



“Solara Active Pharma Sciences Limited
Q3 FY2019 Earnings Conference Call”

January 31, 2019



MANAGEMENT:

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*Solara Active Pharma Sciences Limited
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Moderator: Ladies and gentlemen, good day and welcome to the Solara Active Pharma Sciences Limited Q3 FY2019 Earnings Conference Call. As a reminder all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Abhishek Singhal. Thank you and over to you Sir!

Abhishek Singhal: 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 third quarter ended financial year 2019. Today, we have with us Mr. Jitesh Devendra – Solara's Managing Director and Mr. Hariharan – CFO to share the highlights of the business and financials for the quarter.

I hope you have gone through our results release and the quarterly investor presentation, which have been uploaded on our 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 maybe 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 hand over the call to Jitesh to make some opening comments.

Jitesh Devendra: Good afternoon everyone. Thank you for joining us in the earnings call. To begin with I am happy that we have reported yet another healthy quarter. Our business grew by 5% in revenues and 33% in EBITDA compared to previous quarter and 53% in revenues and 186% in EBITDA compared to the same quarter previous year.

If you read out our commentary in the press release, our growth has primarily been a result of continued growth in the base business and a steady offtake in the new launches, which we had in the H1. We have had another launch in Q3 2019 thereby taking the new launch tally to three new products for FY2019. We have also filed three new DMFs in the third quarter taking a total four DMFs filed in nine months of FY2019.

This gives a good visibility of the growth pipeline for the future. We have had zero 483s in the recent inspections of our research center in Chennai and our manufacturing facility based in Ambernath.

I am pleased to share that the promoter group along with TPG growth have reposed their faith in our long-term growth strategy and our intent to build Solara into a global API

major. Promoters group and TPG group both have agreed to infuse an aggregate capital of Rs.4600 million over a period of 18 months. The infusion by the promoters and TPG growth comes in at a premium of 16% and 45% to the SEBI floor price respectively.

The capital will be utilized for setting up of Greenfield facility to cater the growing demand of our base business, which is supported by long-term contracts, backward integration of our key APIs as well as manufacturing of advance stage intermediates, inorganic opportunities and debt reduction.

We consider this as a comforting move as we are charting the course for the next level of growth for Solara. We believe the fourth quarter of the company will be similar to our reported performance in the Q3 and this clearly indicates that we are ahead of our plans in achieving profitable growth. We maintain our earlier guided revenue CAGR growth of mid-teens and EBITDA CAGR growth of high-teens on current fiscal FY19.

With that said, I would request moderator to open the floor for Q&A.

Moderator: Thank you very much Sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Amey Chalke from HDFC Securities. Please go ahead.

Amey Chalke: Thanks for taking my question. Sir, I have two questions, first we have been delivering good topline growth over last three quarters. I wanted to understand, how much of it is driven by Ibuprofen or how much of it is driven by the new product launches, which have happened recently, if you can give some colour on that front?

Jitesh Devendra: We do not give product specific growth guidance, but as I said our base business, which includes our current commercial APIs compared to the previous quarter, it has grown by 3% and new products, which we have launched has grown by 2% compared to the previous quarter.

Amey Chalke: Are we disclosing these new products and what is the definition of these new products like is it a last two year filings or like, how it is?

Jitesh Devendra: So, the new product means what has been commercialized in this financial year.

Amey Chalke: So, that has contributed 2% jump sequentially, what you are saying?

Jitesh Devendra: Yes.

Amey Chalke: The fund-raising activity, which we are doing around Rs. 460 Crores, which we are raising, how much of it will go to debt reduction and how much of it will go to investment purpose?

Jitesh Devendra: We are not giving a breakup of how this fund of Rs. 460 Crores is going to be broken on into the four areas what I have mentioned, but definitely some portion will be going for a debt reduction.

Amey Chalke: When we have said that there is a Greenfield facility expansion, which we are planning, but I believe you have already taken one plant from Strides, so if you can give more colours in which areas we need to expand our capacity in the API side?

Jitesh Devendra: The Greenfield manufacturing site is for growth of our existing commercial products. The Ambernath facility what we have acquired from Strides is being utilized for all the new product launches. We have had a successful US FDA inspection with zero 483, so there would be new APIs, which will be commercialized from the Ambernath API facility.

Amey Chalke: But what is the capacity utilization for our current plant and basically, I want to know the need of the new plant, which we are proposing to add with these funds?

Jitesh Devendra: So, the new plant, which we are planning to add is for our commercialized APIs. For that the current capacity what we have today, we are already running at about 90% and that is well contracted with new contracts, which we have been able to secure for our current APIs hence the reason why we are setting up a Greenfield manufacturing facility. This Greenfield manufacturing facility is a multipurpose facility and is just not dedicated to one API.

Amey Chalke: One more thing on the Ibuprofen front, I believe we have been one of the market leaders in this API and we must be having some long-term contracts with the few players, is that so that at this point of time or at the beginning of this year, these contracts were at not at the market rate and now these contracts are moving towards the market rate and that is also helping us in terms of high realization?

Jitesh Devendra: On the Ibuprofen front, we have always had long-term contracts given that we have been one of the market leaders in ibuprofen and manufacturing this API for 30 plus years. As far as the price realization goes, yes, it does reflect all the raw material price increase what we had, so Ibuprofen is just one of those APIs where we had improved pricing due to higher input cost.

Amey Chalke: Thanks for taking my question. If I have more questions I will join back the queue.

Moderator: Thank you. The next question is from the line of Subrata Sarkar from Mount Intra Finance. Please go ahead.

Subrata Sarkar: Sir, few questions, first can you help us with the current debt figure?

Jitesh Devendra: Current debt figures?

Subrata Sarkar: Yes, long-term and the working capital?

Hariharan S: The long-term is Rs. 323 Crores and short-term is Rs. 340 Crores. Total Debt is Rs. 663 Crores.

Subrata Sarkar: Thank you. Sir, just I understand we do not share much information on Ibuprofen, but can we get a simple measure like on a year-on-year basis in the market or what is the growth in the Ibuprofen price right now compared to same quarter of last year and like that, any ballpark understanding on that, Sir?

Jitesh Devendra: We will not be able to comment on the price.

Subrata Sarkar: The general market condition?

Jitesh Devendra: Sorry.

Subrata Sarkar: General market condition Sir, not regarding our contracts?

Jitesh Devendra: I will not be able to comment on the competitors, but we have seen a price increase as I said just not on Ibuprofen, but most of our commercialized APIs and the market for Ibuprofen itself is growing at a rate anywhere between 3% and 5% on a volume basis year-on-year.

Subrata Sarkar: Perfect Sir, no issue. Thank you for sharing this. Sir, just another question like out of this 460 Crores, we will be investing a significant amount on this new facility, so like new facility will be entirely equity funded or we will take new long-term debt for that number one and number two, whether the new facilities is for base business or only for new API or we will be getting only for new API and not for the base business, say any colour on that?

Jitesh Devendra: The new facility will cater the base business as soon as the existing product growth, so to start up the Greenfield facility will cater to our growth in our base business as I also mentioned that this will be a multipurpose API facility, which allows us to manufacture many APIs and as we are filing new DMFs year-on-year, we do see that in future the Greenfield site will also cater to the manufacturing of new APIs.

- Subrata Sarkar:** That is all from my side now. I will again come back to the queue.
- Moderator:** Thank you very much. The next question is from the line of Vineet Gala from Pantomath Asset Management. Please go ahead.
- Vineet Gala:** Sir, just a follow-on question, what you reply to the first participant, is the price hike in Ibuprofen only to the extent of cost increase that we are taking?
- Jitesh Devendra:** Yes, the cost increase in the raw material as well as we operate a zero liquid discharge in our facility, so whenever there is an increase in the operating cost, we have been able to pass it on as a price increase. The way we grow our business is on a very sustainable business model and having contracts with our customers on a long-term basis. We are not looking out for short-term opportunity where we are able to get the price increase and then in future the business model is unsustainable. We build it on a sustainable pricing model and that has been really appreciated by our customers on most of the products where we have taken a price increase.
- Vineet Gala:** Sir, are we saying that we are participating fully in the short-term price increase?
- Jitesh Devendra:** That is not the way we look at doing our business because what is short-term will not be sustainable on a long-term basis and given that the China situation has created most of these issues, but we do see that China also will come back and it is not that they are going to go away.
- Vineet Gala:** Fair enough, Sir in terms of intermediate, how much do we depend on imports or outside intermediate as compared to what we produce in-house?
- Jitesh Devendra:** 30% of our raw material requirements being imported from China.
- Vineet Gala:** So, China is the only place of imports or there are any other geographies from which we are trying to import?
- Jitesh Devendra:** China is the major place of import and other imports are from Europe, 5% come from the other place.
- Vineet Gala:** Also, in terms of how much are we spending in terms of total capex this year?
- Hariharan S:** As we indicated earlier we will be spending around 100 Crores in the current year and 50 Crores towards the maintenance capex and 50 Crores towards the plant capacity modification and expansion capex.

- Vineet Gala:** And this does not include the capex to be done for CRAMS right?
- Jitesh Devendra:** This year we are not planning any capex on the CRAMS.
- Vineet Gala:** And during the next two to three years, how much are we planning to spend on CRAMS?
- Jitesh Devendra:** That is still in internal discussion, as one of the points what I have mentioned is we are looking at inorganic opportunities and that could be in the area of CRAMS.
- Vineet Gala:** Fair enough. Sir, two bookkeeping questions, how much total accumulated losses do we have for tax returns?
- Hariharan S:** The accumulated loss as of last financial year based on the tax returns is nearly Rs. 172 Crores.
- Moderator:** Thank you. The next question is from the line of Runjhun Jain from Nirmal Bang Securities. Please go ahead.
- Runjhun Jain:** Thank you. I might be new to the company, so this might be a very basic question. First, how many total products we have commercialized in the market as of now?
- Jitesh Devendra:** So, total commercialized APIs is about 50 plus and top 10 products contribute to 78% of our sales.
- Runjhun Jain:** Just one clarification, you are saying that the price hike you have taken in Ibuprofen is due to the increase in the raw material prices, but you have not taken the benefit of the short-term opportunity?
- Jitesh Devendra:** Yes.
- Runjhun Jain:** Thank you so much.
- Moderator:** Thank you. The next question is from the line of Vipul Shah from Ripple Wave Equity. Please go ahead.
- Vipul Shah:** Couple of questions from my side. Basically, this Greenfield, which has been announced today, if you can give some colour as to where will let be situated?
- Jitesh Devendra:** We are looking at setting up this Greenfield facility in Andhra Pradesh in a place called Atchutapuram about 20 km to 25 km north of Vizag.

- Vipul Shah:** That is helpful. Obviously we had question, how much of the fresh allotment is going to be used for debt reduction, but I believe you answered the earlier question that you are not disclosing at this moment, one question, which I had was in the last call you had mentioned that 39% of the raw material comes from imports and whereas now I believe you have mentioned 30%, so is the understanding correct that close to 10% of your raw material has now been substituted and you are procuring it locally?
- Jitesh Devendra:** So, 30% is from China and 5% is from other countries, which we import, so it is about 35%.
- Vipul Shah:** Thank you.
- Moderator:** Thank you. The next question is from the line of Nikhil Oswal from Stallion Asset Management. Please go ahead.
- Nikhil Oswal:** Thanks for the opportunity. I have a few questions since I joined call little late, I might have missed out on this, can you just tell me the current debt level that we have after some debt reduction that we have done in this quarter?
- Jitesh Devendra:** The debt as of December is long-term debt is Rs. 323 Crores and working capital is Rs. 340 Crores. Total Debt is Rs. 663 Crores.
- Nikhil Oswal:** Fine, so out of this fund that we are raising 460 Crores, how much are we going to do for the Greenfield expansion any breakup that you all have done?
- Jitesh Devendra:** We are not sharing breakup, but we did mention what will be the capital used for as we said in our openings remarks, we will be using this capital for this Greenfield facility as well as setting up a backward integration for our key APIs, certain inorganic opportunities as well as debt reduction.
- Nikhil Oswal:** Another is on the margin front, we have increased our margin to 21%, so can you just throw some colour on what would be our sustainable margin since we are not passing on the entire price hike, so can you tell me?
- Jitesh Devendra:** This 21% is the operating EBITDA margin, post R&D is close to around 18% or so.
- Nikhil Oswal:** Yes 18.2%, so we can see some more incremental margins, or these are the sustainable margins?
- Jitesh Devendra:** So, these are sustainable margins. As I said you know we are not looking at any short-term opportunities here, so the pricing also what we have built out is more on a sustainable basis.

Nikhil Oswal: How much is the growth coming in from the price increase from our base business can you just tell me?

Jitesh Devendra: So, base business is contributing on the growth. From Q2 to Q3 where we had a 5% growth in revenues, 3% growth is coming from our base business and 2% from our new products.

Nikhil Oswal: Thank you. That is all from my side. Thanks a lot.

Moderator: Thank you. The next question is from the line of Sachin Kasera from Lucky Investments. Please go ahead.

Sachin Kasera: Sir, what is the current utilization of the existing capacities?

Jitesh Devendra: On the overall if you look at our manufacturing facilities what we have it is in the range of 85% to 90%.

Sachin Kasera: What is the type of peak revenues we can achieve from the existing capacity excluding the Greenfield that we are planning to do?

Jitesh Devendra: We are looking at asset turns of 1.5 to 1.7 times.

Sachin Kasera: With the existing assets?

Jitesh Devendra: We are already about 1.4, 1.5 times, so we are looking at how best we improve our product mix in our current facilities what we have and one more thing I would like to highlight is Ambernath is still not reached out this peak capacity given that we have acquired Ambernath in September and with the US FDA inspection what we had in this month, we are looking at new product launch is coming also from Ambernath.

Sachin Kasera: Sir, can you comment little bit on the Return on capital employed that we are looking for the new as well as for the existing operations, how do we see that improving over the next two to three years?

Hariharan S: It will be in the high-teens.

Sachin Kasera: Thank you very much Sir.

Moderator: Thank you very much. Next question is from the line of Vijay Khetan from Param Capital. Please go ahead.

- Vijay Khetan:** Sir, how do you see the China pricing improving and availability of both intermediates and the API during the last few months and how do you foresee going ahead?
- Jitesh Devendra:** First, the availability is concerned from China, yes, we must be on top of this, but what we have done is we have started to qualify local sources where we have some dependence on China. As of now we have not had any supply disruption other than the price increases what we had on some of the key raw materials we buy and to mitigate that is why we are qualifying local sources.
- Vijay Khetan:** How do you foresee it going ahead?
- Jitesh Devendra:** We have good relationship with China, but we do see that on one of key intermediate what we buy from China, we will see that some of the players who have discontinued will come back with that capacities over the period of next six to nine months.
- Vijay Khetan:** Thank you. That's it from my side.
- Moderator:** Thank you. Next question is from the line of Deepak Jain from Progressive Shares. Please go ahead.
- Deepak Jain:** Thanks for taking my question. Fantastic quarter numbers and congratulations to the management team for that. Just I have a couple of questions, the first one is, this new Greenfield facility in Andhra Pradesh, when do you expect that to be commercial and what sort of peak sales do you anticipate please?
- Jitesh Devendra:** We do not give revenues or breakup for our facility, but as I did mention that our asset terms are what we are looking at 1.5 to 1.7 times, we are estimating that the commercialization from this facility should happen in mid 2020.
- Deepak Jain:** Calendar year 2020 mid?
- Jitesh Devendra:** Yes.
- Deepak Jain:** Have you already started the construction because you would be first constructing the facility then there would be validation batches filings and regulatory approvals, etc., so do you expect all these to be done and dusted in two year's time or make it less than two years, because you said middle of the calendar year 2020, so which is about 15 months from now?
- Jitesh Devendra:** Yes, it is just aggressive timeline, but given that we know the manufacturing process of our existing APIs, we feel confident that we will be able to achieve that.

- Deepak Jain:** In 15 months you expect the facility to be constructed and validation batches taken up for filings and approvals, everything you expect to be there in 15 months?
- Jitesh Devendra:** No, approvals will take longer, but when we do have markets where we do not have to wait for approvals and we can start selling our APIs.
- Deepak Jain:** Right, but those would not be the regulated market, so you would be selling them at a lower margin presumably?
- Jitesh Devendra:** We have one quality policy across our organization, so from a pricing point of view, we do not see any big difference in what we sell to RoW market versus a regulated market.
- Deepak Jain:** Right, so you expect the same sort of margin profile from let say an African country vis-à-vis US?
- Jitesh Devendra:** Yes, for the APIs what we are initiating from the Greenfield site.
- Deepak Jain:** Right, that is good to know and just one more quick question if I may. I think you have kind of answered this, but you just said that the China API advantageous kind of looking short-term in the sense of that the supplier who are currently not producing will start producing Ibuprofen and other sort of commoditized APIs over the next six to nine months, what sort of long-term sustainable landscape do you see for the Indian API sector, because this sector was completely bombed out up until last year or so, but now there are signs of some green shoots if you like so is that going to be sustainable may be not at the rate of Ibuprofen margins, we all understand that, but do you expect this renewed manufacturing thrust in India for APIs, do you find, I guess your answer is yes, because you have just announced the brand new Greenfield facility, so you are optimistic right?
- Jitesh Devendra:** Absolutely.
- Deepak Jain:** I think you reckon this will be sustainable over the long-term let us say 5 to 10 years sort of period and the MNCs and other innovators or may be generic companies will look at a sort of a second source if not their primary source as India?
- Jitesh Devendra:** The current product mix and the way we have gone about approaching all these prices with our customers, I can comment for Solara is we have been awarded with long-term contracts as well as new products with our existing customers.

- Deepak Jain:** Sure, and then on the CRAMS side the new R&D development that you are doing, so you have increased your R&D investments, those would be for the innovators right, so those I expect would be the on patent APIs when they get commercialized and that would be a longer phase I, II, III sort of all the way to the commercial right, so some of them is not all would be non-generic or new chemical entities right?
- Jitesh Devendra:** Right now, our R&D spend is more for filing of generic APIs. We have initiated our efforts on the CRAMS business and we hope that with current infrastructure what we have and if there is any potential inorganic opportunity on the CRAMS, we will be doing contract research as well as contract manufacturing for the innovator companies for molecules, which is still in clinical trials or which are still under patent.
- Deepak Jain:** Right, that is good. Thank you and all the best.
- Moderator:** Thank you. Next question is from the line of Lavita Lasrado from Athena Investment. Please go ahead.
- Lavita Lasrado:** Thank you for opportunity. Some of my questions were answered previously. So, one question is, so this new Greenfield capacity, which is getting operational, what margins do we expect going ahead or the new APIs?
- Jitesh Devendra:** We do not give margin breakup by our facilities.
- Lavita Lasrado:** I need the expected margins from the new APIs like can we expect similar 18% to 19% EBITDA margins?
- Jitesh Devendra:** Yes, a mix of a base business and the new APIs, yes.
- Lavita Lasrado:** So, my other question is what is our market share in Ibuprofen?
- Jitesh Devendra:** We will not be able to comment on that, but we are one of the largest manufactures of Ibuprofen globally.
- Lavita Lasrado:** Are we close to 20% to 30% share?
- Jitesh Devendra:** I am sorry, but we will not be able to comment on that.
- Lavita Lasrado:** Also, about the market size, can you talk about the market size of Ibuprofen?

Jitesh Devendra: We believe the market size of Ibuprofen is anywhere in the range of 30000 to 35000 metric tonnes globally.

Lavita Lasrado: So, that is the production, right?

Jitesh Devendra: That is the demand of Ibuprofen, which is consumed in various dosage forms.

Lavita Lasrado: Would you be able to tell about the production?

Jitesh Devendra: No.

Lavita Lasrado: Thank you.

Moderator: Thank you. The next question is from the line of Amey Chalke from HDFC Securities. Please go ahead.

Amey Chalke: Thank for giving me the opportunity. I have two questions, first is related to Ambarnath plant, I believe you just said that the plant has been taken from Strides in September month, so I believe there must be some supply is going in from that plant at that point time, so how much would be the contribution in this quarter from Ambarnath plant and the second question is related to our recent filings, are you seeing some the DMF filings we could have a CGT potential for our partner, so what I want to ask is, what is the business over there and is there any profit share agreement with our partners for those kind of opportunities?

Jitesh Devendra: The first question, we will not be able to give how much this Ambarnath contribute, as I said we do not give manufacturing facility wise, but what I can definitely say is that with the recent FDA inspection we had for the Ambarnath API facility, we will be seeing the utilization of Ambarnath facility going up, because as of now we have been doing new product filings from Ambarnath as well as there has been legacy contracts for supply of APIs with Perrigo. On your second question, some of the APIs, which truly niche in nature we do have a profit share arrangement with our partners.

Amey Chalke: Is it 50:50 or you think we are on lower side in terms of contract?

Jitesh Devendra: No, for an API it is not going to be 50:50, if we get 50:50 it will be great.

Amey Chalke: The third question is related to this Ambarnath only, if you can provide any details of what kind of products you manufacture in Ambarnath?

Jitesh Devendra: I am sorry. I am not able to give you our product topline.

- Amey Chalke:** No issues. Thank for taking my questions. All the best.
- Moderator:** Thank you. Next question is from the line of Kunal Randeria from Antique Stock Broking. Please go ahead.
- Kunal Randeria:** Good afternoon. Thanks for taking my question. My first question is regarding the DMF filing, so just had a cursory look at the filings and I actually see a marked shift in the kind of filing that we have made, so some of the recent filings of those which do have, a lot of competition while as historically we have gone for more like mass products, so is it a strategic shift in the kind of filings and do we should expect more the same going forward?
- Jitesh Devendra:** Yes, there is a strategic shift Kunal and you're right, as I said in our R&D portfolio we do not look at molecules, which have an NCE minus one opportunity as well as those APIs, which are already genetic in nature, but there is scarcity in terms of supply where there are limited DMF players, so our products selection process is a very robust in nature, so we are not looking at mass products and just join the volume game away.
- Kunal Randeria:** Going forward, we should expect more of the same?
- Jitesh Devendra:** Yes.
- Kunal Randeria:** Secondly, just on the guidance, so we had a very good in second quarter and even better third quarter, so at the end of the second quarter I remember that we did not really raise the guidance, but now we have actually given the guidance for the fourth quarter and expected to be as good, so I am just wondering what has changed in the last three months?
- Jitesh Devendra:** As I mentioned in my Q2 call itself that I will be in a better position to guide for the Q4 once we complete the Q3 and yes, we are in a better position today and we are giving a guidance for Q4, which would be in similar lines of Q3 because there is sustainability in terms of our product supplies what we do as well as the new products what we have launched in the first half, we are seeing a steady offtake for those APIs.
- Kunal Randeria:** Right and just lastly just for my knowledge, when you launch a new product is the revenues are a lot front ended for initial launch quantities for the formulation player you supply more and then it is not in future?
- Jitesh Devendra:** Of course when we are looking at new launch quantity, customers will buy more in terms of stocking, so they are able to service the market place better and that is why we ensure that this is not one of our kind and it is sustainable over the months what we servicing the

market place and given that we have had two new launches in the Q1 itself and now it is a steady flow of the demand what we have.

Kunal Randeria: Thank you for taking my question and all the best.

Moderator: Thank you. The next question is from the line of Tushar Manudhane from Motilal Oswal Asset Management. Please go ahead.

Tushar Manudhane: Sir, just would like to understand one thing as of now that there would be very few DMF filers for the product for which Solara has filed, but given the time span the formulator getting ANDA approval at least for US market or for any other regulating market at least two to three years and within that timeframe we are not sure whether the other companies might enter or not so basically is there a complexity in this manufacturing of such API or is the cost efficiency for such API, what is the philosophy for us to select the product?

Jitesh Devendra: It is a mix of both, so there is a complexity in the APIs and especially when we look at the NCE minus one type of opportunities, we do have products which enables our partners to be able to file the ANDA on the NCE minus one as well as on the APIs, which are already generic in nature while there is a scarcity in terms of supply, but we still look at what are the cost efficiencies we can bring into those APIs, so it is a mix of both.

Tushar Manudhane: As of now is there any product where we have a profit share or as of now we have most of them with the cost-plus markup basis products?

Jitesh Devendra: We will see many APIs in the near future, which will come with the profit share.

Tushar Manudhane: Lastly just on Ibuprofen it seems some of the competitor might re-enter the market may be like 2, 4, 5 months down the line, so do we see the price is cooling off again or you think the prices to remain steady based on the kind of quality we deliver?

Jitesh Devendra: It is sustainable for us and most of our business is a contracted business with long-term contracts.

Tushar Manudhane: Effectively the re-entering of the competitor is going to be difficult, so how long this contract range typically?

Jitesh Devendra: The contracts would range anywhere between 3, 5 and 7 years.

Tushar Manudhane: Thanks a lot.



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Moderator: Thank you very much. Due to time paucity that was the last question. I now hand the conference over to the management team for closing comments. Over to you!

Jitesh Devendra: Thank you everyone for joining our earnings call. We look forward taking to you in the next call. Thank you.

Moderator: Thank you very much members of the management. Ladies and gentlemen, on behalf of Solara Active Pharma Sciences Limited that concludes today's conference call. Thank you for joining us. You may now disconnect your lines.