105 million of PAT, which is the highest across last 12-plus quarters, which has also resulted in EPS positive at INR2.5 per share. As we continue to focus our efforts on operating cost leverage and margin expansion, we would also continue to chase incremental business at a healthier margin profile.

In our journey towards a healthier balance sheet, I'm actually glad to share with you that we have been able to reduce roughly INR143 crores of debt which reflects 18% reduction in the opening debt what we had started FY '26 with. Out of that, roughly INR113 crores came in from the first call money of the rights issue, which we had got in May '26 and the balance, close to INR31 crores came from the operational cash flows, which eventually brings our net debt to EBITDA ratio to close to 2.7x, if I take our Q1 EBITDA run rate.

Further, we have a line of sight, as we shared earlier, that by Q1 of FY '27, we will bring our debt to sub INR450 crores level, which will reflect a net debt-to-EBITDA ratio of 1.5x. As we shared earlier, subject to the statutory approvals, once we push down INR200 crores of debt to the newly formed CRAMS company, Solara's net debt-to-EBITDA ratio should be less than 1.

As shared by Sandeep and Arun, we as an organization, continue to work on improving profitability through our continuous cost improvement programs as well as operations cost optimization and also focus on debt reduction as well as working capital optimization as we want to focus entirely on re-pivoting the organization from a reset to growth.

Thank you once again for your time. And now we are happy to take your questions.

Abhishek Singhal: Soumya, can we open up the Q&A, please?

Moderator: Thank you very much. We will now begin the question and answer session. The first question comes from the line of Vishal from Systematix Group. Please go ahead.

Vishal: With respect to your CRAMS business, could you share what was the top line this quarter?

Sandeep Rao: Sorry?

Vishal: So I wanted to know the top line for your CRAMS business, CRAMS and polymer business, which is going to get demerged?

Arun Kumar: So the run rate, Vishal, for that business as we -- when we announced the CRAMS carve out, it's just about INR100 crores. So we are INR100 crores on an annualized basis. So currently, the run rate is within that range, quarterly run rate.

Vishal: Okay. And any guidance you would want to give for the year for this business? Like last year, it was INR100 crores. So would this be around the same level for the full year? Or maybe we'll make a strong improvement?

Arun Kumar: So to be honest with you, we have to make some significant investments to build out the CRAMS division in terms of repurposing the Vizag plant, which is what we are in the process of getting our redesign done. So I think this year will also be quite a tepid year for that division.

And then we'll start onboarding customers in the second half of this year, and it probably will take at least 2 to 3 years for it to be a meaningful business to give you more granular information.

Vishal: So right now, we have multiple clients in the business or we are depending on a few clients for our entire revenue?

Arun Kumar: Very few.

Vishal: Right. Okay. And on just some clarity on the polymer business. Is this related to pharmaceuticals or it is non-pharmaceuticals?

Arun Kumar: It is pharma.

Sandeep Rao: Pharmaceutical polymers.

Vishal: So would these be complex products, by definition, polymers in terms of manufacturing?

Arun Kumar: Some extent, yes, there aren't many players.

Vishal: And so you are targeting generic APIs on the polymer side or you're targeting innovative APIs?

Arun Kumar: Both.

Vishal: And you have a product in your portfolio on the polymer side?

Arun Kumar: We don't give specifics.

Vishal: Right. And so there is a pipeline of polymer products being -- that are in development?

Arun Kumar: That's right.

Vishal: Okay. And just to -- one more clarification. Was Copaxone polymer product glatiramer acetate?

Arun Kumar: Yes, it is. Not necessarily. I think it's more like a peptide.

Sandeep Rao: Copaxone is more of a peptide cocktail. It doesn't qualify as a polymer.

Vishal: Okay. Thank you. That's all from my side.

Moderator: Thank you. The next question comes from the line of Jagadish Sharma an Investor. Please go ahead.

Jagadish Sharma: Sir, congratulations for the margin improvement in this quarter and the turnaround in this quarter. I just have two questions, broad questions. First one is could you share the contribution of ibuprofen to the overall revenue for the quarter? Also, a quick update on the ibuprofen market would be helpful? And also, any pricing trends now? Or are the pricing trends now more stable? This my first question.

Arun Kumar: Sandeep, go ahead.

Sarat Kumar: So, ibuprofen as a portfolio, we have close to done roughly 30% of the business entirely from ibuprofen, which includes ibuprofen plain as well as ibu derivatives.

Sandeep Rao: And on your question, is it a stable business. We have mentioned in the past that we are only going after marquee customers and high-quality, sticky businesses.

Jagadish Sharma: No, no, no. I didn't ask whether the business is stable. I'm asking whether the pricing has been stable or not?

Sandeep Rao: Yes, the pricing is stable. The pricing is stable because we're only working with up-tier high-quality marquee customers in the developed markets.

Jagadish Sharma: Overall broad ibuprofen market on -- update on the broad ibuprofen market, sir?

Arun Kumar: So, Mr. Sharma, just to give you an indication on the ibuprofen market, there is significant new entrants and significant competition. Solara has a historic relationship with brand owners for more than 25 years. And as Sandeep mentioned, we are focusing only on those customers. The

market for the generic supplies is under intense competitive pressure with new entrants at new chemistry, new pricing and very reliable and good competition.

So we are focusing our energies into derivatives, into more complex programs and so using less of capacity to get more dollars rather than focusing on the generic ibuprofen. So the generic ibuprofen, I believe, still faces intense competition. But as we pivoted our business, and as Sarat mentioned it represents ~30% of the business, earlier ibuprofen used to be almost 50% of our turnover.

And if it's now only 30%, it already gives an indication of what actions we have done in the last two, three quarters for -- and that's also another reason why the numbers are pivoted to a better outcome.

Jagadish Sharma: Okay. My second question, sir, on the broader API front, the industry has been going through a prolonged pricing correction. Are you seeing any same signs of stabilization in the API pricing or do the headwinds still persist?

Arun Kumar: So it's very selective. It's not across the industry on specific products. We do see some challenges. But overall, if you look at Solara, we have actually reduced our focus on top line growth, which effectively means that any lines which are not profitable, we are exiting and we're very focused on getting the right network, therefore, the kind of business that we want to keep for us and the businesses we keep the 77%, 78% regulated market focus is very sticky. It's very long term, and they are not opportunistic for us.

So to answer your point, there is pricing pressure on specific programs. But as long as you work with regulated market players, it's more sticky from the nature of the business and not necessarily because of the environment of the industry that we are in.

Sandeep Rao: And this is also if you look at our gross margins over the last three quarters, I think we've been clocking a very healthy 54%, 55% consistently over the last three quarters. So I think that's -- the numbers speak for our ability to hold on to our prices.

Jagadish Sharma: Understood. Thank you so much. All the very best.

Moderator: Thank you. The next question comes from the line of Krisha Mehta, an Investor. Please go ahead.

Krisha Mehta: I have two questions. Firstly, what would you call the key levers for the API business over the next 2, 3 years? And -- so although we have reduced our dependency on ibuprofen from 50% to 30%, how do you see the portfolio evolving to support a more diversified and derisked growth profile maybe to a broader top 5 or top 10 product mix target going forward?

Arun Kumar: I can try and answer that question. First of all, we are in this phase of reset. And in the reset phase, we have been focusing on costs, operational efficiency, cost of goods as in our cost of production and our network optimization, which effectively another way of saying is that we are focusing on the inefficiencies that are inherent in the business. We believe that once that is solved for, that will entail a very significant improvement in our gross margins and EBITDA.

That's our first focus. And this is our second quarter where we are delivering on that promise. We will take four, five quarters to get that sorted up. That doesn't mean that we are not invested in new programs, new markets, expansions, but in all of this takes time. So to answer your point, we are in the phase -- in the reset phase, we are now in the phase of cost improvements and therefore, margin expansion through opex leverage.

And at the same time, we are invested in feeding new markets and new customers. And in the next 8 to 12 quarters, you'll see both playing out. In the next 3 to 4 quarters, you'll see the operational leverage playing out. So we are currently a legacy player in this business for more than 35, 40 years.

We had gone through an overdependence on ibuprofen. We have reset our strategy. So we are in the process of executing that. So your broader question is not very relevant for today's reset stage that we are in.

Krishna Mehta: Understood. And secondly, so we have guided for EBITDA growth of around 15% to 20% for FY '26, which indicates a INR240 crores to INR250 crores range and with INR57-odd crores in Q1 considerably stronger second half. Is it fair to expect that we would be beating our full year guidance or are there any specific cost or variables that we should keep in mind?

Arun Kumar: We keep a quarter at a time, but for now, your mathematical understanding of our EBITDA range is accurate. And I think our focus is to be in that range. And at this stage, we think it's a little too early to revise any guidance, one or two more quarters is what where we will be in a more comfortable situation to make -- address that query of yours.

Krishna Mehta: Got it. Thank you, sir.

Moderator: Thank you. The next question comes from the line of Sajal Kapoor from Antifragile Thinking. Please go ahead.

Sajal Kapoor: Great start to FY'26, and question is with your strong background in fermentation and Biosciences, how do you see these areas fitting into Solara's current strength and future growth potential?

Sandeep Rao: It's nice to know that somebody is tracking my background. But look, the simple answer is that we are looking at new growth areas. When I talk of new growth areas we are talking of different manufacturing capabilities that we want to bring in-house, especially to the CRAMS business. So we're evaluating other areas may or may not essentially be fermentation, but over the next few quarters as we grow our CRAMS business, we'll come back to you with further details.

Sajal Kapoor: That's fine. That's helpful. And the other question is, we are injecting INR200 crores of debt into Synthix Global Pharma Solutions, which today is a subscale business with weak or maybe negative operating cash flow. So it's almost certain that an equity infusion will be needed soon to keep the balance sheet healthy. Is that a reasonable fair assumption?

Arun Kumar: It is.

Sajal Kapoor: That's helpful Arun. That's all I have for now. Thank you so much.

Moderator: Thank you. The next question comes from the line Pranav Gandhi from Lotus Wealth. Please go ahead.

Pranav Gandhi: Congratulations on the number to the management. I just have one question. You mentioned about the ibuprofen new route, which we were going forward. Have they received any regulatory approval for the same?

Sandeep Rao: You're talking about the new route for ibuprofen?

Pranav Gandhi: Yes.

Sandeep Rao: No, we're still in the process of implementing it. So we have not we're really still in the development process. We haven't taken into approval as yet.

Pranav Gandhi: Also, as you mentioned about the equity for the CRAMS business, the fund raising, will it be a pref or like a rights issue?

Arun Kumar: It's very early days for now. We will probably have more answers for you in the next call.

Pranav Gandhi: Okay. Thank you so much.

Moderator: Thank you. The next question comes from the line of Dheeraj Shah, an Investor. Please go ahead.

Dheeraj Shah: This is Dheeraj Shah. I had a question on gross margins. Our gross margins have come in at 54% during the quarter, showing a sequential decline. Could you walk us through the key factors that drove this moment?

Sarat Kumar: Yes. Dheeraj if you see -- so what we have done is with respect to gross margin profile, we have a certain product mix. So as a business, it would not be fair to assume exactly 57% every quarter. So from our 57%, what we had clocked in Q4, we are down to 54% but if you see in terms of overall for the past 5 or 6 quarters, we have gradually scaled that number from 40s level to a mid-50s kind of range. And we believe that being in a catalogue generics API business, this gross margin profile is fairly healthy.

Dheeraj Shah: Okay. So in the past...

Moderator: Sorry to interrupt, sir, your voice is breaking.

Dheeraj Shah: In the past, we have indicated that a 53% to 55% gross margin range is sustainable in Catalogue API segment. Would it be reasonable to assume that the midpoint of this range would be good base for FY '26?

Sarat Kumar: Yes, correct. That's what we are working for.

Sandeep Rao: We are working towards keeping that high quality of business, which is reflected in our gross margin. So it is our aim to keep our gross margins at those levels.

- Moderator:** The next follow-up question comes from the line of Vishal from Systematix Group.
- Vishal:** On the generic API business, anything specific that you want to highlight in terms of how would you be approaching the business in terms of building that up?
- Sandeep Rao:** So I'll take that question. See, typically, when you talk of growth, I see 4 levers, okay? There are new products, a pipeline that we need to create you talk of EBITDA and gross margin growth to cost improvement initiatives. The third lever is new markets that you try and get into.
- And the fourth lever is that you try and create more capacity for key products through incremental capex. And I can tell you that on all these four fronts, we are actively involved. So we're working all these four levers to make sure that we can grow the company.
- Vishal:** Okay. Like where would we be currently in terms of the capacity utilization? So like do we need capex to grow maybe in the next 2, 3 years or we have enough capacities?
- Sandeep Rao:** Currently, our capacity utilization is in the range of 60% to 65% but what we are trying to do is we are trying to put incremental and mark towards incremental capex in certain key capacities for our molecules.
- Vishal:** Okay. And for the kind of -- you kind of supply a differentiated API of ibuprofen or a modified ibuprofen API. So is that market growing or that is also like growing like the generic ibuprofen market?
- Sandeep Rao:** It is growing. I mean, the growth there is a tepid growth but I think that we are putting a lot of energies behind it. And I think, hopefully, that this market will take over the not all, but we are hoping it will take over at least a sizable portion of the ibuprofen plain market.
- Vishal:** Okay. Thank you. That's all from my side.
- Moderator:** Thank you. The next question comes from the line of Krisha Kansara from Molecule Ventures. Please go ahead.
- Krisha Kansara:** Sir, my first question is on ibuprofen. I think in one of your previous answers, you mentioned that you have been facing intense competition in the ibuprofen market. So my question is with regards to the demand-supply situation. If you can help us understand the current demand in terms of volume versus the supply that is coming in, let's say, in the next 1, 2 years?
- And in line with this, if you can give us a number with regards to the current realization of ibuprofen that would be helpful. This is my first question, sir?
- Sandeep Rao:** Okay. I don't think we can give you product-wise realization or segment-wise realizations, but I can tell you that in ibuprofen, we've taken a conscious decision to focus only on high-quality business and customers who give us good gross margin. So in that sense, we decide whom we want to supply to. There is demand in the market, but we've been extremely picky and choosy about which customers we work with.

And that's the result that we're working with only high profile, as I said, marquee customers in developed markets. Does that answer your first question?

Krishna Kansara: Sir, my question was more on the industry side. So let's say, what is the current industry level demand in terms of volume versus what is the supply that is coming in the industry in let's say next 1 or 2 years? I just wanted to understand the demand supply situation of the domestic ibuprofen industry?

Sandeep Rao: So I would say that the total demand -- the total supply in the market today is around 50,000 metric tons. That's my guesstimate global supply. That includes Indian suppliers as well as global suppliers. And I think at this point, the capacity is sufficient to meet global requirements for this product class.

Krishna Kansara: Right. So we can expect realizations to further go down as the supply comes on the market.

Sandeep Rao: Yes. But you should look at where we focus on, where we are focusing on, where we are focusing on in ibu, we're only on select customers who give us healthy margins, but our biggest focus is on the derivatives and analogue, which is the -- which will drive our healthier gross margins on ibuprofen. So we are picking the segments that we want to be in.

Krishna Kansara: Right. Sure. Sir, my second question is...

Moderator: Sorry to interrupt, may I request you to join the queue for the follow-up question.

Krishna Kansara: Yes, I will do that.

Moderator: Thank you. The next question comes from the line of Mohammad Patel from Edelweiss Alternatives. Please go ahead.

Mohammad Patel: Sir, my first question is, we said we are on a reset stage for the next 3 to 4 quarters. So how do you tally that with the 10% revenue outlook for '26?

Sandeep Rao: So, Mohammed if I can take that. FY '25 was a reset year for us, and I said that the focus was on debt reduction, maintaining and establishing good governance and margin expansion. But what we realize is that we have to grow the company because once you grow the company on the same opex platform, everything flows down into the EBITDA.

So FY '26 is going to be all about growth, which is where I come back to my -- if you look at our Q4 revenues, we were at roughly INR280 crores. From there, we have gone to INR320 crores. Are we happy? Answer is yes, but we need to grow beyond this foundation now. So this, I think, is a start of hopefully a good growth story.

Mohammad Patel: Okay. And when we say 10% revenue growth, and we have earlier mentioned that the ibuprofen business will be more or less flat. So what gives us even the confidence of growing the non-ibu business at a much faster double digit?

Sandeep Rao: So if you look at our total reliance on ibuprofen as in FY '25, almost 32%, 33% of our business was ibuprofen. But if you look at our internal numbers this year, around 20% of our business is

ibuprofen, so our reliance on the ibuprofen range of businesses have been decreasing consciously because of the choices that we have done. So it's a remainder business that we have that's really going to drive growth in FY '26.

Mohammad Patel: Okay. And this question is just a confirmation. So we -- in our earlier calls, you have said that the current ibuprofen pricing does not even cover the cost of manufacturing but we still make good gross margins because of the customer profile.

Sandeep Rao: That's right.

Mohammad Patel: And that does not cover cost of manufacturing is with respect to the current prices?

Sandeep Rao: Correct. That's right.

Mohammad Patel: Okay. I have further questions if the operator allows.

Moderator: Sir, may I request you to join the queue for a follow-up question.

Mohammad Patel: Sure.

Moderator: Thank you. The next question comes from the line of Gautam Rajesh from Leo Capital. Please go ahead.

Gautam Rajesh: I had 2 questions. My first question was on the ibuprofen. What would be, as we mentioned, the share is 30%. But you just mentioned 20%. So is it 20% in the Q1 estimate you have for FY '26 as a whole? And what would your percentage currently be for ibuprofen derivative versus plain ibuprofen? That's my first question.

Sarat Kumar: When we said 30% overall, that had both ibu plain at close to 21% plus balance 9% was from ibu derivatives.

Gautam Rajesh: Okay. And this is for Q1 FY '26?

Sarat Kumar: Yes, correct.

Gautam Rajesh: Yes. And my second question was, what would be our share for the top 5 molecules out of our sales?

Sandeep Rao: Top 5 molecules out of our total sales.

Sarat Kumar: So top five molecules will easily give us close to 55% - 60% kind of revenue.

Gautam Rajesh: All right. That would be my question. Thank you, sir.

Moderator: Thank you. The next question comes from the line of Abhishek from Padmaja Investments. Please go ahead.

Abhishek: Sir, are we done with our cost improvement program, right? That's my question.

- Sarat Kumar:** Cost improvement programs are something which we actually work on a kind of a continuous basis. So what we as a company do is, every quarter, we identify a few molecules where we have to work on the cost improvement program. And then we keep on improving on that particular piece.
- As you would know that, since we are operating in a generic API business, we will always have certain price pressures in certain pockets. So we actually try to kind of mitigate that particular piece with our cost improvement programs. So we can't say that we have stopped doing that because that will be a continuous feature for us.
- Abhishek:** Okay. My second question is, I looked at U.S. DMF database where I am able to see some of your polymer APIs. So are all of them going to be in the demerge entity or some of them are going to be in your catalogue API and some of them are going to be CRAMS business? That's my question two?
- Arun Kumar:** All are in merged entity.
- Abhishek:** Okay. That's all. Thanks a lot.
- Moderator:** Thank you. The next question comes from the line of Shashi Kapoor from Dolat Capital. Please go ahead.
- Shashi Kapoor:** Firstly, congratulations, Arun, Sarat and Sandeep, you have done an amazing job and congratulations to your entire team. The question is how far is our Vizag plant utilization? And what kind of asset turnover we are operating at and 2, 3 years down the line, what kind of asset turn we would be -- we are planning to achieve for both APIs as well as plants?
- Sandeep Rao:** Plant utilization, I think we spoke about earlier. The plant utilization currently stands around 60% to 65% across the board, okay? And what was the second question, sir?
- Shashi Kapoor:** Second was, 2, 3 years down the line, what kind of asset turnover we would be approaching?
- Sandeep Rao:** What kind of turnover, do you mean?
- Shashi Kapoor:** Asset turnover?
- Sarat Kumar:** We actually are close to 1.2 kind of a number.
- Shashi Kapoor:** Okay. And are there any leadership changes or have we started recruitment, particularly in our upcoming CRAMS or we are holding it right now?
- Arun Kumar:** At this time, we haven't yet started any recruitment for our CRAMS teams. Like I said earlier to one of your colleagues' in the questions. We will have good answers for you next quarter because we expect to start the process -- legal process immediately as communicated in our communications and we can give you some more color probably next call.
- Shashi Kapoor:** Thanks a lot team, best wishes. You have been doing a great job. Thank you.

- Moderator:** Thank you. The next question comes from the line of Raghunath, an Investor. Please go ahead.
- Raghunath:** Yes. My question is already answered from one of the earlier participants. So I don't have anything.
- Moderator:** Thank you. The next question comes from the line of Mohammad Patel from Edelweiss public Alternatives. Please go ahead.
- Mohammad Patel:** I have two questions on the CRAMS business. So can you share some qualitative aspects of that business, like what is the nature of business in CRAMS versus polymers? Is it NC driven? How we are different from the peers? And why there is a limited competition in the polymer segment?
- Arun Kumar:** So it is a hard chemistry. There aren't many players in India, not that many other people are not making it. And it requires very special focus in terms of capability and equipment. And that is the reason why we want to especially in a very narrow -- specialize in a very narrow niche to start with, so that we can get into a good footing. And we have some experience in Solara for many years, and we expect that if it's separated in to -- separated into potential it requires to grow it to greater size.
- Although we are only in pharmaceutical polymers, it does have application in other industries. At this stage, we are evaluating those opportunities. But for now, we are staying invested fully in the pharma space.
- Mohammad Patel:** So how would we be different versus our Indian peers in the CRAMS business in terms of what product do we target versus them?
- Arun Kumar:** Don't think this is a forum for us to get into the granularity of your questions in our CRAMS business. Nobody gives you the name of customers or the products that we do.
- Mohammad Patel:** Okay. My last question is, so we have very ambitious targets for this business where we would like to grow this from INR100 crores to maybe, let's say, 4, 5x in the next few years. So what will exactly drive that?
- Arun Kumar:** Everything that requires to get us there, the group has got several businesses, which has got scale and scope, and we believe that we can apply the same approach to the CRAMS division that's being carved out.
- Moderator:** The next question comes from the line of Krisha Kansara from Molecule Ventures.
- Krisha Kansara:** Yes. I have a question on our CRAMS business. So if you could tell us about the capex plan with respect to this business because as far as we are aware, for us to be a key player in this industry, we might need to invest a significant amount for the capex. So any guidance on that, what kind of investments are we planning for this segment? That is the first part.
- And second, with respect to CRAMS only, if you can break up the business into that I think one of the earlier participants also asked, how much of INR100 crores are we supplying to, let's say, generic companies versus how much of it is going to innovative pharma companies? That breakup would be helpful?

Arun Kumar: The second point is easier to answer. We can't provide you that data. It is too suboptimal a business for us to get there. You'll have to wait for that. Probably don't -- you have not read the notes on the CRAMS. We are moving out one of our largest plants, which has been mothballed in Vizag, which has got very large capacities.

And as you rightly articulated to be in the CRAMS business, you need to invest capacities ahead of time. And while Solara is focusing on its catalogue API business and focusing on operational efficiency, we do not want to be investing heavily on the generic API space.

And that is why the facility where we have almost one-third of our group capacity under -- completely underutilized is being shifted to the CRAMS business. New capex will go only to repurpose some of the equipments, not major capex is required consequently, but we think that capex and loss funding will be in the range of at least INR200 crores in the first phase. -- for us to take it to up to a INR400 crores, INR500 crores CRAMS business. But that's going to take us quite some time to get there, 3 to 4 years, as we said earlier.

Krishna Kansara: Right. So you mentioned INR400 crores, INR500 crores business from INR200 crores capex, right?

Arun Kumar: Yes.

Krishna Kansara: Okay. Thank you.

Moderator: Thank you. Ladies and gentlemen, we'll take this as the last question for today. I would now like to hand the conference over to the management for closing comments.

Arun Kumar: Sandeep, over to you.

Sandeep Rao: Thank you, Arun. I again would like to thank all of you for being there for Solara for your continued support and your trust and count on us, we are -- this whole team of Solara, including me are working very hard to make sure that we can grow on this Q1 platform that we have created. Thanks again. Thanks to everybody.

Moderator: Thank you. On behalf of Solara Active Pharma Sciences Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.

Sandeep Rao: Thank you.