

IOL Chemicals set to enter Europe

Sets aside Rs 200 cr for expansion

Mithun Roy. Mumbai

IOL Chemicals and Pharmaceuticals Ltd, the Punjab-based Rs 250 crore manufacturer of industrial chemicals and drugs, is foraying into European market. It has embarked on an expansion with a capital expenditure about Rs 200 crore.

The company is expanding its existing capacities of acetic acid from 50,000 (tonnes per annum) TPA to 66,000 TPA; acetic anhydride from 12,000 TPA to 18,000 TPA and Ibuprofen from 3,600 TPA to 7,200 TPA to meet the rising demand.

It is a major supplier of Ibuprofen, a painkiller, with customers in India, Africa, South-east Asia and the Middle East. It is also setting up another cogeneration plant with capacity of 10 MW in addition to the existing cogeneration plant of 4 MW capacity.

The company has already appointed technical consultants for implementation for the projects and all the facilities will come up by 2009.

In September, the \$2 billion Mauritius-based foreign institutional investor Indiastar had picked up 18.5% of the equity stake in IOL Chemicals.

Sources said that IOL Chemicals and Pharmaceuticals has lined up more infusions of funds by investors and is in parleys with banks.

Varinder Gupta, managing director, IOL Chemicals & Pharmaceutical, said: "The capex is being partly funded by the equity, term loans and internal accruals. At present, the technical discussions with various equipment supplier are in the process."

He further said the company is at the final stage of talks with three banks - Punjab National Bank, IDBI and Allahabad Bank, for Rs 120 crore combined funding for the projects.