

Date: February 10, 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
---	--

Scrip Code: 541540, 890202

Symbol : SOLARA, SOLARAPPI

Dear Sir / Madam,

Subject: Transcript of the earnings conference call for the quarter and nine months ended December 31, 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 and nine months ended December 31, 2025, conducted after the meeting of Board of Directors held on Friday, February 06, 2026, 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 Q3 and FY '26 Earnings Conference Call”

February 06, 2026



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 the Solara Active Pharma Science Limited Q3 and 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 touch-tone phone. I now hand the conference over to Mr. Abhishek. Thank you, and over to you, sir.

Abhishek Singhal: Very good afternoon, and thank you for joining us today for Solara earnings call for the third quarter and 9 months ended financial year 2026. Today, we have with us Arun, Founder and Non-Executive Director; Sandeep, MD and CEO; and Sarat, CFO of the company, 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 that have been uploaded on our website as well as the stock exchange website. The transcript for 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 his opening comments.

Arun Kumar: Thank you. Thank you, Abhishek, and thank you all, for joining today's call. Before I get the management to speak, I just wanted to give a little more color on our results today and our commentary around our business. So first of all, obviously, we've been struggling significantly with the drag of our ibuprofen business. Most of you know that at one point, Solara was the largest ibuprofen manufacturer on a global basis with all marquee brand names using the Solara API.

Obviously, the processes that we use for ibuprofen is dated, it's almost about 20 years. However, large customers do not like us to change processes because it amounts to significant regulatory changes for them. And we have been servicing our long-standing customers for 20 - 25 years, especially in the big pharma space.

Given that with the advent of significant new capacities out of India and the demand for ibuprofen not catching up to the capacities that has been built, we have been facing significant headwinds on the ibuprofen business. So while we have alluded to this in our previous calls, we haven't been as transparent as we have in this call in actually showcasing our ibuprofen business separately. And as all of you will see that we continue to struggle with headwinds in terms of both pricing and capacity utilization.

Our facility in Pondicherry is a single product facility. Consequently, it is challenging for us to sell the entire 6,000 ton capacity that, that facility has. Added to that, we have already mothballed our Vizag facility, which was partly funded by a big pharma. But however, the offtake of ibuprofen, unfortunately is just not adding up. So having built both Vizag and Pondicherry with almost 12,000 tons of ibuprofen -- 10,000 to 12,000 tons of ibuprofen with our current capacity utilization of only about 3,000 tons, we are finding significant headwinds in this P&L.

Added to that, the competitive landscape on the generic space is intense. Gross margins have dropped quite significantly, resulting in a significant under-recovery of a plant, and then consequently, that division causing a bulk of the problems to the organization.

In the last 2 to 3 years, rather about 16 - 17 months ago, we started investing heavily in a non-ibuprofen business, and I'm very pleased with that and the results of that division. Adjusted for the ibuprofen losses, you will notice that the non-ibuprofen business now trades at a significant gross margin of 56% and EBITDA of 25%, which is above industry or in the higher end of the industry range for API businesses.

This is made out of operations coming from 4 of our FDA-approved plants, making very complex products, very small products and niche products where we have pricing power, and this is something that we continue to build.

In the meantime, in consultation with the Board, we have today decided to seek external advice in terms of what we should be doing with our ibuprofen business in the near term, while we continue to invest in the Solara growth API business and with more filings and approvals and customer acquisition, we expect that business to be a significant part of our future growth story.

Having said that, the overall consolidated results are obviously depressing. We continue to focus on finding solutions for the ibuprofen-based business, including reducing our losses by taking certain surgical and clinical actions in terms of our cost structure in that business. We expect to continue to be an important or relevant player in this space. And while we review the options that we have, we decided it's prudent for us not to take any corporate actions till we complete this exercise. I mean, we've already got an intention announced of our corporate actions relating to Vizag.

But given this ibuprofen relook that the company's management and the Board has approved to look at, we are just delaying all our corporate actions. We expect to have this -- the results of an analysis to be part of our Q4 results. That will give a clear direction to the company. Our thinking today is that we would put more capital and growth around our growth API business and would take certain actions in terms of cost reduction or strategic resets on our ibuprofen business.

With that, I will let -- I'll pass on the phone to Sandeep and Sarat to make their opening statements, and then we are happy to take any specific questions on any of the subjects that I have spoken and -- or what my colleagues would soon. Thank you.

Sandeep Rao:

Thank you. Thank you, Arun, for the detailed commentary. Good morning, good afternoon and good evening, and thank you, everybody, for joining our Q3 '26 earnings call. At the outset, I sincerely appreciate your time and presence on the call and would like to thank each one of you for your continued support and trust in Solara.

Our performance for Q3 '26 reflects a modest sequential growth as the build-out in our growth business continues to gain momentum, while as Arun explained, the ibuprofen base business has been a drag. We continue to experience challenges, and we continue to experience pricing pressures. The growth business, however, the growth API business includes the ibu derivatives and all the non-ibu business.

That is clearly demonstrating superior profitability that business operates and is currently operating at around 25% EBITDA margin with gross margins that are northwards of 55%. Obviously, these numbers are class-leading. This reinforces the objective we established at the start of the year, which was to repivot our business to one defined by sustainable, scalable, profitable and reliable growth.

On the ibuprofen piece, Arun said it all. We've been a global leader in ibuprofen for about 3 decades. We've been serving marquee customers. Our marquee customers have presented a sticky business.

We continue to do that despite the fact that we face persistent headwinds given the very commodity nature of the base ibuprofen API business, which is primarily driven by excess capacities, newer technologies, which have resulted in lower realizations and depressed profitability. As Arun said, we are evaluating strategic options for this business, and we'll come back to you.

Regarding our financial performance for the current quarter, the snapshot is as follows. The revenue has seen a 10% Q-o-Q growth. We've delivered INR346 crores. Our gross margins are at 47% for the quarter. It's marginally down by 386 basis points on a Q-o-Q basis, primarily driven by the headwinds in the ibuprofen base business.

Operating costs for the quarter are fairly flat. This has resulted in an EBITDA of INR37 crores, which reflects a marginal Q-o-Q growth of 6%, driven by lower gross margin impacted, again, because of the margin profile of the base ibu business.

Business contribution from our developed markets continues to be strong at 75% of overall sales. Further, the change in the labor wage code, which was effective on 21st November, has resulted in a onetime adverse impact of around INR6.7 crores, driven by the impact of increase in liability towards gratuity and leave encashment.

In summary, I'd like to reiterate that the fundamentals of our business remain strong. I do firmly believe that we have a resilient operating model, a very robust compliance framework and a diversified portfolio across key markets. With this, I will hand over the phone to Sarat for his comments.

Sarat Kumar:

Thank you, Sandeep. Good morning, good afternoon, and good evening, ladies and gentlemen, and thank you for joining our Q3 earnings call for FY '26. As shared by Arun and Sandeep, we have been facing significant headwinds in our ibuprofen base business. And hence, although we have clocked in a Q-on-Q growth of 10% in revenue and roughly 15% year-on-year growth for this quarter in terms of revenue numbers, our gross margins have been hit by roughly close to 386 basis points, which has resulted in a 47% gross margin for Q3 of FY '26. And if you recall, for the last few quarters, this is one of the lowest gross margins what we are actually reporting this quarter.

However, having said that, if adjusted for the ibuprofen-based business, our catalog generics growth-based, growth-driven API business is something which is actually doing well. And we

have clocked in close to 51% to 55% kind of a range of gross margins in that business continuously.

The opex cost for the business has been flat Q-on-Q, considering the cyclical nature of some of the expenses in Q3. And hence, we have clocked in EBITDA of INR37 crores, which is roughly 11% margins in terms of EBITDA, although it's a marginal growth Q-on-Q since we had a lower EBITDA numbers in Q2.

As we continue to focus our efforts on operating cost leverage and margin expansion, we also intend to chase our incremental business grow at a healthier margins in the growth segment of the business.

In our continuous journey towards a healthier balance sheet, we have been able to reduce our debt by close to INR146 crores adjusted for the foreign exchange impact as well what we have on the closing debt. And hence, we have reduced our debt by close to 19%, INR113 crores of that coming from the rights issue money, what we had called in the first call, money of rights, by May '26 and balance INR33 crores being actually generated from our operational cash flows. Further, we have a line of sight to reduce the debt to sub INR500 crores levels by May '26 post receipt of our final call money.

As Sandeep mentioned, Q3 FY '26 has been also impacted by a onetime exceptional line item of roughly INR67 million, which is driven by impact from gratuity liability as well as leave encashment liability, predominantly driven by the new labour code, which are in effect from November '25.

As we focus our work towards growth business, we will continue to work on our opex and a healthy balance sheet. We actually thank you for your support and patience as we work towards turning around the company, and we are happy to take your questions. Thank you.

Moderator: The first question comes from the line of Sajal Kapoor from Antifragile.

Sajal Kapoor: Excellent presentation. I like the openness and integrity, honestly. I've got a few questions. I'm sure the strategic advisors have been appointed after thorough due diligence, right? From a long-term shareholder perspective, one thing we often watch closely is how aligned advisors are with the outcome. So how do we ensure there is enough accountability or "skin in the game" if their recommendations on the ibuprofen business, the future of the base or the commodity ibuprofen, not the derivative, or even the CRAMS split don't deliver as expected? That's my first question.

Arun Kumar: This is Arun. I'll take your question. Thank you for your commentary and kind words. Listen, we believe that any work that we deploy focuses on the best value creation for all our stakeholders. We ensure that our processes are robust. We have a very independent committee of the Board that reviews these kind of matters. It is not something that we are obliged to follow through if it doesn't create the necessary outcome for the benefit of the organization.

At this time, we are looking at what could be the best decision in terms of our people and the business and more importantly, our customers. Now ibuprofen used to be historically a 30-year-

old business for the group, for Solara before it used to be Shasun. So it is important that we ensure that we maintain good relationship with our customers, give them the right answers.

But until we do some searching and deep analysis of what we should do to be competitive in the ibuprofen business, that is the mandate that we have given, what we have to do to be competitive and which parts of the ibuprofen.

And now just to answer your question and to be clear, the ibuprofen derivatives is not part of the numbers. The ibuprofen derivatives is a very significant business for us, and it is a growing business. It's part of the growth business. The derivatives are an important part of our business. So what we talk about ibuprofen is the ibuprofen plain raw material.

So if I add the derivatives to the ibuprofen business is profitable, but we can't be running a business with an under-recovery of this level until we take certain strategic and technical decisions. Clearly, for the generic market, we're not competitive. We sell, our gross margin at 21% is in spite of us selling the product at least 15% to 17% greater than our competition because we sell to big pharma.

And they are completely aware of the situation and are aligned with our current pricing. So it is, therefore, very essential that we take this call very carefully and with the right judgment. So just for your clarity, we will not do anything that does, this kind of puts that philosophy at risk.

Sajal Kapoor: No. Thank you, Arun, for answering that in greater detail. I mean, as a long-term shareholder, given I have watched your history, Arun, very carefully over the long-term, right from the Agila transaction and your humble beginnings to even the OneSource transaction, the shareholder wealth has always been created by the group in the long run.

And I'm sure this time it will not be any different. It's just a matter of playing the game, as someone said, I think Naval Ravikant said that play long-term games with long-term people. So I'm definitely in that game of playing long-term game with long-term people.

My second question is, given our polymer engineering expertise under GMP conditions and peers successfully combining CDMO and complex APIs. So I'm talking about the listed players in India who do both complex APIs and CDMO under one listed entity. Should an integrated structure be back on the table in the road map?

Arun Kumar: Which is why we delayed the decision. Earlier, it was a balance sheet decision to carve out, but the -- although the ibuprofen business is loss-making, as you can hear from Sarat's commentary, the rest of the business is generating enough free cash to actually pay down our debt. So one of the reasons is that isn't even logical for us to take out, as you rightly said, the chemistry and the CRAMS business out. And that is why we have delayed that decision.

So although at that time when we announced it, we thought it was the right thing to do, on further reflection, we think there's more value to retain everything in one house. And that is why we kind of delayed that decision until such time we have a clearer view on ibuprofen because our problem statement has now been clearly identified as ibuprofen plain. And if we can fix that

through a technical intervention or a commercial intervention or a corporate action, we believe that the rest of the business is very profitable.

As you can see, the 25% on the base non-ibuprofen business is healthy. And if we can build that, which we are very confident we can, I simply believe that the opportunity for us to have the integrated play between CRAMS and chemistries is where we should be heading to. And that's exactly your point too, and I concur with that.

Moderator: Our next question comes from the line of Krishna, an individual investor.

Krishna: My question is on the ibuprofen API business. What is the future of this business? Is there any scope of revival in this business as current ibuprofen prices are back to pre-COVID levels? Can you give us some context on what revenues and margins did the ibuprofen API had in FY '25 as well?

Arun Kumar: Sorry, what is your last question?

Krishna: Can you give us some context of what revenues and margins did the ibuprofen API had in FY '25?

Arun Kumar: Yes. I think, Krishna, we can give you that detail. The company will provide you that information. We probably don't have the carve-out data immediately. As you can see, these are management accounts. And your question is what we think about the future of the ibuprofen business is that at the current price and cost it makes, we are restricted to sell to only big pharma. And that has challenges in terms of under recovery. So, we should be in a good position to answer your question when we come up with our Q4 results.

Moderator: Our next question comes from the line of Aanchal Jalan from Ananta Capital.

Aanchal Jalan: Sandeep sir, as per data from regulatory filings, our company has growth API molecules under validation whose finished dosage form is with OneSource. So our supply to them will begin by Q1 or by Q2 of FY '27?

Arun Kumar: Sorry, Sandeep, you want to answer that? But I don't think...

Sandeep Rao: I think I got the question. I think there is just a couple of products that we do with OneSource. I think your question was about, there's one specific product that we do with our CDMO OneSource. And that approval should come in the FY '27, our financial year time frame. I think that's when the product launch will happen. So we are gearing up for launch on that product.

Moderator: Our next question comes from the line of Nishant Bhatt from Equity Works Limited.

Nishant Bhat: My question was regarding the CRAMS business. How are things proceeding in that component of the business? And what is the current situation of the Vizag plant? And when will it get operational?

Arun Kumar: So Vizag is currently mothballed because it also makes ibuprofen, and we are running short of capacities for our polymers, and we're thinking of kind of bringing that back to life by changing

the scope from a largely ibuprofen plant to a multipurpose plant and also build a high potent API plant. So we are working through that. And part of this entire reset on ibuprofen, we should be able to address all your queries by the end of Q4.

Moderator: Our next question comes from the line of Deepak Chokhani from Raid Capital.

Deepak Chokhani: So on ibuprofen, is the sale of business, will that be considered as one of the options? I know it's too early and you're going to appoint a professional, but is that also a consideration on the table?

Arun Kumar: I think you answered your question. We have to wait for our recommendations, and then we will take a considered view, and we should be in a position to let you know by the end of April with our Q4 results.

Moderator: Our next question comes from the line of CA Shilpa Saboo, an Individual Investor.

Shilpa Saboo: Sir, we have 5 plants with the company right now, and ibuprofen is using approximately 1/3 of the capacity. Our focus is right now on profitability. So why don't we plan to sell one plant and repay our debt like we did in Celis Biotech?

Arun Kumar: And I think this should be one of the solutions that the advisors may come up with, and we'll let you know how it goes.

Moderator: Our next question comes from the line of Anupam Jain from Indira Securities.

Anupam Jain: My only question is why not disclaiming this number of ibuprofen on Solara on a stand-alone basis? Why were we not reporting ibuprofen number on a stand-alone basis that this was loss-making currently?

Sandeep Rao: No, no, we don't report ibuprofen numbers individually.

Anupam Jain: Yes. This time we reported, but before that, you didn't report it. My question was why did not you do this earlier? We will -- we would have been better informed about this.

Arun Kumar: Yes, because the margin profile was significantly different last year when we reported and the challenges on the ibuprofen is happening since the last 2 quarters. So we thought it was prudent for you to know now because it has impacted us. As you can see, the gross margins have dropped by almost 800 basis points between the last year and this year.

Moderator: Hello? Are you there, sir? Since there is no response from the participant, we'll move forward to the next participant. Our next question comes from the line of Sajal Kapoor from Antifragile Thinking.

Sajal Kapoor: Arun, given that Solara has achieved 25% EBITDA from a high-quality, sustainable portfolio and very diversified one, we have so many DMFs that we have been reviving in recent months. How are we kind of applying "kind of a rethink mindset" to the R&D strategy going forward.

Just to ensure that this revised portfolio of high-quality APIs, complex APIs remains sustainable, scalable and retains high margin because there are certain pure-play API players in India that do

over 25% EBITDA margin on 54%, 55% gross margins. And again, that's a function of operational efficiency. But just on the R&D rethink, is there a scope or opportunity around that?

Arun Kumar: There is, and there is a significant shift in our focus on R&D because we believe clearly, as one of the other investors asked us earlier, there is no need for 2 plants to make ibuprofen. So even if we decide to keep ibuprofen either for captive use or for very small customers at a reduced cost structure, if that is a solution, Vizag has to become a multipurpose plant.

And therefore, to get -- our intention is to get Vizag back, although it is FDA approved and live, to get it back into commercial production by -- in the next 5 to 6 months. And that would come with us making one of the blocks converting to a multipurpose plant, one of the blocks being converted to a high potent API plant. And we are making the necessary investments as we speak.

So obviously, to do that, we will also need R&D and R&D has been kick started, and we will see a large momentum. The last 2 - 3 years, we were very focused on bringing back dormant DMFs back to life, which is what has helped the small volume, high-margin APIs to succeed the way it has ex-ibuprofen.

And we were also balancing our equipment's, I mean, our capacities to meet that demand. And we also see the base business growing quite healthy. But to feed Vizag, we need to revive R&D to a much higher level, and we've done that with investments and new talent that has come in to lead those initiatives. So to answer your point, the answer is yes.

Moderator: Our next question comes from the line of Maitri from Sapphire Capital.

Maitri: A few questions. Firstly, on the growth API side, what sort of capacity utilization are we having currently?

Arun Kumar: A little over...

Sandeep Rao: Sorry, go ahead Arun.

Arun Kumar: I was saying a little over 70%.

Maitri: Could you repeat? Hello?

Sarat Kumar: Yes, we said 70% Maitri, do you have another question?

Maitri: Yes, 70%. Okay. And since we are taking in more investments to kind of switch our Vizag facility to be a more functional facility for the ingredients -- API business as well. What sort of growth targets do we have for FY '27 just with the API growth business?

Arun Kumar: So we don't give -- we are not yet ready to give a guidance for the growth business. We will do it along with our decision on ibuprofen.

Maitri: Okay. And we did mention that we are like preparing up for a launch for an API for OneSource? If you could possibly mention the revenue opportunity you can get from that? And what sort of margins are we expecting from this particular launch?

Arun Kumar: We don't discuss specific products

Maitri: And this gross margins in the API business, do we see them having a more North up trend or it will be stagnant in this 55% to 56% range?

Arun Kumar: I think it's a good percentage point. And as Sajal mentioned earlier, it's more a function of how operational efficiencies are. We are focusing more on operational efficiencies so that the EBITDA flow-through could be even higher. But for now, I think you should be guided by these numbers for the next few years as we build the business.

Moderator: Ladies and gentlemen, as there are no further questions from the participant, I would like to hand the conference over to the management for the closing comments. Thank you, and over to you, team.

Sandeep Rao: Arun, do you want to give some closing comments?

Arun Kumar: No, you go ahead.

Sandeep Rao: I would again like to say I know the results are not very encouraging, but I think we have more clarity and visibility on both our strategy and the future. There are some items that we have to come back to this broader team, which we will do when we get into the results next quarter. But for now, thanks for being patient with us. Thanks for your support, and thanks for your trust as we continue working diligently to build out Solara. Thank you.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of Solara Active Pharma Sciences Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.