Twitter Thread by The Tycoon Mindset

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@tycoonmindset05

Solara Active Pharma Science con call was today at 3:30 PM.

@Gautam__Baid @unseenvalue @drprashantmish6 @rdkriplani

Here are the key takeaways of the call. ■■

Business Updates:

• Speed of filing products has been increased. Filed 5 new DMFs – 3 in US and 2 in EU
• Currently ramping up the facility in VIZAG with strong customer attraction, and will be commercialized as planned in Q3
• VIZAG EBIDTA growth guidance changed to 40%+ YoY

• Growth Driver: Broad based growth in other products and Vizag.

• PLI: Company has filed Mysore for PLI scheme for 1 molecule.

• Technology: Company is about to complete its 2 out of 3 technology, which will enhance efficiency for Solara.

Demand in some of sectors is moderated:
• Mgmt expected moderation in demand, hence company has taken necessary steps for those products.

Gross Margins:
• It was down a bit due to product mix however.

Fiscal 2022:
• Solara has grown in regulated market space.
• Vizag will kick in. CRAMS will support tailwind.
• Most of the CRAMS is commercial API.

• Most of the product is expected to be stable both in term of demand and price in the coming few quarter

Vizag:
• As the company is ramping up production facility, hence current utilization is around 1/3.

Price:
• Some market company is seeing pricing pressure, but where the major market of Solara is there is no strong pricing pressure.

Investment in Vizag:
• 3600 Tone in phase 1. Phase 2 will be multi-product. This will help mgmt in entering new market for Ibuprofen, as currently company has capacity constrain, which will be served by Vizag facility.

Q from @unseenvalue sir
Solara's Action post warning letters Cuddalore:
• As it was OAI, there won't be any production issues, and co. don't expects any regulatory issues.
• Company has now started with cloud reporting and all the products being registered to the US regulatory.

Gross margins:
• Company is well position in terms of customer, R&D, hence over long term it would be favorable, while in short term, margins are still in close eyes of management.

• Quite positive with strong with demand from the customer for molecule

New products:
• Large scale production, higher margins, better market share

Growth over next 3-5 year: Base molecules expected to deliver good growth, CRAMS (huge head room for space and New molecules is projected to deliver good growth over the next 4-5 years.

• Cash Flow will invested in the growth prospect only with little change over borrowing expected.
• Working Capital has remain same in the past few quarters with a little increase in sales. Receivable from the government is expected to be normalize.