



IOL Chemicals And Pharmaceuticals Limited
Q3FY23 Investor Presentation
February 2023



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About IOL Chemicals and Pharmaceuticals Limited

Incorporated in 1986, IOLCP is one of the leading Pharmaceuticals company and is a significant player in the field of specialty chemicals with world class facilities



Dr. Sanjay Chaturvedi,
Executive Director & CEO



Businesses across the world had a tough ride in year 2022 as persistent high inflation, geopolitical conflict, volatility in commodity prices and tightened monetary policy by most central banks put pressure on growth trajectory. Towards the end of the year, resurgent Covid cases in China and subsequent disruptions in supply chains further impacted the global trade and investor sentiments.

For the businesses that your company is in, despite all uncertainties, the business in Q3 improved versus Q2. The Chemicals business had a muted performance whereas the Pharma segment performed better in both the Ibuprofen and the non-Ibuprofen portfolio.

The quarterly performance reflects our commitment to control our costs and improve our margin trajectory. For the third quarter, EBITDA and Net Profit margins - both have improved sequentially. Apart from cost rationalisation, we have completed our capacity enhancement of Paracetamol by 1,800 MTPA to take total capacity to 3,600 MTPA with Backward integration of Para Amino Phenol (PAP) and we expect this capacity enhancement to boost volume growth from next quarter onwards.

Operational Highlights

- EDQM Authority issued CEP Certificate for Levetiracetam.
- EDQM certification to supply Pantoprazole Sodium Sesquihydrate API across European market
- Granted a patent for “an improved safe process for the preparation of Sartan drugs of Formula I” by Indian Patent Office
- Recently received EUGMP Certification from National Institute of Pharmacy and Nutrition, Hungary, which will help the Company in more penetration in European market for its products.
- Paracetamol capacity expansion by 1,800 MTPA completed to take total capacity to 3,600 MTPA with Backward integration of Para Amino Phenol (PAP)

Q3FY23 Financial Performance

530.12
Revenues

49.68
EBITDA

9.37%
EBITDA Margin

24.15
Profit After Tax

4.56%
PAT Margin

9MFY23 Financial Performance

1,646.75
Revenues

147.59
EBITDA

8.96%
EBITDA Margin

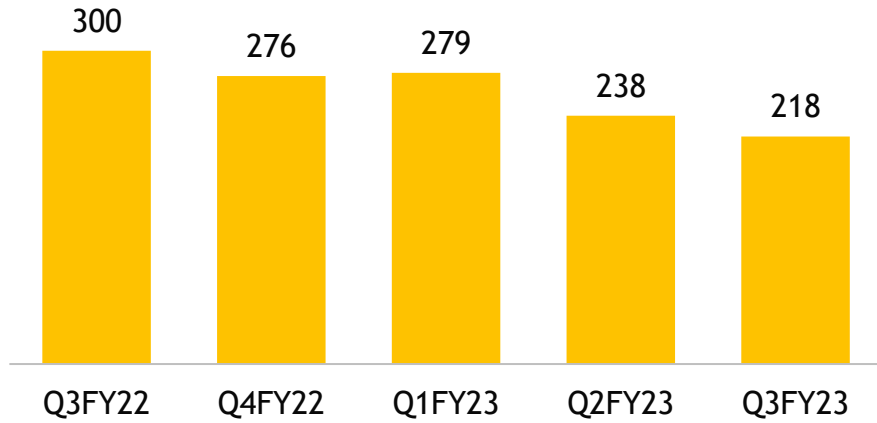
74.71
Profit After Tax

4.54%
PAT Margin

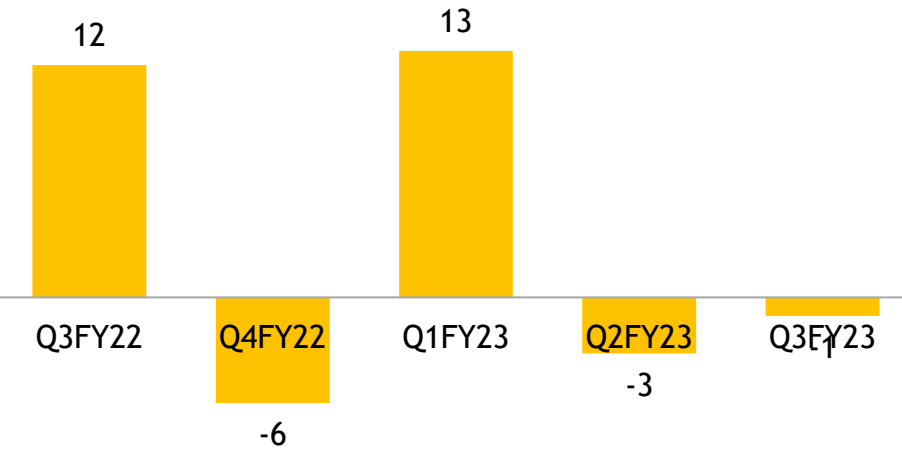
Segmental highlights

Chemical Segment

Operating Revenue net intersegment (Rs. crore)

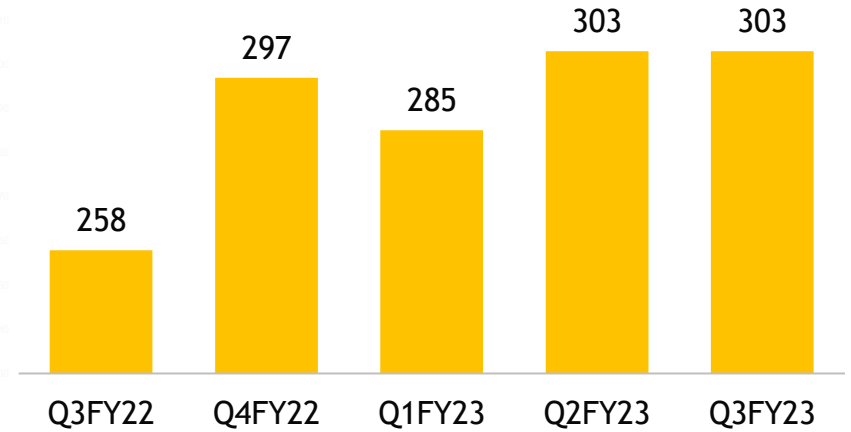


EBIT (Rs crore)

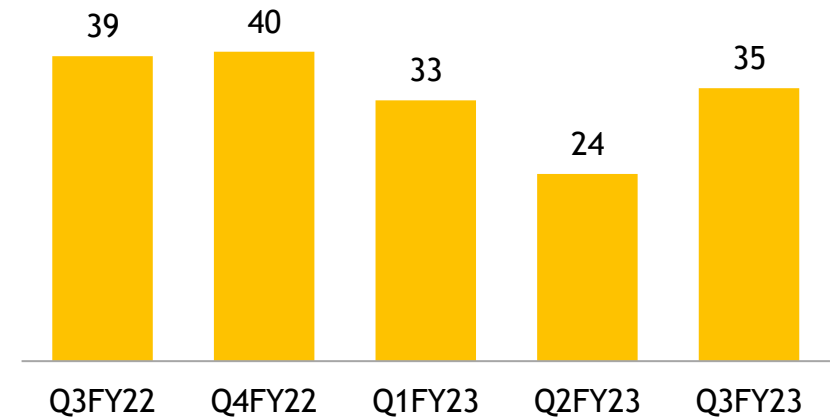


Pharmaceutical Segment

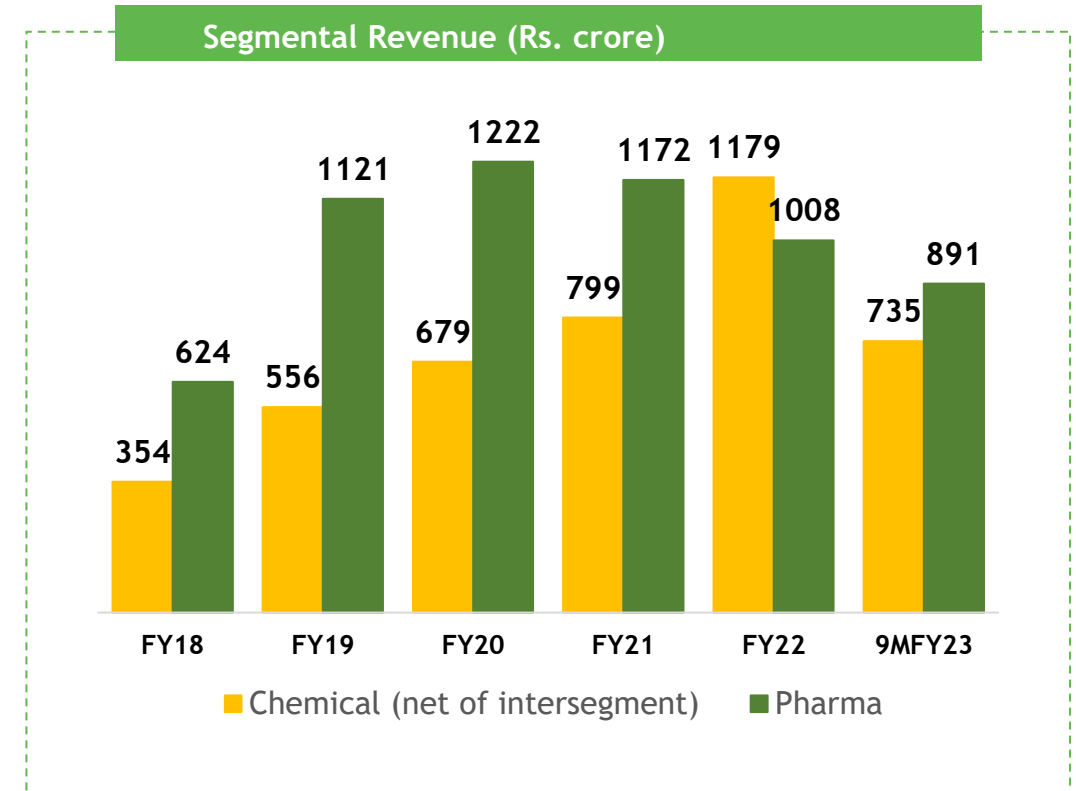
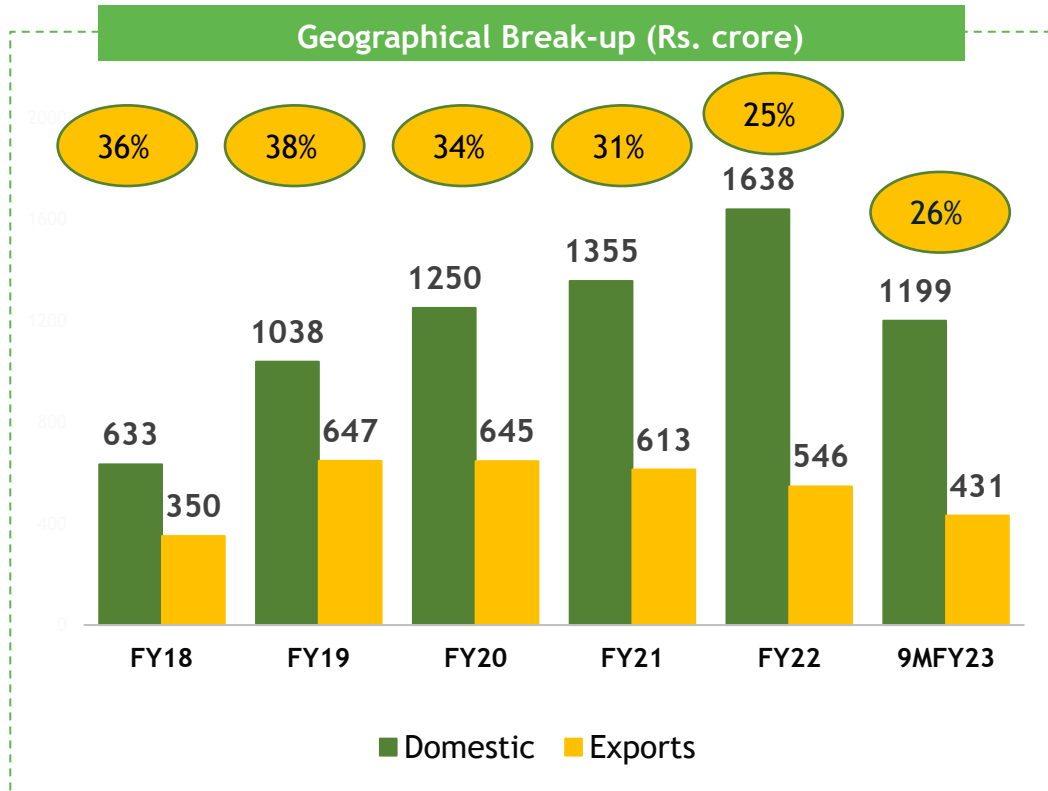
Operating Revenue (Rs. crore)



EBIT (Rs.crore)



Geographical & segmental break-up





FINANCIAL OVERVIEW



Quarterly Income Statement

Particulars (Rs. Cr)	Q3 FY23	Q3 FY22	YoY	Q2 FY23	QoQ
Revenues	523.5	555.1	-5.7%	541.4	-3.3%
Other Income	6.6	8.9		5.1	
Total Income	530.1	564.0	-6.0%	546.5	-3.0%
Total Expenses	480.4	495.9		509.8	
EBITDA	49.7	68.1	-27.0%	36.7	35.4%
EBITDA Margin (%)	9.4%	12.1%	-270 bps	6.7%	270 bps
Depreciation	11.7	11.1		11.3	
Finance Cost	4.7	2.3		3.5	
Profit Before Exceptional Items	33.3	54.7		21.9	
Exceptional items (Expense) / Income					
Profit Before Tax	33.3	54.7	-39.1%	21.9	52.1%
Tax	9.1	14.6		6.2	
Profit After Tax	24.2	40.1	-39.7%	15.7	54.1%
PAT Margin (%)	4.6	7.1%	-250 bps	2.9%	170 bps
Other Comprehensive Income	-0.2	0.3		-0.3	
Total Comprehensive Income	24.0	40.4		15.4	
Basic & Diluted EPS (INR)	4.1	6.8		2.7	

9 Monthly Income Statement

Particulars (Rs. Cr)	9M FY23	9M FY22	YoY
Revenues	1,629.9	1,611.5	1.1%
Other Income	16.9	25.1	
Total Income	1,646.8	1,636.6	
Total Expenses	1,499.2	1,398.3	
EBITDA	147.6	213.2	-38.1%
EBITDA Margin (%)	9.0%	13.2%	-560 bps
Depreciation	34.0	32.3	
Finance Cost	11.6	6.0	
Profit Before Exceptional Items	102.0	200.0	
Exceptional items (Expense) / Income	-	13.9	
Profit Before Tax	102.0	186.1	-45.2%
Tax	27.3	48.2	
Profit After Tax	74.7	137.9	-45.8%
PAT Margin (%)	4.5%	8.4%	-390 bps
Other Comprehensive Income	-1.0	-0.1	
Total Comprehensive Income	73.7	137.0	
Basic & Diluted EPS (INR)	12.7	23.5	

Income statement

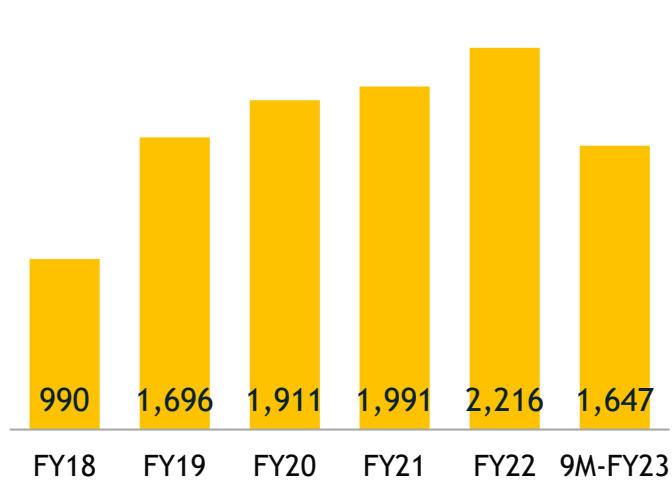
Particulars (Rs. Cr)	FY18	FY19	FY20	FY21	FY22	9M FY23
Revenues	983.3	1,685.3	1,894.5	1,967.0	2,184.0	1,629.9
Other Income	6.3	10.4	16.0	24.3	32.0	16.9
Total Income	989.6	1,695.7	1,910.5	1,991.3	2,216.0	1,646.8
Total Expenses	863.7	1,275.7	1,320.6	1,375.2	1,927.6	1,499.2
EBITDA	125.9	420.0	589.9	616.1	288.4	147.6
EBITDA Margin (%)	12.7%	24.8%	30.9%	30.9%	13.0%	9.0%
Depreciation	30.2	32.5	35.7	38.9	43.3	34.0
Finance Cost	64.4	51.4	20.9	5.8	8.3	11.6
Profit Before Exceptional Items	31.3	336.1	533.3	571.4	236.8	102.0
Exceptional items (Expense) / Income					13.9	
Profit Before Tax	31.3	336.1	533.3	571.4	222.9	102.0
Tax	3.6	99.5	172	126.8	57.2	27.3
Profit After Tax	27.7	236.6	361.3	444.6	165.7	74.7
PAT Margin (%)	2.8%	14.0%	18.9%	22.3%	7.5%	4.5%
Other Comprehensive Income	-0.6	-1.4	-1.52	-2.14	-0.6	-1.0
Total Comprehensive Income	27.1	235.2	359.8	442.5	165.1	73.7
Diluted EPS (INR)	4.93	42.1	63.4	76.2	28.2	12.7

Balance Sheet

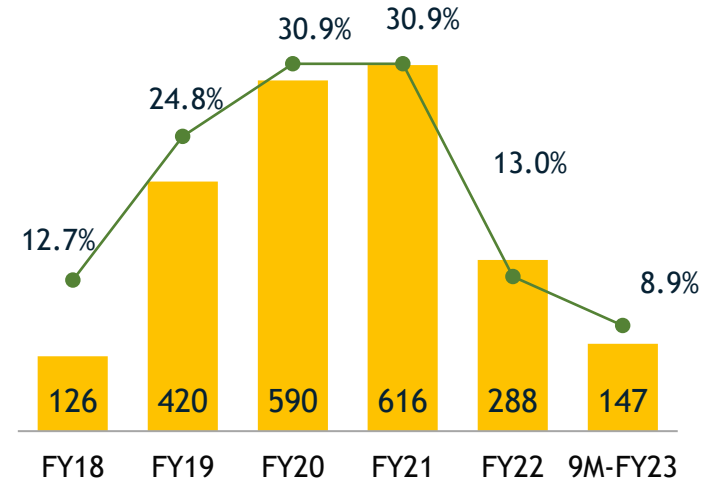
Balance Sheet (Rs. Cr)	FY18	FY19	FY20	FY21	FY22	H1-FY23
Shareholders' Funds	215.7	474.3	813.5	1260.4	1390.3	1440.0
Debt	421.9	284.0	56.0	0.0	0.0	0.0
Other Long Term Liabilities	33.6	20.8	79.7	59.1	56.6	56.6
Other Current Liabilities	180.9	162.8	220.6	290.6	513.4	512.4
Equity & Liabilities	852.1	941.9	1169.8	1610.1	1960.3	2009.0
Fixed Assets	412.6	438.7	488.2	560.6	665.8	716.8
Fixed Deposits (Non-Current)	1.9	6.9	5.3	21.2	203.7	280.5
Other Non-Current Assets	12.9	8.3	5.4	6.0	12.0	34.7
Non Current Assets	427.4	453.8	498.9	587.8	881.5	1032.0
Investments	0.1	0.1	0.1	1.2	2.4	2.5
Cash & Bank Balances	17.3	29.6	154.7	364.8	137.9	58.8
Other Current Assets	407.3	458.4	516.1	656.3	938.5	915.7
Current Assets	424.7	488.1	670.9	1022.3	1078.8	977.0
Assets	852.1	941.9	1169.8	1610.1	1960.3	2009.0

5-years Performance

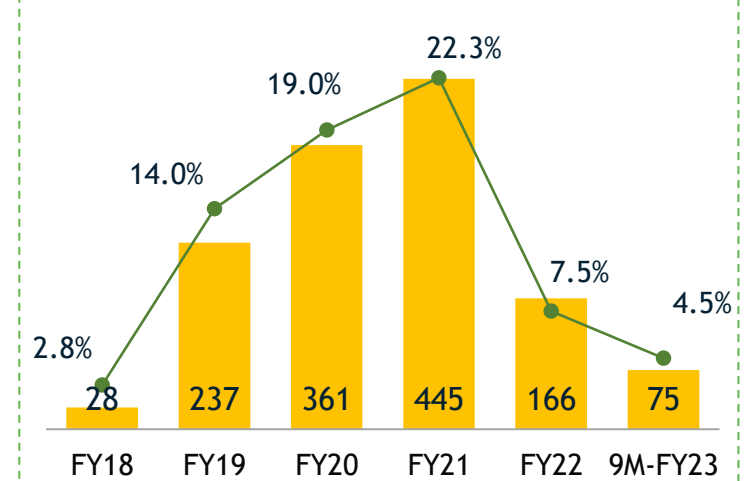
Operational Revenue (Rs Cr)



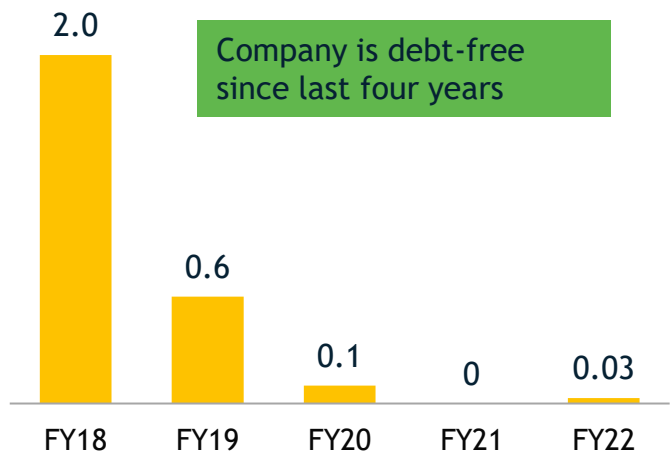
EBITDA (Rs Cr) and EBITDA Margin (%)



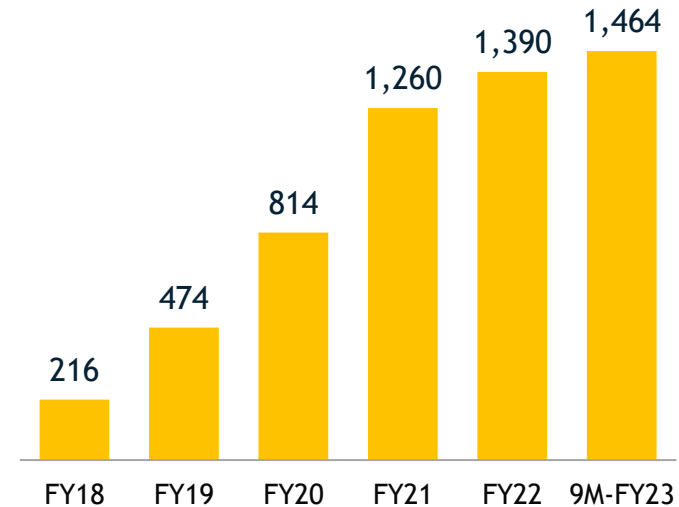
PAT (Rs Cr) and PAT Margin (%)



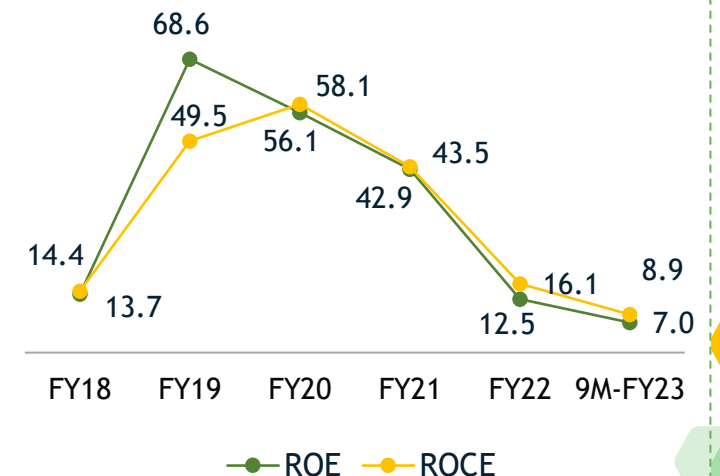
Debt to Equity (%)



Net Worth (Rs Cr)

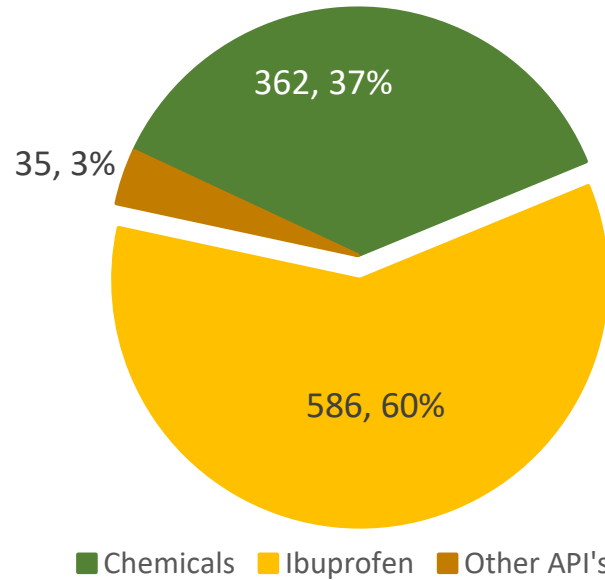


ROE and ROCE (%)

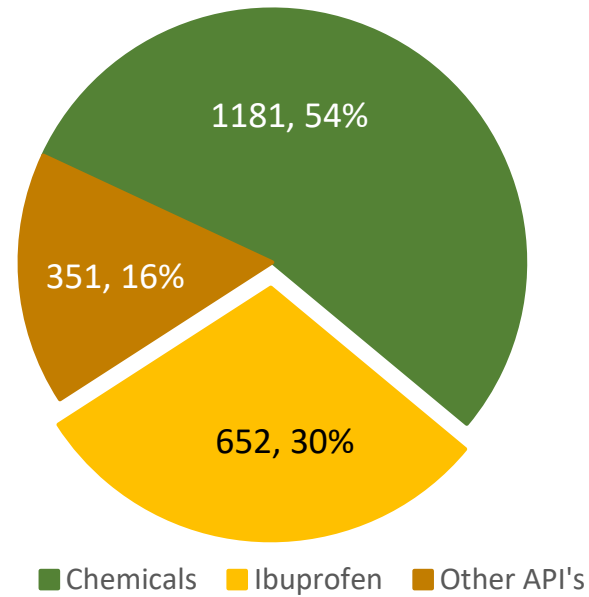


Product wise Segmentation

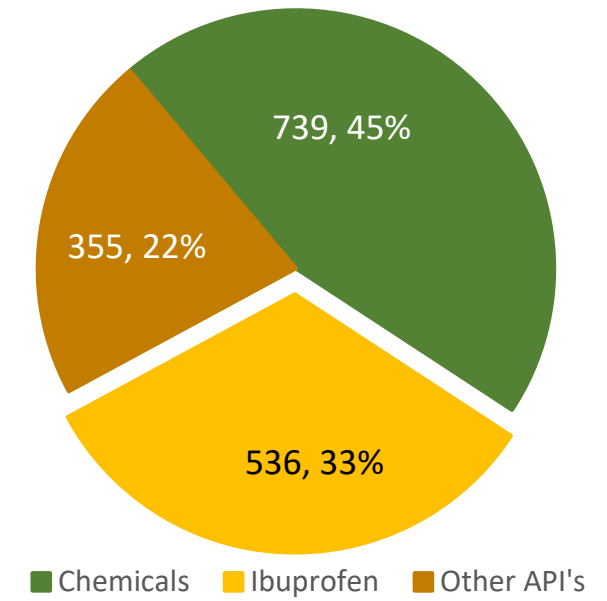
FY18



FY22



9MFY23

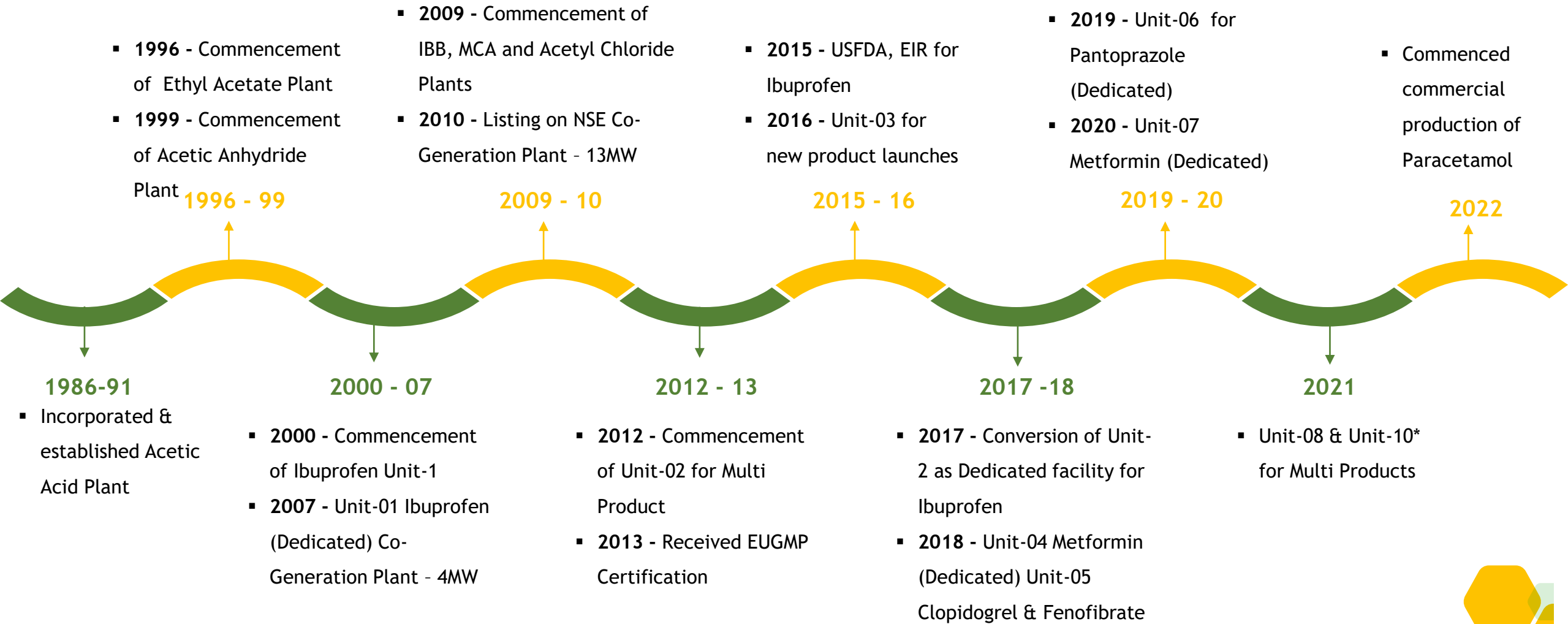


Amount in Rs. crore



COMPANY OVERVIEW

Milestones



Varinder Gupta (Managing Director)

- Wide and rich experience of more than 35 years in the chemical & fertilizer industry and along with a comprehensive approach and strong Pharma API industry oversight has paved a way for innovation and excellence



Vikas Gupta (Executive Director)

- Academically equipped with knowledge and possesses organizational capacity. He has worked in strategic department of the Company and played a main role in guiding Chemical and Pharmaceutical business of the company. He has been vital to the functioning of the company over the last 7 years



Dr. Sanjay Chaturvedi (Executive Director & Chief Executive Officer)

- More than 25 years of experience in specialty chemicals and pharmaceutical industry in companies like Praj Industries, Dr. Reddy's, Aurobindo among few others
- His functional expertise in Sales, Marketing, Strategy, Manufacturing and R&D in USA and in India



Kushal Kumar Rana (Director - Works)

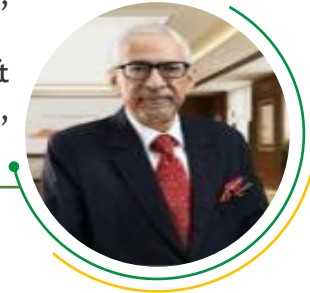
- Bachelor's in Chemistry, Physics, Math and Master's degree in Chemistry
- Over 30 years in the pharmaceutical industry in companies like Morepen Laboratories, Chemiplast Industries
- His expertise lies in looking after quality assurance, quality control & corporate regulatory affairs



Rajender Mohan Malla

(Chairman and Independent Director)

- With four decades of experience held top and significant decision-making positions in Banks, Financial Institutions & NBFCs
- In his most recent executive roles, he was MD & CEO of PTC India Financial Services Limited (PFS), and prior to that CMD of IDBI



Dr. Sandhya Mehta

(Independent Director)

- Dr. Sandhya is working as the principal of Guru Nanak Institute of Management & technology, Ludhiana and has vast 22 year experience to her credit
- She has published seven books in addition to numerous papers published in reputed National & international Journals



Harpal Singh

(Independent Director)

- Over 35 year's experience of banking and financial services
- Most recently he was General Manager of Punjab National Bank and headed entire operations of bank in State of Punjab from 2010 to 2015



Sharad Tyagi

(Independent Director)

- Over 35 years of intrapreneurship in India and international markets in diverse industries including pharmaceuticals, OTC, automotive catalysts and specialty chemicals
- Most recently until December 2020, he was the Managing Director for Boehringer Ingelheim (BI) (2009-2020), India



Certifications and Accreditations



Approved USFDA facility since 2015, recertified in 2019



EUGMP Certification in 2013, 2017 & Recertification in 2020



Certificate of Suitability from EDQM



Certified Halal in accordance with Shariah Board Guidelines



Ministry of Food and Drug Safety
Certificate of DMF Registration From MFDS Korea



ISO 9001:2015, 14001:2015 & 45001:2018



Certified Kosher



Certified WHO GMP (COPP)



Written confirmation from CDSCO



Certificate of Occupational Health & Safety Management System, OHS 586128



GMP Certificate by Ministry of Industry and Trade of the Russian Federation



State Food and Drug Administration

Manufacturing License, GMP



BUSINESS OVERVIEW

IOLCP is the largest producer of Ibuprofen with ~35% Global share and the only company worldwide being backward integrated for all Intermediates and Key Starting Material of Ibuprofen

- Among the largest producer of Metformin in India
- Product portfolio that caters to over 8 therapeutic category
- IOL's present capacity of Ibuprofen- 12000+MT
- Filed 4 new DMFs with USFDA & 3 CEP applications with EDQM.
- Got approval from Korean FDA for 2 products and 6 products have got approval from Russian regulatory Authorities.

Product Portfolio

Existing Porffolio

Existing Porffolio		
Ibuprofen	Clopidogrel	Ursodeoxycholic Acid
Ibuprofen Lysinate	Pantoprazole Sodium	Losartan Potassium
Ibuprofen Sodium	Fenofibrate	Levetiracetam
Dex-Ibuprofen	Gabapentin	Paracetamol
Metformin HCL	Lamotrigine	

Product application across various therapeutic areas



Anti - Inflammatory



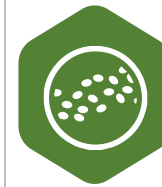
Analgesic & Antipyretic



Anti - Diabetic



Anti - Convulsant



Anti - Platelet



Anti - Cholelithic



Anti- Cholesterol



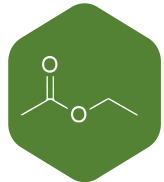
Proton Pump Inhibitor



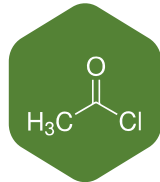
IOLCP first commenced manufacturing Ethyl Acetate in 1996, with a starting capacity of 3000 tonnes p.a. Today, the Company has grown this business to become the largest single location plant in India, with a production capacity of 1,00,000 tonnes p.a.

- India's second largest manufacturer for Iso Butyl Benzene (IBB) with ~30% global share
- Exporting Ethyl Acetate to more than 40 countries globally.
- IBB, MCA and Acetyl Chloride are key starting materials for Ibuprofen
- Captive consumption of Mono Chloro Acetic Acid with 7,200 TPA capacity
- Asia's first continuous dual technology (green chemistry) plant for MCA and Acetyl Chloride

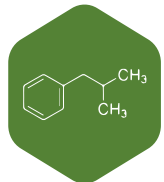
Product Portfolio



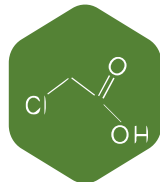
Ethyl Acetate



Acetyl Chloride



Iso Butyl Benzene



Mono Chloro acetic Acid

Product application across diversified industries



Food processing



Textiles



Flexible Packaging



Ink



Pharma



Paints



Chemical Intermediate



Pesticides

Balance Manufacturing facilities



1

API manufactured in batch manner and intermediates & Specialty chemicals in continuous product delivery manner based on DCS technology

3

Dedicated blocks involved in manufacturing of APIs

5

Facility is coupled with ISO class-8 HVAC system, PSA Nitrogen & Purified water along with 127 MTPH steam generation capacity with multiple boilers

2

Manufacturing facilities involves - Reactions, Filtration, Centrifugation, Drying, Blending & Sieving, Micronization operation

4

Four stage treatment zero discharge ETP, solvent recovery plants & EHS cell as a part of the facility

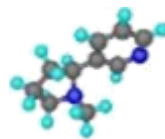
6

Dedicated decentralized utilities from -20 to 275 deg.C temp and dedicated co-generation plant of 17MW

Research & Development



24*7 R&D Facility



Working on generic molecules with latest equipment & techniques for process development



DSIR approved facility for research & development



In-house development of multi step products



Environment

- Strive to minimize the adverse impact on environment, health and Safety by upgrading technology, optimum utilization of resources and minimizing effluent / waste generation
- Complying with the applicable statutory and legal requirements and providing safe working environment / work place by imparting training to all employees
- Initiated the usage of biofuels in our captive co-generation plant (17 MW capacity) to reduce our carbon footprint



Social

- Construction and renovation of schools and provided technical equipment for smart education
- Primary healthcare including sanitation
- Disaster relief by eradicating hunger, poverty and malnutrition
- Community development by providing computers to schools
- Protection of art and culture
- Plantation in villages for restoration to environment



Governance

- Implemented a sound and well-structured corporate governance that enables us to operate more efficiently
- Governance system directs the focus of our business activities on sustainable value creation and innovation
- Builds the management culture that confirms high standards of corporate governance and a policy of transparency.



INDUSTRY OVERVIEW



Indian Pharmaceutical Export Market-API

- Pharmaceutical exports from India registered a growth of 4.22 per cent to reach USD 14.57 billion during the April-October period. India's pharma exports are likely to touch an all-time high of \$27 billion in FY23: Pharmaceutical Exports Promotion Council (Pharmexcil)
- Indian government's PLI scheme for the promotion of domestic manufacturing of critical KSMs and APIs has got off to a heady start. Of the 51 applications selected, 21 projects have been commissioned, with an installed capacity of 33,895 MT.
- Supply chain disruptions in China due to fresh Covid cases has yet again led to concerns of price surge of key starting materials (KSMs) and active pharmaceutical ingredients (APIs).

World Pharmaceutical Industry

\$1.4

Trillion (2021)

3-6%

CAGR in 5 years

\$1.8

Trillion (2026)

Indian Pharmaceutical Industry

\$42

Billion-2021
(13.9%)

\$65

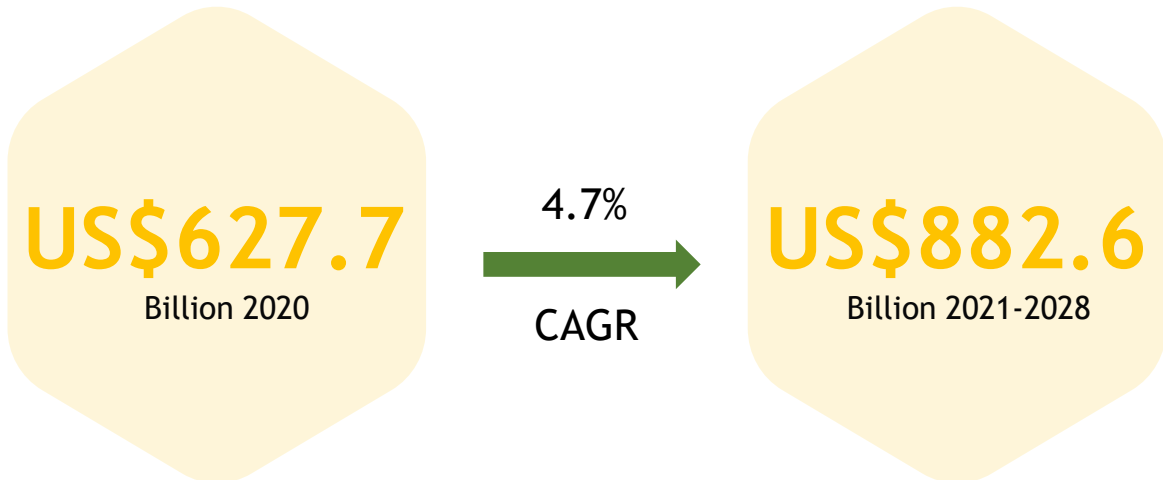
Billion-2024
(15%)

\$120

Billion- 2030
(13%)

- India’s chemical sector is witnessing transformative shift, driven by the availability of low-cost labor as well as a global phenomenon of China plus one strategy that attempts to focus on development of alternative supply-chain market for the sector apart from China.
- In an effort to expand their businesses, Specialty Chemical firms are pursuing import substitutes and exploring other export options. 20% of the \$4 trillion worldwide chemicals business is comprised of Specialty Chemicals.
- By 2030 India is expecting to have 80% of families under middle-income bracket. Due to an increase in urbanization it creates a driving demand for personal care, agrochemicals, food, paints and coatings, resulting in greater chemical consumption per capita.

World Specialty Chemical Industry



Indian Specialty Chemical Industry

	Chemical	Specialty Chemical (21% of chemicals)	Growth
2020	US\$180 Billion	US\$39.6 Billion	9.3%
2025	US\$ 304 Billion	US\$63.84 Billion	11-12%



WAY FORWARD

Four pronged strategy for growth

Improved asset utilization

Focus on efficiently utilizing existing assets built through internal accruals. Also working on restructuring of our product portfolio to deploy these assets

Focus on Regulated Markets

Plan to enhance our product development plans and accelerate our DMF filing to cover 5-6 products per year

Expanding Non-Ibuprofen Business

Target non- Ibuprofen business to contribute 50% to total pharma business

Capacity expansion in Pharma & Chemicals

Capacity expansion for Chemicals & Pharmaceuticals underway.

Thank You

Company :

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Pharmaceuticals Ltd.**

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