



## IOL CHEMICALS AND PHARMACEUTICALS LIMITED

16<sup>th</sup> November 2023  
IOLCP/CGC/2023

**National Stock Exchange of India Ltd.**  
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Bandra-Kurla Complex, Bandra (E)  
Mumbai - 400 051  
**Security Symbol: IOLCP**

**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street  
Mumbai – 400 001  
**Security Code: 524164**

**Subject: Transcript of Earnings Conference Call, post declaration of audited financial results for the quarter and half year ended 30<sup>th</sup> September 2023**

Dear Sir,

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith the transcript of Earnings Conference Call organized by the Company on 9<sup>th</sup> November 2023 post declaration of audited financial results for the quarter and half year ended 30<sup>th</sup> September 2023

This is for your information and records.

Thanking You,

Yours faithfully,  
For IOL Chemicals and Pharmaceuticals Limited

Abhay Raj Singh  
Sr. Vice President & Company Secretary

**IOL Chemicals and Pharmaceuticals Limited**  
**Q2 and H1 FY24 Earnings Conference Call**  
**November 9<sup>th</sup>, 2023**

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**Moderator:** Ladies and gentlemen, good day and welcome to the Q2 and H1 FY24 Earning Conference Call of IOL Chemicals and Pharmaceuticals Limited. From the management, we have Mr. Pardeep Khanna, Chief Financial Officer, Mr. Abhay Raj Singh, Senior VP and Company Secretary and Mr. Rakesh Mahajan, Advisor Finance and Strategic. We also have an Investor Relations team from Adfactors PR.

As a reminder, all participant line will be in the listen only mode and that would 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 \* and then 0 on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Darshan Mankad from Adfactors PR for the opening remarks. Thank you and over to you, sir.

**Darshan Markand:** Thank you, Liva. Good afternoon, everyone. We welcome you to the second quarter and first half ended 30<sup>th</sup> September'23 earnings call of IOL Chemicals and Pharmaceuticals Limited.

Before we begin the earnings call, I would like to mention that some of the statements made during today's call might be forward-looking in nature and hence it may involve risks and uncertainties, including those related to the future financial and operating performance. Please bear with us if there is a call drop during the course of the conference call, would ensure the call is reconnected the soonest.

I now hand over the call to Mr. Rakesh Mahajan for his opening comments, over to you sir.

**Rakesh Mahajan:** Thank you, Darshan. Good afternoon everyone and first of all, sorry for delay due to some technical glitches. A warm welcome to the second quarter and half year ended 30<sup>th</sup> September, 23 earning conference call of the company.

First of all, I would like to thank all of you for joining this call. Hope you all have gone through the results and the investor presentation available on our website and exchanges. Before we dive into the financial performance for this quarter and open up the floor for the question and answer session, we would like to briefly touch upon the economic and industry outlook.

Global growth is forecasted to slow down in calendar year 2023 and 24 as projected. The global outlook is reinforced by ongoing consumer dynamism in the US, but faces pressures from China's worsening property crisis, tight policy stance around the world, the consequences of

Russia's war in Ukraine and the most recent conflict of Israel and Hamas and growing geo-economic fragmentation. Despite a challenging global environment, Asia Pacific region remains relatively brighter which puts it on track to contribute about two third of global growth this year.

Headline inflation has declined from post pandemic peak as global commodity prices have receded and monetary policy has taken effect. India's economic growth remains robust, driven by large public capital expenditure push and resilient domestic demand. As far as Indian pharmaceutical sector is concerned, the US continues to show strong momentum led by easing of elevated price erosion, easing of input cost on raw materials and price hike benefit on NLEM drugs by government allowing upto 12.1% price increase since April,23. The recent deliberation on guidelines by central government on OTC medicine will increase access to such medicines. We expect growing structural global opportunity and tailwinds growing into Indian API players over the longer horizon.

For the specialty chemical sector, pricing pressure has been persistent with Chinese dumping of chemical into export market globally to overcome their domestic weakness. Overall demand will be affected by the ongoing economic crisis in Europe. There has been marginal decline in raw material prices, but volatility persist with crude prices resuming their northward journey.

With this update, I now hand over the call to my colleague Mr. Pardeep who will brief you about the financial performance for the quarter and first half of the financial year 2024. Thank you.

**Pardeep Khanna:**

Thank you, Mr. Mahajan. Good afternoon, everyone and thank you for joining us today to discuss our performance for the second quarter and half year ended 30<sup>th</sup> September, 23. I will take you through financial highlights for the second quarter and first half of the financial year 2024.

The total income of the company in the second quarter of financial year '24 stood at Rs. 552 crore as against Rs. 546 crore in the first quarter of the financial year 23 and Rs. 570 crore in the previous quarter ended June '23. EBITDA for the quarter was Rs. 71 crore as against Rs. 37 crore in the corresponding quarter of the financial year 23 and Rs. 80 crore in the previous quarter ended June '23. EBITDA margin for the quarter improved by 620 basis points to 12.9% as against 6.7% in the corresponding quarter of financial year 23. In the previous quarter ended June '23, EBITDA stood at 14%.

The net profit in the second quarter of financial year '24 was Rs. 38 crore as against Rs. 16 crore in the second quarter of the last year and Rs. 46 crore in the previous quarter ended June '23. With easing of input cost and better realization, EBIT margin for the pharmaceutical segment was at 15% in Q2 of financial year '24, while EBIT margin for the specialty chemical segment

was 1.5% in Q2 of financial year '24. The CAPEX for the first half of the current fiscal is Rs. 114 crore, whereas it was Rs. 211 crore for the full financial year 23.

With this, we open the floor for a question-and-answer session. Thank you very much.

**Moderator:** Thank you very much. The first question is from the line of Ketan from Robo Capital. Please go ahead.

**Ketan:** Thank you for the opportunity, sir, I wanted to know what will be the revenue and margin guidance for H2FY24, FY25 and FY26.

**Rakesh Mahajan:** The company is expecting revenue growth of around 10% every year. We still maintain that as revenue guidance for upcoming FY24 and FY25.

**Ketan:** Okay. And margins will be how much?

**Rakesh Mahajan:** In regards to margin, the company has planned for around margin of 15% to 17% EBITDA margins.

**Ketan:** For H2 or for full year?

**Rakesh Mahajan:** For FY24 and FY25.

**Ketan:** Okay. So right now we are at some 13% to 14% margin for the first half, Can we expect a rate of 18% to 20% sort of to cover up for FY24, from Q3FY24 can that be expected?

**Rakesh Mahajan:** There are some products which we are manufacturing, the prices of which are drastically down in the September quarter, which was contrary to what we expected as the demand is there, so we expect that the prices are likely to improve to some extent, which will increase our bottom line.

**Ketan:** Okay. That will happen in Q3 or Q4?

**Rakesh Mahajan:** Yeah, we expect that.

**Ketan:** Sorry I did not catch that. By when do you say will that happen?

**Abhay Raj Singh:** No, basically Q3FY24 I think it will be similar to Q2FY24, but Q4 will be better than the Q3FY24, so most of the recovery will come into Q4.

**Ketan:** Okay, got it. And what was the paracetamol utilization in this quarter and are we planning for an expansion on that side?

**Rakesh Mahajan:** For paracetamol we are running at around 95% capacity which we have recently increased from 1800 to 3600. But the prices were drastically down during June and September quarter. But capacity utilization is running at 90% - 95%.

**Ketan:** I mean, if you're using 95, then are we planning for further expansion?

**Rakesh Mahajan:** As of now, we are considering various avenues and we will come back to you in regards to that next quarter.

**Ketan:** Okay. And one last question, I just wanted to know if you're selling any non ibuprofen products in Europe?

**Rakesh Mahajan:** Yeah, we have already got the approvals from various European authorities and small amount of supply has started. It will take one or two quarters more to increase quantity in Europe.

**Ketan:** Okay. So I guess that will also support our margin, is that the understanding, sir?

**Rakesh Mahajan:** Yeah, We will sell more in export market in these non-ibu markets rather than selling domestically.

**Ketan:** Okay, got it. That was very helpful. Thank you, sir.

**Moderator:** Thank you. The next question is from the line of Neelam Punjabi from Perpetuity. Please go ahead.

**Neelam Punjabi:** Thanks for the opportunity. So my first question is on our ibuprofen business. Could you help us understand, what's the capacity utilization during the quarter?

**Rakesh Mahajan:** The capacity utilization of ibuprofen remained stable at around 90%.

**Neelam Punjabi:** Around 90% during the quarter. Okay. And our ibu business has been pretty strong with almost like 29% y-o-y growth during the first half. So are we expecting the revenues to sustain in the second-half as well?

**Rakesh Mahajan:** We hope it will sustain.

**Neelam Punjabi:** What is the average pricing that we've realized in ibuprofen during the quarter?

**Rakesh Mahajan:** It remained at same level as was in June quarter and September quarter. No substantial increase or decrease in its prices.

**Neelam Punjabi:** Got it. For the other API business, it's been down almost by 13% in Q2. So is it largely because of price decline in paracetamol?

**Rakesh Mahajan:** Yeah, it is primarily due to our capacity of paracetamol and sale has increased substantially, but the prices have eroded by more than 80%. So it impacts our top line in terms of reduction in prices of paracetamol. To some extent, metformin prices are also corrected to some extent.

**Neelam Punjabi:** Could you quantify how much has the paracetamol and metformin prices declined, respectively on a y-o-y basis?

**Pardeep Khanna:** Paracetamol it was about 25%. And in case of metformin, I think it was around 6% to 10%,

**Neelam Punjabi:** Got it, okay. Any new product....

**Abhay Raj Singh:** The price fall in the paracetamol based on an average basis. However, there has been very fluctuating prices during the whole quarter. So what Pardeepji has told about is the average price reduction during the whole quarter as compared to the last quarter.

**Neelam Punjabi:** Got it. And since you mentioned that the capacity utilization has gone up, is it fair to assume volume growth in both of these molecules has been decent like single digit y-o-y?

**Abhay Raj Singh:** Volume growth in paracetamol, yes, it is obviously there and what other molecule are you asking?

**Neelam Punjabi:** Metformin.

**Abhay Raj Singh:** I think it's static, it's stable.

**Neelam Punjabi:** Got it. And you had mentioned that we would want to start exporting to regulated markets in a couple of quarters. So any progress around that if you could just share an update?

**Rakesh Mahajan:** Little bit of increase in export to the European market has already been started and we are expecting that it will increase further. Our sample order is already floating in various markets and various customers are interested and have shown their interest and we are expecting increasing volume for exporting to Europe for our non-ibu segment.

**Neelam Punjabi:** Got it. We had given a guidance of around Rs 500 to 550 crore of other API revenues in FY 24 and given the first half is at around Rs 236 crore, are we confident on maintaining this guidance because that would imply almost like a low teens kind of growth in the second-half.

**Abhay Raj Singh:** Yeah, Neelam ji, surely we are very hopeful about meeting our targets of around Rs 500 to 550 crore non-ibu business in this financial year. And I think we are approximately half way. So little bit better recovery will be there in the third quarter and fourth quarter, maybe we can then cross the Rs 500 crore mark.

**Neelam Punjabi:** Got it. And Sir, for the next two to three years for this other API business, could you give us a directional guidance as to what kind of growth rates can we expect for non ibuprofen APIs for FY25 & FY26 ?

**Abhay Raj Singh:** We are having similar guidance given in the last quarter, we expect around 20% to 25% non-ibu business growth for the next two to three financial years.

**Neelam Punjabi:** Great. That's helpful. Next on the chemicals business. So this top line has been flat on a y-o-y basis and as I look at your EBIT margins for this segment, it has come off during the quarter. So could you help us understand what's the reason behind it? And you know, we had also commercialized acetic anhydride facility during the quarter. So I mean what's the sales of that and why has it not reflected in the overall segment numbers?

**Rakesh Mahajan:** First of all, regarding ethyl acetate, the major raw material for ethyl acetate is acetic acid which was again very volatile in this quarter, especially in September month. That is one of the reason, plus prices almost remain the same, which were earlier in the quarter of June itself. But the volatility in the raw material prices affected the bottom line of ethyl acetate. As regarding acetic anhydride, we have commercialized it and started selling to the market also. Around 40% of our present production is being sold to the domestic market as we are entering into new segment and new customers. The sale is already shown in the chemical segment, but the level remains the same for the two quarter due to the reduction in prices of ethyl acetate primarily.

**Neelam Punjabi:** What would be our current realizations in the ethyl acetate? I mean, what's the price for that right now?

**Rakesh Mahajan:** It is around US\$1.00 to \$1.10.

**Neelam Punjabi:** Got it, And what's the current pricing of acetic acid?

**Rakesh Mahajan:** It is almost equivalent to ethyl acetate prices.

**Neelam Punjabi:** Okay, I understood. Lastly, on the other expenses, this has gone up to almost like 79 crore during the quarter. Are there any one offs during the quarter or what has led to this increase in other expenses?

**Pardeep Khanna:** Actually, the reason is due to increase in power and fuel cost. There are two to three reasons for increase in the power and fuel expenses. It is due to start of operation of acetic anhydride ,the power, steam and gas consumed in acetic anhydride production and second reason is due to shut down in the boiler which leads to purchase of power from outside at higher cost. This is one of the reasons and due to seasonal effect also in the second quarter, the utility cost is on the higher side, due to this major increase in power and fuel expenses seen in the second quarter.

**Neelam Punjabi:** Okay. So we can expect this to sustain in the coming quarters as well.

**Pardeep Khanna:** I think in the coming quarter it there will be a decrease in power expenses slightly, so ultimately will lead to decrease in other expenses.

**Neelam Punjabi:** Thank you. This is helpful.

**Pardeep Khanna:** Thank you.

**Moderator:** Thank you. The next question is from the line of Vikas from NT Asset Management. Please go ahead.

**Vikas:** Yeah. Hi. Couple of questions, starting with the chemical segment, the EBIT margins appear to be quite low. Is that because of the internal consumption or I mean what is the normal kind of margins you would expect for chemicals?

**Rakesh Mahajan:** Internal consumption assume will be around Rs 80 crore have been shifted from chemical to API division, which is transferred at cost price only, that maybe one of the reason and secondly as already said the price volatility in acetic acid.

**Vikas:** But what would you expect to be the normal EBIT margins for this segment over the longer term?

**Rakesh Mahajan:** It is single digit. I think not more than that.

**Vikas:** Yeah, I mean currently it's low single digits. So I mean, where do you think it should be and what it has been in the past?

**Rakesh Mahajan:** From the last three to four years, it has remained around 6% to 8%.

**Vikas:** Okay, I understand. And second, I was just curious that you report that you have 35% global market share for ibuprofen, but your sales to regulated markets is relatively small. So how does the dynamics work in terms of your market share for regulated versus non regulated markets?

**Rakesh Mahajan:** Except the US market where we have very low market share, we are selling our ibu since quite a long period in Europe and Latin America and other regulated markets where we hold good market share in regulated, except the US. But now we are exploring various opportunities, including the market in US also and may start to increase some share in US also. But till date more share of export is from regulated market from Europe and Latin America.

**Vikas:** Okay. Any particular constraints you have faced in the past for the US market?



**Rakesh Mahajan:** No, no constraint. We are getting good net sales realization from Europe market rather than getting them from U.S. market.

**Vikas:** Understand. And who are the key competitors in the US, if you could mention?

**Rakesh Mahajan:** There is one major player which is producing in US that is BASF.

**Vikas:** All right, understand. And also finally, could you talk about your capacity expansion plans, which are going on now or say likely to be for the next two to three years?

**Rakesh Mahajan:** We have recently added one product in our chemical segment that is acetic anhydride. The project was completed in the June quarter itself. And now we are incurring some CAPEX from our infrastructures, additional infrastructure like boilers which we have recently added with more and more focus of infrastructure in CAPEX on green chemistry and environmental activities, but we have some plan on our growth capital both in chemical and API division which we may update everyone in due course, but our plan for incurring of CAPEX is around Rs 200 crore in this financial year and the same likely in the upcoming two years.

**Vikas:** I understand. Thank you and that includes the capacity expansion for ibuprofen as well because you said you're operating at almost 90% utilization?

**Rakesh Mahajan:** Capacity was expanded around four years back and we are still playing on that capacity of 12,000 tones. We have not increased the capacity since last 3-4 years.

**Vikas:** Okay. But do you plan to going forward?

**Rakesh Mahajan:** As of now, we are not thinking but we are ore focusing on non-ibu segment. But if any situation comes, we are ready to expand immediately with backward integration. We have sufficient scope for us to increase in a very short period.

**Vikas:** I understand. Thank you very much.

**Moderator:** Thank you. The next question is from the line of Mohammad Ayaz an individual investor. Please go ahead.

**Mohamed Ayaz:** Congratulations for the good result on year-on-year basis and thanks for the opportunity. I just want to ask you one thing. Before we consider our one best quarter and one bad quarter, what that quarters would be? 1st,2nd,3<sup>rd</sup> or 4<sup>th</sup> quarter, like that September quarter or?

**Abhay Raj Singh:** So I mean every quarter we hope that they will be better than the previous quarter, but I can say the bad quarter was the Q2 last financial year where we have bottomed down and Q3 last financial year was better. The Q4FY23 was also better, Q1 and the Q2FY24 are also better

considering the overall market situation of our industry. So we cannot say this is the best, but we can identify the second quarter of the last fiscal year was not good.

**Mohamed Ayaz:** Okay. In terms of seasonality, June, September, December and March according to your business nature?

**Abhay Raj Singh:** You are talking about good quarter and the bad quarter within one financial year?

**Mohamed Ayaz:** Yes.

**Abhay Raj Singh:** I can say in that respect, every financial year, Q2 remains on the lower side and the Q4 remains on the higher side.

**Mohamed Ayaz:** Okay. Thank you. So another question is we have filed 12 DMF. How much time it takes from the regulatory authority to get approval for DMF?

**Pradeep Khanna:** Basically this is the process where we file a DMF. Our DMF - six is already evaluated and ready for references, whereas other six DMF's are under evaluation process.

**Mohamed Ayaz:** Okay. So if we get DMF for few drugs, I think we have only one DMF for ibuprofen, am I right?

**Rakesh Mahajan:** We have filed 12 DMFs, but we got the approval for only one product that is ibuprofen since 2015.

**Abhay Raj Singh:** And metformin is also approved without having the inspection done by the USFDA. So in any case, any drug regulator is looking for importing from us that will be considered as the USFDA approval.

**Mohamed Ayaz:** Okay, metformin is ready

**Abhay Raj Singh:** That is available for all the manufacturers who wish to buy the metformin from us also.

**Mohamed Ayaz:** So what is the difference between the DMF margins and the normal margins?

**Abhay Raj Singh:** Process is that like we follow the DMF and then the regulator follows the ANDA file and when the ANDA file is approved, that ANDA has the drug descriptions of IOL. All these files are when approved then there is the possibility at the end of the US regulatory, either they can approve after inspection or if they think that this is not required then the facility already visited by the USFDA in the past and they are satisfied with that, they can also approve any product without inspecting it physically.

**Mohamed Ayaz:** Okay. What are the margin difference between the normal and DMF approved drugs? Means export and non-regulated margins for metformin?

**Rakesh Mahajan:** In domestic the prices are quite low, which is different from the prices in the regulated market, it increases ranging from 20% to 50% also depending on the product and the product profile. Like clopidogrel, the prices domestically are US\$50 to \$60, but in regulated market prices maybe going to US\$85 to \$90. This is just an example, for non-ibu portfolio, the prices domestically and regulated market may differ from 20% to 50% depending upon the product. And as I have given one example of clopidogrel which in India is being sold at US\$50 to \$60, but in the export or regulated market, it may range to US\$80 to \$90 per kg. It depends on the regulation.

**Mohamed Ayaz:** Okay. So another one question I'm having. Any positive development from CPHI Barcelona.

**Rakesh Mahajan:** Yeah. We have set up one stall there and our team will remain there for the whole event and they told us that they have expected a very good response there also.

**Abhay Raj Singh:** And in fact there were 213 company who participated for the Sitagliptin process. And there was some event wherein our company was within the top five. IOL process was within the top five best processes, which we have already procured patent on this. So we were the finalist in CPHI, out of the 213 companies.

**Mohamed Ayaz:** That's a great achievement. Any update for that Sitagliptin process? Are you planning to introduce the product or it will take some time?

**Abhay Raj Singh:** This depends on the market viability and the overall commercial economic viability to the company, we have got a very clean and greener process developed for the Sitagliptin and we are working on it. If all these parameters, EBIT margin and the economical part is viable to the company, we'll definitely start this. But this is just the study was done, no final decision has been taken on it so far.

**Mohamed Ayaz:** So the chemical sector has been low in this quarter. Is there any improvement we can see in Q3 and Q4FY24 in terms of profitability? My question is we have seen low profit margin in chemical sector in this quarter. Can we see any improvement in Q3 and Q4?

**Abhay Raj Singh:** Yeah, definitely yes. The Q3 and Q4 historically remain better for the chemicals vertical of the company.

**Mohamed Ayaz:** Okay, thank you. Thanks a lot.

**Abhay Raj Singh:** Thank you.

**Moderator:** Thank you. The next question is from the line of Neeraj, an individual investor, please go ahead.

**Neeraj:** Yeah. I just wanted to know, you mentioned that we'll have an CAPEX of approximately Rs 200 to Rs 250 crore for current financial year. So any guidance for future CAPEX, let's say for next

3-4 years, what would be the tentative CAPEX we have planned and what would be the breakup in terms of chemical and API business, I mean how much will go in chemicals and how much will go in API business?

**Abhay Raj Singh:** The guidance for next 2-3 years is on the similar pattern, that last year we did around more than Rs 200 crore. This year we are planning for Rs 200 crore out of this we already incurred Rs 115 crore. So next two to three years. We are having the similar plan for having the CAPEX. And this CAPEX majorly will be in the growth CAPEX and this may be divided into in any proportionate depending on the market and the products we finalize. So this is pretty early to say how much CAPEX will we use in a particular product or a particular segment. Major part of it will remain towards the growth CAPEX.

**Neeraj:** Okay. What would be our current spend in R&D and what would be it in terms of overall revenue? R&D spend would be what percentage of our overall revenue and what are our plans on R&D?

**Abhay Raj Singh:** We are having moderate R&D expenses, R&D expenses ranges from to 2% to 3% of overall turnover. That is for the R&D CAPEX only.

**Neeraj:** Any other plans in the future to increase the R&D budget?

**Abhay Raj Singh:** Yes, we are working on it and we will come out with the appropriate announcement in this regards at an appropriate time.

**Neeraj:** What is the current position of cash and debt?

**Rakesh Mahajan:** Company is totally debt free and further, we have not raised any debt since 2017 and as of now we have bank balance of around more than Rs 250 crore.

**Neeraj:** Okay. Any CAPEX we have planned where we intend to raise debt?

**Rakesh Mahajan:** As of now, no, because whatever CapEx we are doing for last 2-3 years also is being done through internal accruals only.

**Neeraj:** Okay. So going forward in the next 2-3 years also we are planning that we will spend around Rs 200 crores to Rs 250 crore.

**Rakesh Mahajan:** Definitely. We have the projections and the estimates relating to the CAPEX's, the cash generations from the businesses is more than what we are looking to invest into the CAPEX.

**Neeraj:** Okay. So we can say safely that in next 2-3 years also we would not need any debt.

**Rakesh Mahajan:** No, we are not going for any substantial debt.

**Neeraj:** Okay. Thank you.

**Moderator:** Thank you. The next question is from the line of Praveen Sharma from Sharma Investment. Please go ahead.

**Praveen Sharma:** Yeah. Hello. Thank you for taking my question. I just wanted to understand how is the impact of Chinese economy on our business expected to be for the current quarter and for H2?

**Rakesh Mahajan:** For China like in pharma segment especially in ibu we are not dependent on China. And for non-ibu segment to some extent we are dependent on China, but China plays a critical role in our chemical also and this metformin also. Their policies remain unknown to everyone and when they go for increase in prices and reduction in prices no one knows. They have impact all over industry but as we have already ordered some chemicals and placed the orders for chemical from China for upcoming two quarters, we are hoping that we may not be impacted badly for import of chemicals from China for the upcoming half year.

**Praveen Sharma:** Got it. Thank you for that. I also would like to ask in case you could throw some color on which new products will be contributing for growth in EBITDA, if you could give some info on that as well?

**Abhay Raj Singh:** The overall kitty of the non-IBU products they are contributing and they all will start contributing in a better way with the passage of time and increase in the capacity utilization. We have 3-4 products and we have a good amount of the filing in the regulated markets. We received CEP during the first quarter for paracetamol. In earlier questions, we responded that we are getting good responses from the customers from the regulated market. Whenever our exports increase to the regulated market for the non-ibu products our EBITDA margin, I mean the contribution from these 2-3 non-ibu products will increase. It will be contributed in a significant manner.

**Abhay Raj Singh:** Also Paracetamol and metformin are doing well in the market.

**Praveen Sharma:** Okay. Thank you so much for the answers. Thank you.

**Abhay Raj Singh:** Welcome.

**Moderator:** Thank you. The next question is from the line of Anuj Panwar from family office. Please go ahead.

**Anuj Panwar:** Yes, hi. Thank you for the opportunity. I just have two quick questions. The first one is can we look at the margin sustaining at the current levels or improving for the rest of the year? And my second question is

**Abhay Raj Singh:** This will improve. Margin what you are asking, if I understood you correctly - next two quarters whether the margin will remain same or it will improve? This is your question.

**Anuj Panwar:** Yes, that is correct.

**Abhay Raj Singh:** Yeah. So we are very much hopeful that the margin will definitely improve in the next six months.

**Anuj Panwar:** Okay. And do we have any plans to increase the Ibuprofen facility? Also like any plans to go beyond the 35% global market share.

**Rakesh Mahajan:** I already discussed during the call. As of now, we have not planned for that for expansion of ibuprofen, but we are ready and when any opportunity comes we will be the first to increase the capacity along with backward integration of raw materials in ibuprofen. But still we are running at around 90% capacity. As of now we have no plans, but we have worked out how to increase the capacity within short period of maybe six months or three months. We are ready with that plan.

**Anuj Panwar:** Okay, understood. Yes, that was helpful. Thank you so much for your answer.

**Moderator:** Thank you. The next question is from the line of Mohammad Ayaz, an individual investor. Please go ahead.

**Mohammad Ayaz:** Sir, when can you expect Mr. Vikas Vij will onboard?

**Rakesh Mahajan:** Actually, he was traveling when he was there in CPHI also and again from there he went to some client and he is expected to come back tomorrow most probably. And next quarter we will think about that.

**Mohammad Ayaz:** Yeah, we would love to host him in the conference call. Thank you.

**Moderator:** Thank you. I now hand the conference over to Mr. Rakesh Mahajan for closing comment.

**Rakesh Mahajan:** Thank you very much for joining us today and discussing our second quarter and a half year ended 30<sup>th</sup> September 2023 performance. The company continues its strategic focus to diversify revenue base with strong domestic demand in both sectors and backward integration. The next quarter or next half year will bring in more value addition for investor and shareholder alike. Thank you very much again for attending this call. Have a nice day.

**Moderator:** Thank you. On behalf of IOL Chemicals and Pharmaceuticals Limited, that concludes this conference. Thank you for joining us and you may now disconnect your line.