



IOI Chemicals And Pharmaceuticals Limited
Q2FY23 Investor Presentation
November 2022



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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

The global economy is going through a roller-coaster ride as central banks battle inflation through rate hikes. Apart from inflation, the global trade and investor sentiments are also impacted by uncertainty over Russia's invasion of Ukraine and the resultant trade imbalances. These global challenges have led to broader and sharper than expected slowdown alleviating the cost of living crisis, as IMF puts it.

Back home, the Indian economy, despite global uncertainties is recovering. While the world has looked at China so far for API, the supply disruptions amidst Covid-related lockdowns is opening up a grand opportunity for the Indian API players who are finding robust export enquiries.

For the pharmaceutical segment, we continue to de-risk and reduce the Ibuprofen business and increase the share of non-Ibuprofen business and other intermediates. In the specialty chemicals segment, the Indian players are trying to stabilize with commodity import price cooling off to a certain extent. We expect the headwinds to subside and therefore, give us an edge in terms of operational efficiency and higher margins with increased production.

Operational Highlights

- Received REACH certification, regulatory approval from the European Union for the supply of ethyl acetate
- Backward integration of Paracetamol
- Geographic expansion under evaluation
- 2 DMF filed and 1 CEP filed
- Capex of chemicals business underway at Barnala

Q2FY23 Financial Performance

INR 546.5 Cr.
Revenues

INR 36.7 Cr.
EBITDA

6.7 %
EBITDA Margin

INR 15.7 Cr.
Profit After Tax

2.9 %
PAT Margin

H1FY23 Financial Performance

INR 1,116.6 Cr.
Revenues

INR 97.9 Cr.
EBITDA

8.8 %
EBITDA Margin

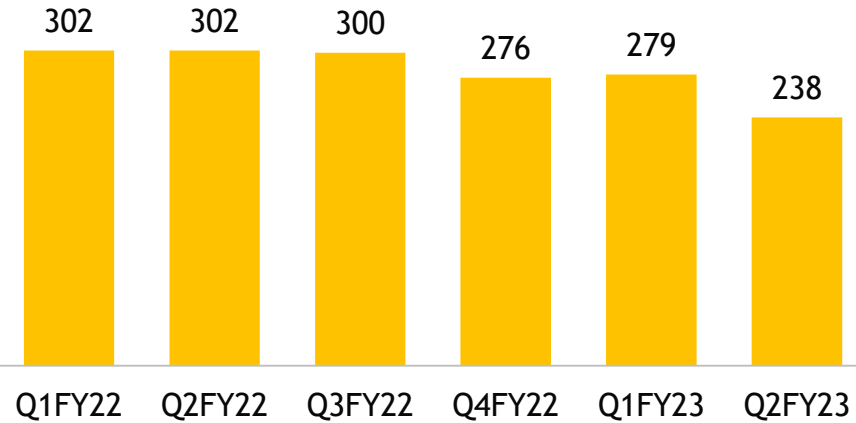
INR 50.6 Cr.
Profit After Tax

4.5 %
PAT Margin

Segmental highlights

Chemical Segment

Operating Revenue net intersegment (Rs. crore)

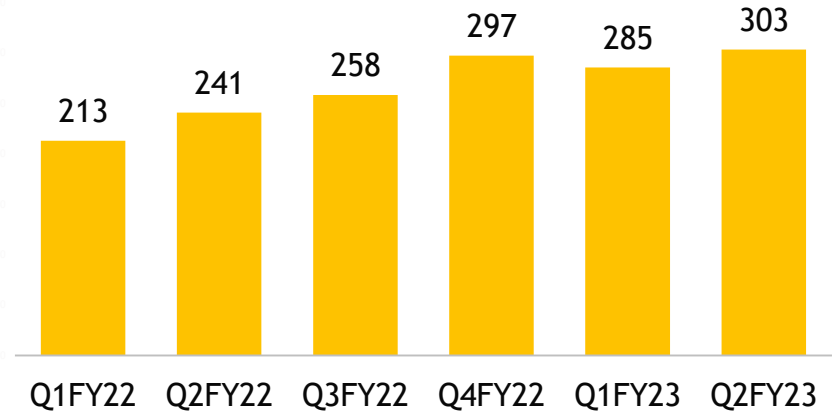


Chemical segment has been impacted due to volatility in raw material prices



Pharmaceutical Segment

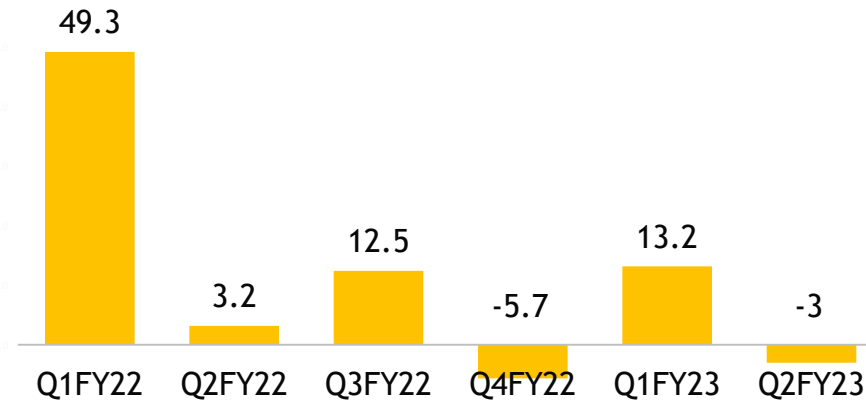
Operating Revenue (Rs. crore)



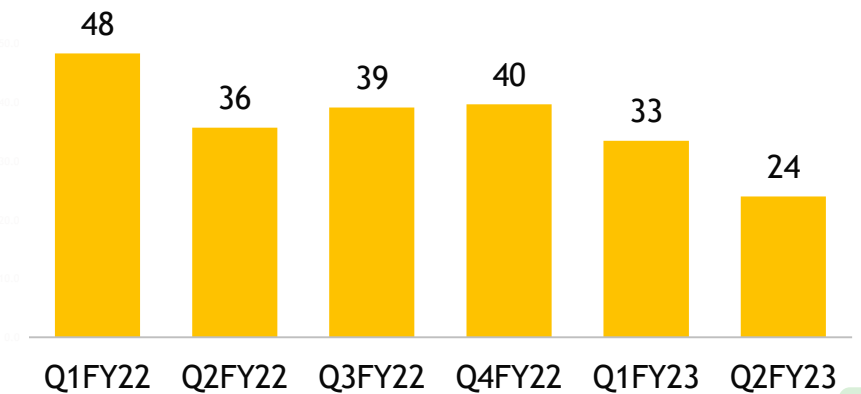
Pharma business impacted due to higher input costs



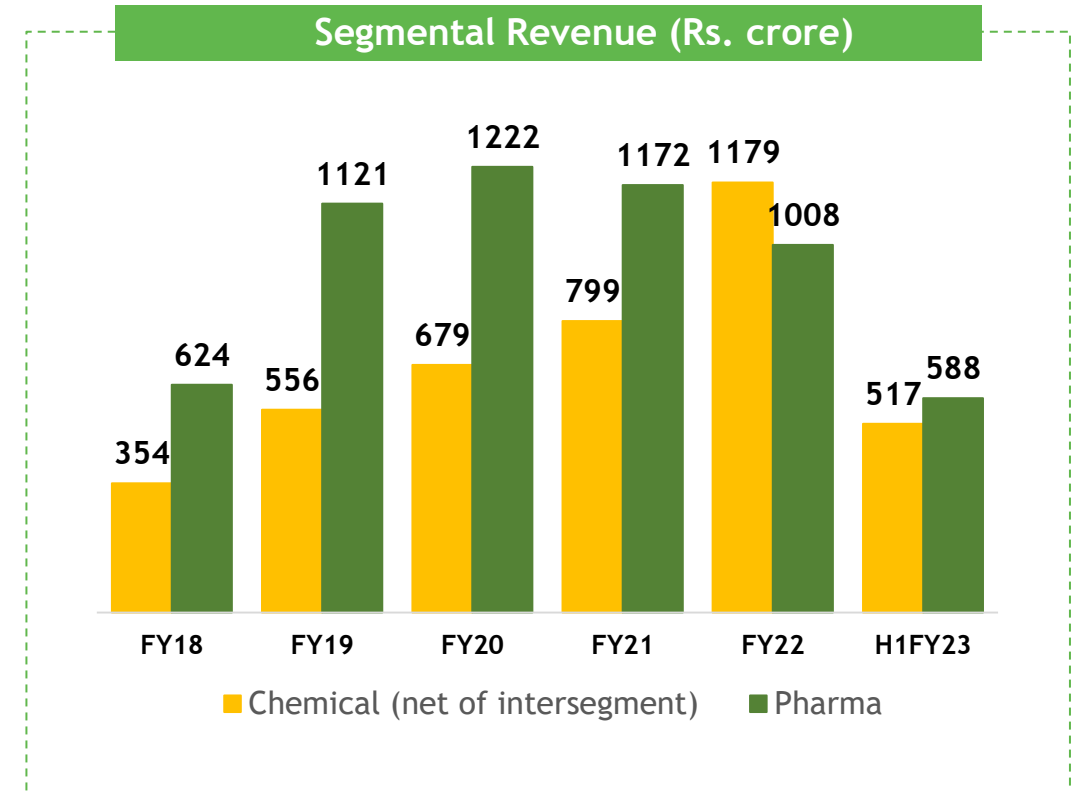
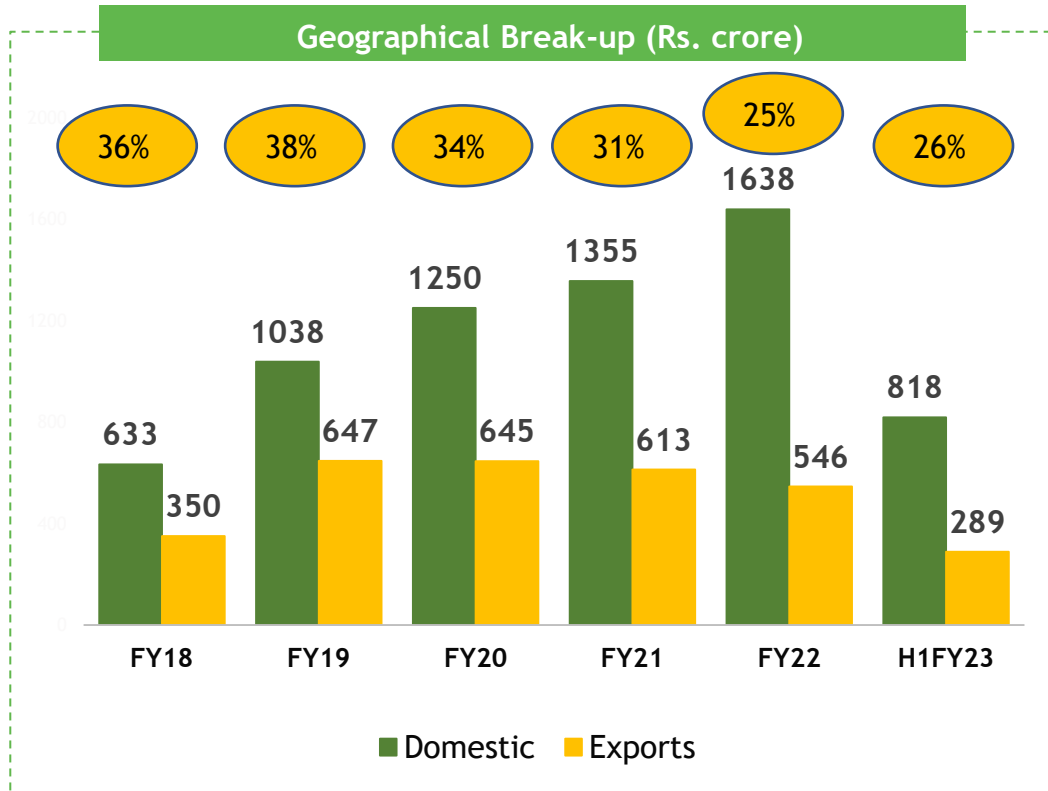
EBIT (Rs. crore)



EBIT (Rs. crore)



Geographical & segmental break-up





FINANCIAL OVERVIEW



Quarterly income statement

Particulars (Rs. Cr)	Q2 FY23	Q2 FY22	YoY	Q1 FY23	QoQ
Revenues	541.4	537.9	0.7%	565.0	-4.2%
Other Income	5.1	10.5		5.2	
Total Income	546.5	548.4		570.2	
Total Expenses	509.7	494.1		509.0	
EBITDA	36.7	54.3	-32.4%	61.2	-40.0%
EBITDA Margin (%)	6.7%	10.1%		10.8%	
Depreciation	11.32	10.80		10.98	
Finance Cost	3.51	1.89		3.38	
Profit Before Exceptional Items	21.90	41.62		46.81	
Exceptional items (Expense) / Income					
Profit Before Tax	21.90	41.62	-47.4%	46.81	-53.2%
Tax	6.23	10.78		11.92	
Profit After Tax	15.67	30.84	-49.2%	34.89	-55.1%
PAT Margin (%)	2.9%	5.6%		6.1%	
Other Comprehensive Income	-0.3	-0.7		-0.5	
Total Comprehensive Income	15.3	30.2		34.4	
Basic & Diluted EPS (INR)	2.7	5.3		5.9	

Half-yearly income statement

Particulars (Rs. Cr)	H1 FY23	H1 FY22	YoY
Revenues	1,106.4	1,056.4	4.7%
Other Income	10.2	16.2	
Total Income	1,116.6	1,072.6	
Total Expenses	1,018.7	902.4	
EBITDA	97.9	170.2	-42.5%
EBITDA Margin (%)	8.8%	15.9%	
Depreciation	22.30	21.12	
Finance Cost	6.89	3.66	
Profit Before Exceptional Items	68.71	145.40	
Exceptional items (Expense) / Income		13.93	
Profit Before Tax	68.71	131.47	-47.7%
Tax	18.15	33.63	
Profit After Tax	50.56	97.84	-48.3%
PAT Margin (%)	4.5%	9.1%	
Other Comprehensive Income	-0.8	-1.2	
Total Comprehensive Income	49.8	96.7	
Basic & Diluted EPS (INR)	8.6	16.7	

Income statement

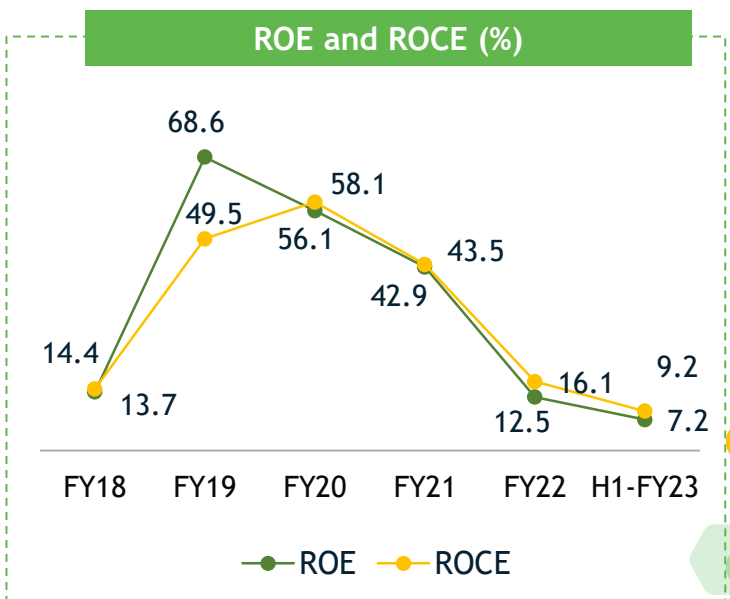
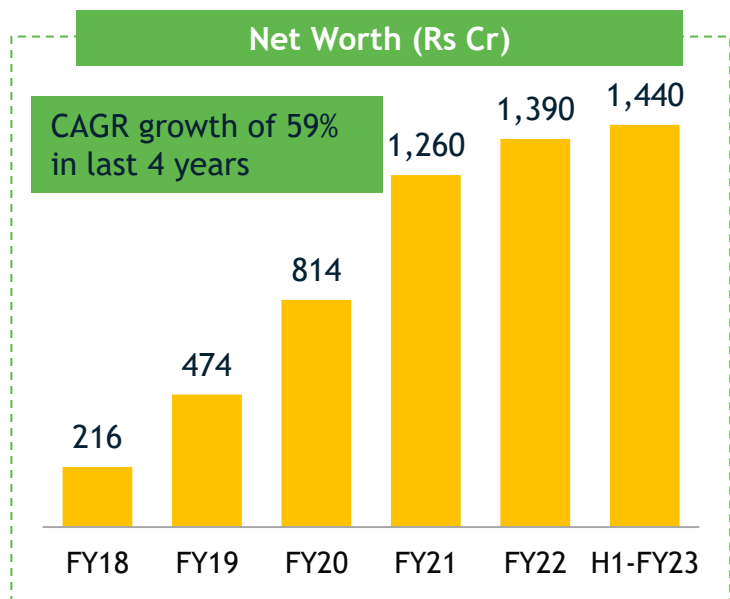
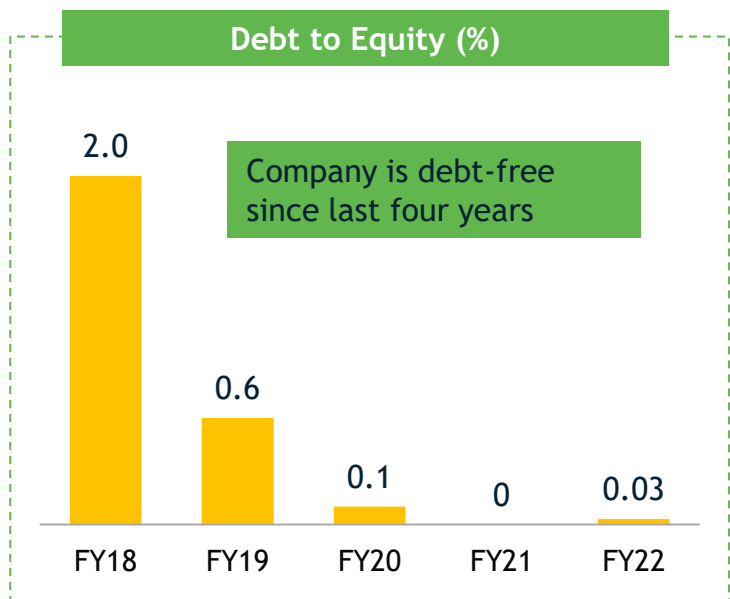
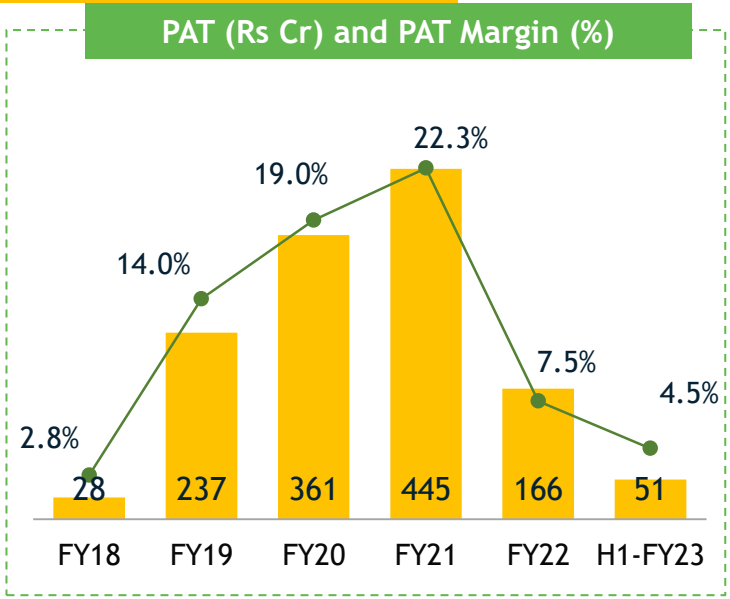
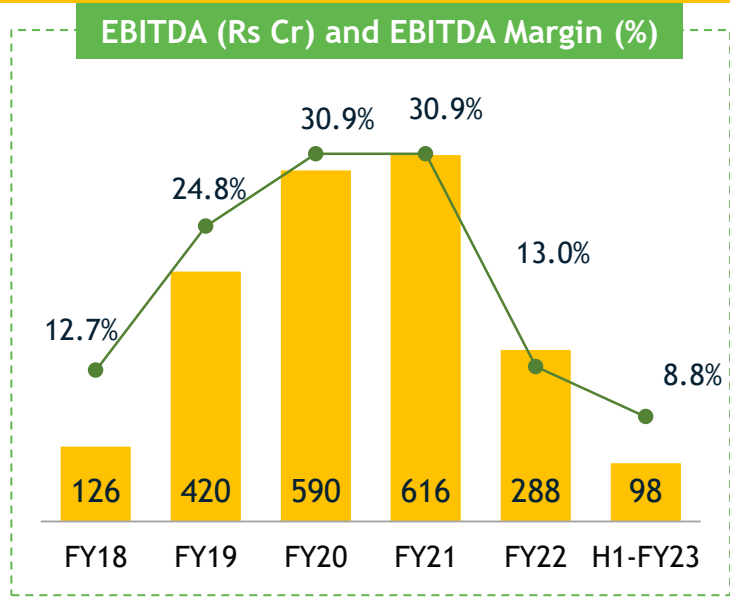
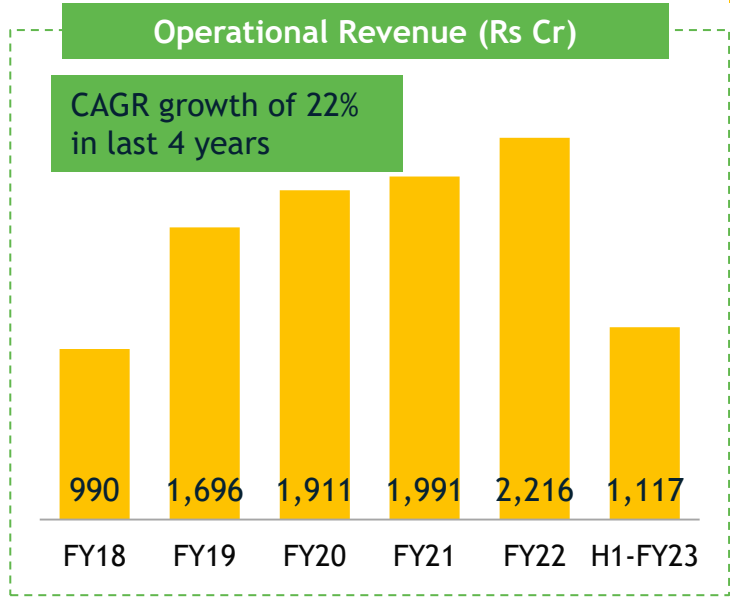
Particulars (Rs. Cr)	FY18	FY19	FY20	FY21	FY22	H1 FY23
Revenues	983.3	1,685.3	1,894.5	1,967.0	2,184.0	1,106.4
Other Income	6.3	10.4	16.0	24.3	32.0	10.2
Total Income	989.6	1,695.7	1,910.5	1,991.3	2,216.0	1,116.6
Total Expenses	863.7	1,275.7	1,320.6	1,375.2	1,927.6	1,018.7
EBITDA	125.9	420.0	589.9	616.1	288.4	97.9
EBITDA Margin (%)	12.7%	24.8%	30.9%	30.9%	13.0%	8.8%
Depreciation	30.2	32.5	35.7	38.9	43.3	22.3
Finance Cost	64.4	51.4	20.9	5.8	8.3	6.9
Profit Before Exceptional Items	31.3	336.1	533.3	571.4	236.8	68.7
Exceptional items (Expense) / Income					13.9	
Profit Before Tax	31.3	336.1	533.3	571.4	222.9	68.7
Tax	3.6	99.5	172	126.8	57.2	18.2
Profit After Tax	27.7	236.6	361.3	444.6	165.7	50.5
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	-0.79
Total Comprehensive Income	27.1	235.2	359.8	442.5	165.1	49.7
Diluted EPS (INR)	4.93	42.1	63.4	76.2	28.2	8.6

Balance Sheet

Balance Sheet (Rs. Cr)	FY18	FY19	FY20	FY21	FY22	H1FY23
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

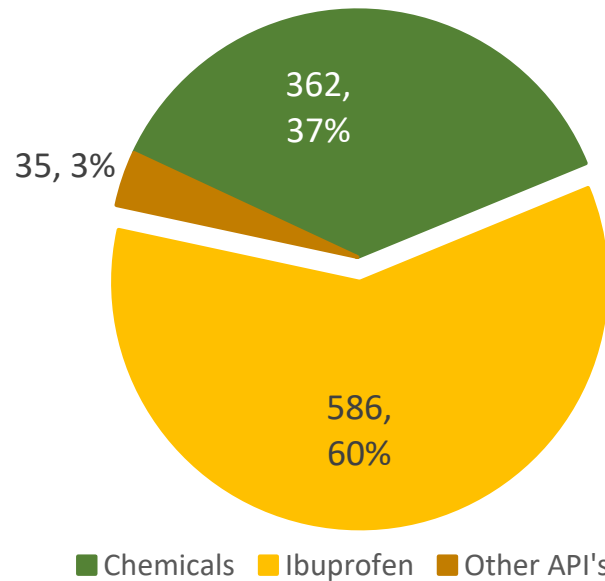
5-years Performance

Rising input costs & surging price of imported raw materials have dented profitability

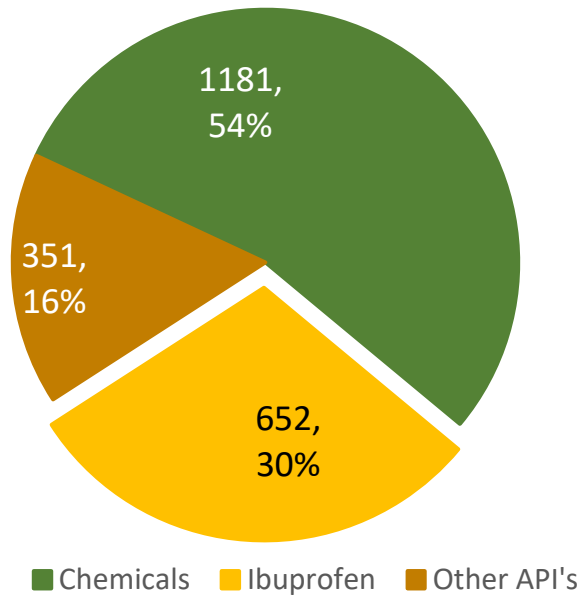


Product wise Segmentation

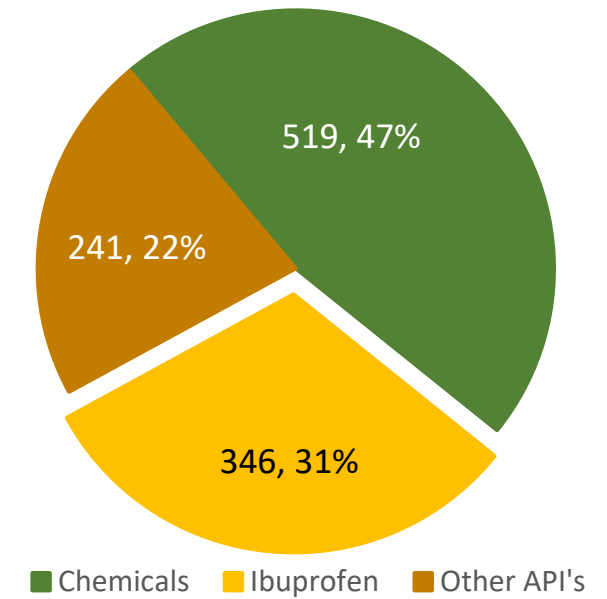
FY18



FY22



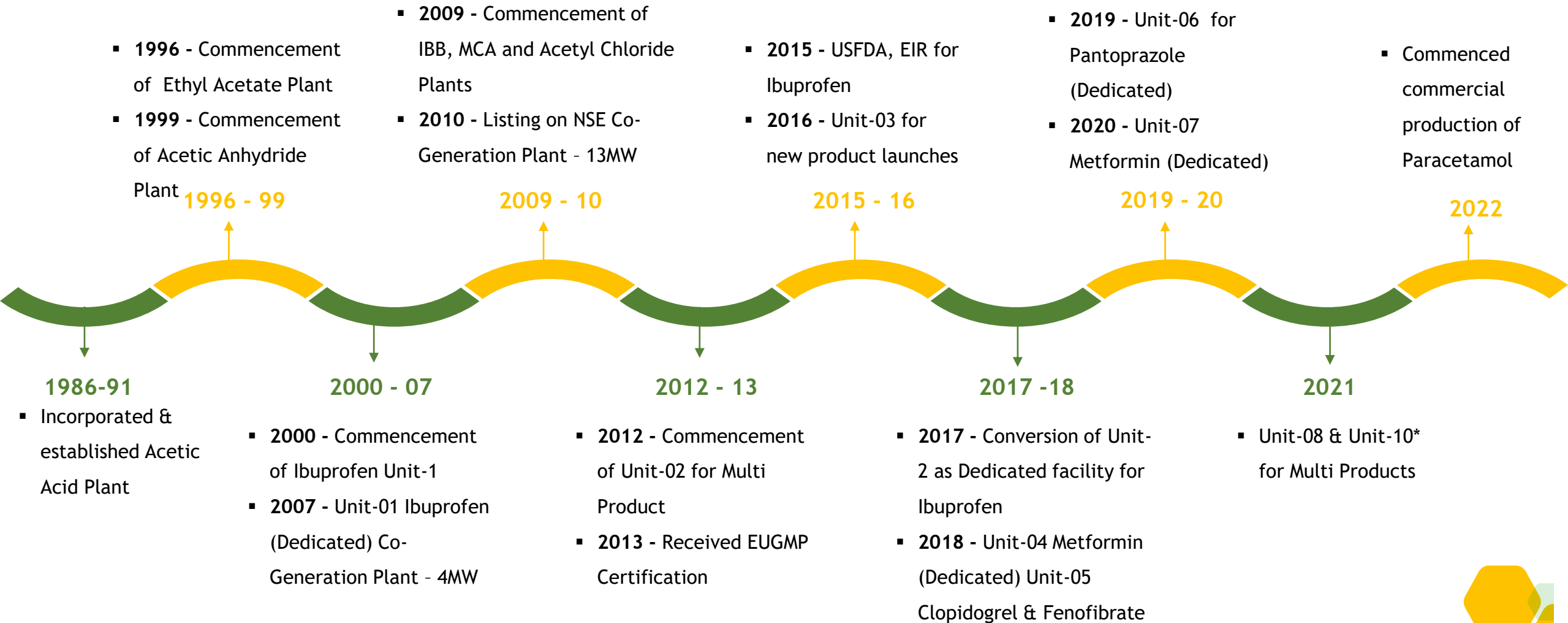
H1FY23



The share of non-Ibuprofen business is consistently rising with other APIs now contributing 22% of total revenue and 41% of pharma business as compared to 5.6% in 2017-18.



COMPANY OVERVIEW



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 world
- 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

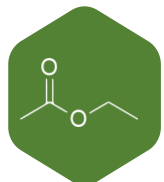


Proton Pump Inhibitor

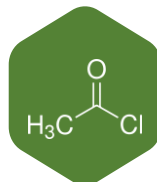
IOLCP first commenced manufacturing Ethyl Acetate in 1996, with a starting capacity of 3000 tonnes p.a. Today, the Company has grown this business to become the largest single location plant in India, with a production capacity of 1,00,000 tonnes p.a.

- 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

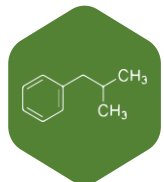
Product Portfolio



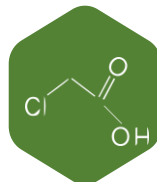
Ethyl Acetate



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

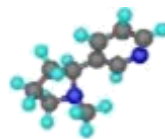
6

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

- The growth of the sector is fueled by the adoption of global standards and the establishment of large-scale operations in the country. India has the biggest number of US FDA-approved plants, ~665, and accounts for 44 percent of the world's abbreviated new drug applications (ANDA).
- To encourage API (bulk drug) production, the Government of India has introduced Production-Linked Incentive (PLI) scheme that also supports the “Atmanirbhar” effort for Indian manufacturers.
- India exports most of its Pharma API to Bangladesh, Brazil and Turkey.
- India currently contributes nearly 57% of Active Pharmaceutical Ingredients (APIs) and 69% of Finished Pharmaceutical Products (FPP) to the WHO's Pre-Qualified list.
- Can show growth of exports by India and data related to imports

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

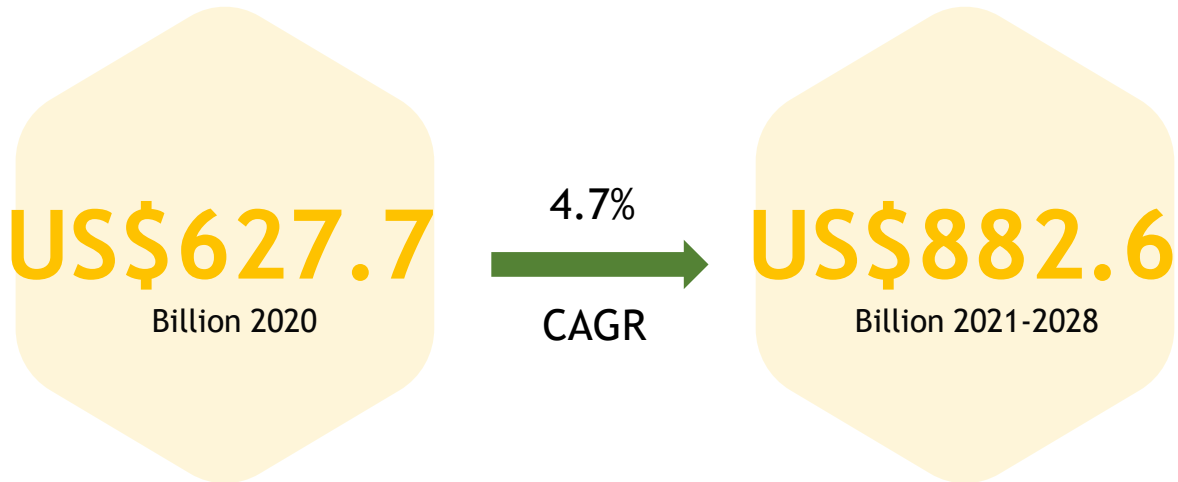
Billion-2024
(15%)

\$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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