Communication Address:
Solara Active Pharma Sciences Limited
2nd Floor, Admin Block
27, Vandaloor Kelambakkam Road,
Keelakottaiyur Village, Melakottaiyur (Post)
Chennai – 600 127, India
Tel : +91 44 43446700
Fax : +91 44 47406190
E-mail : investors@solara.co.in
www.solara.co.in

January 24, 2025

The BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001

The National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (E), Mumbai – 400 051

Scrip Code: 541540, 890202 **Scrip Code: SOLARA, SOLARAPP**

Dear Sir / Madam,

Subject: Press Release

Please find enclosed herewith Press Release (along with Earnings Presentation) for the Board Meeting held on January 24, 2025 issued by the Company titled:

Solara Q3'25 performance

This is for your information and records.

Thanking you,

Yours faithfully,
For **Solara Active Pharma Sciences Limited**

SUDDAPALLI MURALIKRISHNA
Digitally signed by SUDDAPALLI MURALIKRISHNA
Date: 2025.01.24 16:43:54 +05'30'

S. Murali Krishna
Company Secretary

Encl. As above

SOLARA
Active Pharma Sciences

Press Release

Solara Q3'25 performance

- ***Gross Margins at 55%; at historical levels***
- ***Revenues at INR 3,018 Mn; +21 % YoY***
- ***Muted QoQ Revenue growth with a strong focus on margin expansion***
- ***EBITDA margins at 19.6%, up by 180 bps QoQ and significant improvement YoY***
- ***Maintaining full year FY25 EBITDA guidance of ~INR 2,300 to INR 2,600 Mn***
- ***Announces proposal to carve-out CRAMS and Polymer business along with Vizag facility into an independent Company***

Bengaluru, India – Jan 24, 2025: Solara Active Pharma Sciences Ltd (Solara) (NSE: SOLARA; BSE: 541540), a leading Active Pharmaceutical Ingredient / CRAMS company, today announced the financial results for the third quarter (Q3'25)

Financial Performance for Q3'25

Particulars (INR million)	Q3'25	Q2'25	QoQ%	Q3'24	YoY%	9M'25	9M'24	YoY%
Revenue	**3,018**	**3,472**	**-13%**	**2,492**	**21%**	**10,131**	**9,931**	**2%**
Gross margins	**1,673**	**1,754**	**-5%**	**324**		**5,048**	**3,481**	**45%**
Gross margins %	*55.4%*	*50.5%*	*490 bps*	*13.0%*		*49.8%*	*35.1%*	*1,480 bps*
EBITDA	**591**	**616**	**-4%**	**(1,612)**		**1,629**	**(1,012)**	**100+%**
EBITDA Margins %	*19.6%*	*17.7%*	*180 bps*	*-64.7%*		*16.1%*	*-10.2%*	
PAT	**81**	**80**		**(2,753)**		**26**	**(3,115)**	

Commenting on the financial performance, **Poorvank Purohit, MD & CEO of the Company, remarked,** *"We are pleased with our Q3 performance. While our Revenues are muted for the quarter, our relentless focus on profitable growth resulted in Gross margins of 55.4% reaching the historical levels. This initiative includes letting go off certain non-profitable businesses which were bringing down our margin profile.*

As an outcome of course correction measures, the Company is pleased to report an improved EBITDA margin of 19.6% inching closer towards the Q4 exit quarter guidance. Our ongoing actions on improving profitability through cost improvement programs, operating cost optimization, enhancing R&D productivity, optimizing working capital and debt will continue to yield benefits.

Our Regulated market revenues continue to be at 76% of total revenues. We are confident in continuing the growth momentum and are on track to continuously improve the quality of our earnings while strengthening our balance sheet."

More details are given in the Investor presentation.

EBITDA Reconciliation

Particulars (INR million)	Q3'25	Q2'25	Q3'24	9M'25	9M'24	FY24
Profit/loss) before exceptional items and tax	81	80	(2,126)	26	(2,538)	(2,976)
Add : Finance costs	265	283	254	857	744	1,048
Add: Depreciation and amortisation expense	245	253	260	750	781	1,033
Less: Interest income	-	-	(4)	(4)	(21)	(22)
Consolidated Reported EBITDA as per press release	**591**	**616**	**(1,616)**	**1,629**	**(1,034)**	**(917)**

Earnings Conference Call

The Company will conduct earnings call at **3.30 PM IST on January 24, 2025,** where the Management will discuss the Company's performance and answer questions from participants. To participate in this conference call, please dial the numbers below ten minutes ahead of the scheduled start time. The dial-in numbers for this call are **+91 22 6280 1346 or +91 22 7115 8247**. Please note that the conference call transcript will be uploaded onto the Company website in due course.

About Solara

Solara Active Pharma Sciences Ltd (BSE-541540, NSE-SOLARA), headquartered in Bengaluru, India, offers a basket of diversified, high-value Commercial APIs and Contract manufacturing services in over 73 countries. It has a manufacturing base comprising six globally compliant API facilities, with approvals including the USFDA, EU GMP, and PMDA in Japan.

Investor / Analyst contact

Abhishek Singhal
✉ abhishek.singhal@solara.co.in

Statutory and corporate affairs

Murali Krishna S
Raghavan. V
✉ investors@solara.co.in

Solara Q3'25 Performance

- Gross Margins at 55%; at historical levels
- Revenues at INR 3,018 Mn; +21 % YoY
- Muted QoQ Revenue growth with a strong focus on margin expansion
- EBITDA margins at 19.6%, up by 180 bps QoQ and significant improvement YoY
- Maintaining full year FY25 EBITDA guidance of ~INR 2,300 to INR 2,600 Mn
- Announces proposal to carve-out CRAMS and Polymer business along with Vizag facility into an independent Company

Safe Harbor

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

Solara continues to deliver on margin expansion theme

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Revenues

- Q3'25 Revenues at **INR 3,018 Mn**; **21%** growth YoY
- Revenues were down QoQ due to increased competition on Ibuprofen range of products and consequent to high focus on margin expansion thereby resulting in an improved Gross margin %
- Regulated markets contributed 76% of Revenues (66% in Q3'24)

Gross Margins

- Q3'25 Gross margins at **55.4%**; Significant improvement by 490 bps QoQ, **returning to historical levels**.
- Improved Gross margins driven by higher Regulated market mix and focus on profitable products

Cost Control Measures

- Tight control on Operating Costs
- Operating Costs at INR 1,082 Mn in Q3'25; **down by INR 379 Mn YoY** and **INR 56 Mn QoQ**

EBITDA

- Q3'25 EBITDA at **INR 591 Mn**; grown by 137% YoY and -4% QoQ;
- Q3'25 EBITDA margins at **19.6%**; Significant improvement of 180 bps QoQ, EBITDA expansion driven by improved Gross margins and tight control on Operating costs.
- EBITDA is **trending positively** towards the company's guided exit Q4 run-rate of 20-22%

Debt

- During 9M'25, we reduced our Gross debt from INR 9,994 Mn to INR 8,060 Mn; a reduction of INR 1,934 Mn
- Q3'25 annualised Net Debt to EBITDA (adjusted for the uncalled Rights issue) is at **~2.4 times.**

Compliance Updates

- 11 market extensions completed in Q3'25
- 6 key product approvals received in Q3'25

Solara continues to deliver on margin expansion theme

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Performance (INR In Million)

Reducing Operating costs

Gross Margins at historical levels

Particulars	Q3'25	Q2'25	QoQ%	Q3'24	YoY%
Revenue	**3,018**	**3,472**	**-13%**	**2,492**	**21%**
Gross margins	**1,673**	**1,754**	**-5%**	**324**	
Gross margins %	55.4%	50.5%	*490 bps*	*13.0%*	
Operating costs	**1,082**	**1,138**	**-5%**	**1,936**	**-44%**
EBITDA	**591**	**616**	**-4%**	**(1,612)**	
EBITDA Margins %	19.6%	17.7%	*180 bps*	-64.7%	
PAT	**81**	**80**		**(2,753)**	

PAT positive

EBITDA margins trending positively towards the guidance

Poorvank Purohit,
MD & CEO

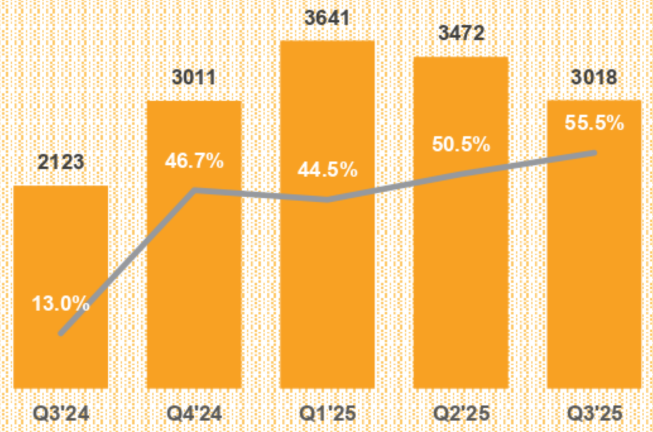
We are pleased with our Q3 performance. While our Revenues are muted for the quarter, our relentless focus on profitable growth resulted in Gross margins of 55.4% reaching the historical levels. This initiative includes letting go off certain non-profitable businesses which were bringing down our margin profile.

As an outcome of course correction measures, the Company is pleased to report an improved EBITDA margin of 19.6% inching closer towards the Q4 exit quarter guidance. Our ongoing actions on improving profitability through cost improvement programs, operating cost optimization, enhancing R&D productivity, optimizing working capital and debt will continue to yield benefits.

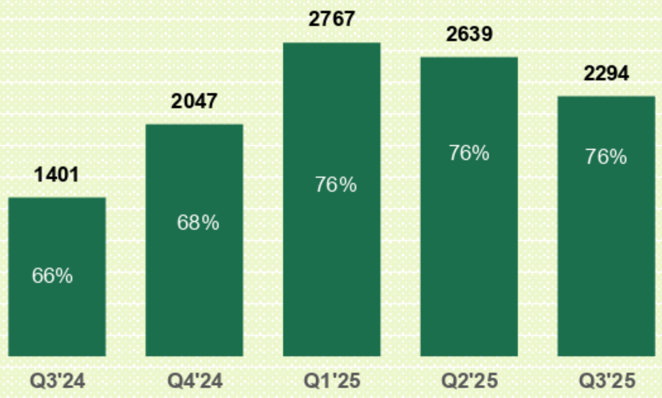
Our Regulated market revenues continue to be at 76% of total revenues. We are confident in continuing the growth momentum and are on track to continuously improve the quality of our earnings while strengthening our balance sheet.

Improved Quality of Earnings, Margin Expansion and Operating Cost Reduction

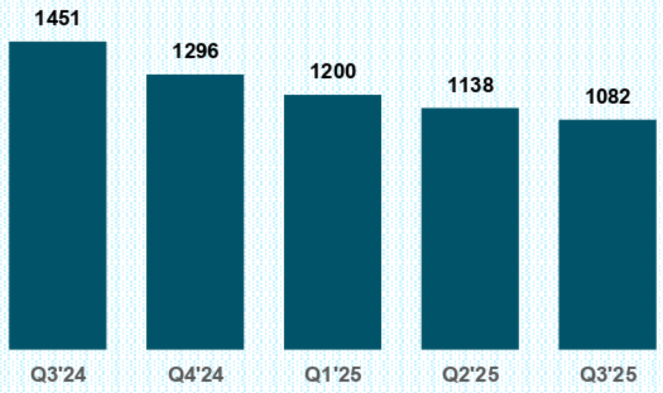
Revenues (INR Million) and Gross Margins (%)



Regulated Market Revenues (INR Million)



Operating Cost (INR Million)



- Improved margin profile on account of profitable products.
- Improved quality of earnings over the last four quarters with more focus on Regulated markets.
- Optimum product mix and customer mix with sustained Regulated Market revenues at 76% of total Revenues.
- Focus on Cost control and Cost Improvement programs through alternate vendors to achieve improved COGS.
- Significant operating cost reduction over the last four quarters leading to opex leverage.

Q3'25 and 9M'25 Performance

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Q3'25 QoQ and YoY Performance (INR In Million)

Particulars	Q3'25	Q2'25	Change	Q3'24	Change
Revenue	**3,018**	**3,472**	**-13%**	**2,492**	**21%**
Gross Margins	**1,673**	**1,754**	**-5%**	**324**	
Gross margins %	55.4%	50.5%	490 bps	13.0%	
Operating cost	**1,082**	**1,138**	-5%	**1,936**	-44%
EBITDA	**591**	**616**	**-4%**	**(1,612)**	**100+%**
EBITDA Margins %	19.6%	17.7%	180 bps	-64.7%	
Exceptional items (gain)/loss	-	-		627	
Depreciation	245	253		260	
Finance cost (net)	265	283		254	
Tax	-	-		-	
PAT	**81**	**80**		**(2,753)**	

- Regulated market constitutes 76% of our total revenues (Q2'25 - 76%; Q3'24 – 66%)
- Gross margins at 55.4%, up by 490 bps QoQ driven by Product mix change, improved Regulated market mix and our continued focus on profitable products and cost improvement programs.
- EBITDA margins at 19.6%, up by 180 bps QoQ and significant improvement YoY

9M'25 YoY Performance (INR In Million)

Particulars	9M'25	9M'24	Change
Revenue	**10,131**	**9,931**	**2%**
Gross Margins	**5,048**	**3,481**	**45%**
Gross margins %	49.8%	35.1%	1,480 bps
Operating cost	**3,419**	**4,493**	**-24%**
EBITDA	**1,629**	**(1,012)**	**100+%**
EBITDA Margins %	16.1%	-10.2%	
Exceptional items (gain)/loss	-	680	
Depreciation	750	781	
Finance cost (net)	853	744	
Tax	-	(102)	
PAT	**26**	**(3,115)**	

- Regulated market constitutes 76% of our total revenues (9M'24 – 70%)
- Gross margins at 49.8% up by 1,480 bps YoY
- EBITDA margins at 16.1% significant improvement YoY
- Our ongoing actions on improving profitability through cost improvement programs, operating cost optimization, enhancing R&D productivity, optimizing working capital and debt will yield benefits in the coming quarters.

Update on Q4'25 and FY25 Guidance

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	FY25 Guidance	9M'25 Performance	Update on FY25 Guidance
Revenue	₹ 15,000m+	₹ 10,131m	Revenue trending lower than guidance due to increased competition on Ibuprofen range of products and the shift of Company's focus to higher margin products
EBITDA	₹ 2,300m-₹ 2,600m	₹ 1,629m	In line with guidance
EBITDA margins	15%-17%	16.1%	In line with guidance

	Q4'25 Exit Quarter Revised Guidance	Q3'25 Performance	Revised Q4'25 Exit Quarter Guidance
Revenue	₹ 3,400m- ₹ 3,600m	₹ 3,018m	Revising guidance downwards from INR 4,000 million to INR 3,400 to 3,600 million on account of continued price pressure on Ibuprofen and consequent shift of focus towards profitable higher margin products.
EBITDA	₹ 700m-₹ 800m	₹ 591m	Revising guidance downwards by INR 100 million driven by revised revenue guidance
EBITDA margins	20%-22%	19.6%	In line with guidance
Net Debt to EBITDA	<2.5 times	~2.4 times	In line. The Net Debt to EBITDA (adjusted for the uncalled Rights issue) has significantly improved from ~6 times in FY23 to less than 2.5 times in Q3'25.

Our Focus remains on strengthening the Balance Sheet

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Sources of funds (INR In Million)

Particulars	Mar'24	Dec'24
Shareholders' funds	9,339	10,961
Less: Goodwill	-3,651	-3,649
Net worth	**5,688**	**7,312**
Term Loan	2,391	1,545
Working capital Loan	7,603	6,515
Gross Debt	**9,994**	**8,060**
Total	**15,682**	**15,372**

Use of funds (INR In Million)

Particulars	Mar'24	Dec'24
Net Tangible Fixed Assets	11,166	10,857
Net Non-current Assets	1	(142)
Net Current Assets	4,515	4,657
Total	**15,682**	**15,372**

Net Debt (INR In Million)

Particulars	Amount (Rs. Mn)
Gross Debt as on 1.4.2024	**9,994**
Less: Repayment from operations	(748)
Less: Repayment from Rights issue application money	(1,186)
Gross Debt as on 31.12.2024	**8,060**
Less: Repayment for rest of the year	(247)
Less: Uncalled Rights issue money in which 75% will be used for debt repayment	(2,216)
Net Debt by end of FY25 after adjusting for Uncalled Rights issue money	**5,598**

- During the quarter, we reduced our Gross debt from INR 9,994 Mn to INR 8,060 Mn; a reduction of INR 1,934 Mn.
- Out of the total Rights issue of INR 449.95 Crores, INR 157.48 Crores was received by way of Application money. 75% of the Rights money was obligated to be used for repayment of existing debt. Accordingly, the Company had repaid INR 1,186 Mn towards repayment of existing debt from the Rights issue. The balance amount of debt reduction of INR 748 Mn was repaid from the normal business operations.
- After adjusting for the uncalled Rights Issue money in which 75% will be used for debt repayment (INR 2,216 Mn), our targeted net debt by end of FY25 will be at ~INR 5,600 Mn.

Adjusted Net Debt to EBITDA (adjusted for the Uncalled Rights issue money) trending at ~ 2.4 times based on Q3'25 EBITDA exit run-rate.

Demerger of the CRAMS and Polymers business from the Generic API business ("Catalog API Business")

- Subject to Shareholders and other statutory approvals, the Company intends to carve-out the CRAMS and Polymers business, estimated at **INR 1,200 million of FY25 revenues**, from Catalog API business on account of significantly different value drivers for each business.
- This initiative will enable differentiated and improved focus on the newly created business.
- The Company shall invest and **grow this business to size in 4-5 years** thereby unlocking significant shareholder value.
- The Catalog API business will benefit by having a stronger Balance Sheet with the **transfer of INR 2,000 million of debt** to the new Company and a higher ROCE & ROI.
- Consequent to the Rights issue and the restructuring of the business, **the net debt on the Catalog API business will be estimated at INR 3,000 million** (**estimated Net debt to EBITDA at ~1.5**)
- The existing shareholders of Solara shall receive proportional shareholding in the new Company.
- The technology capabilities built over multiple decades at Solara will provide a head start as we build out the new company.
- The Vizag site will exclusively support the growth of the CRAMS platform.
- **Board has given in-principle approval for the above proposal**

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Thank you