



IOL CHEMICALS AND PHARMACEUTICALS LIMITED

20th August 2024
IOLCP/CGC/2024

National Stock Exchange of India Ltd.

Exchange Plaza, Plot no. C/1, G Block,
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 Financial Results
Q1-FY2025**

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 13th August 2024 post declaration of financial results for the quarter ended 30th June 2024.

You are requested to take the same on record.

Thanking You,

Yours faithfully,
For IOL Chemicals and Pharmaceuticals Limited

Abhay Raj Singh
Sr. Vice President & Company Secretary

IOL Chemicals and Pharmaceuticals Limited
Q1 FY25 Earnings Conference Call
August 13, 2024

Moderator: Ladies and gentlemen, Good day and welcome to Q1 FY25 Earnings Conference Call of IOL Chemicals and Pharmaceuticals Limited.

From the management, we have Mr. Pardeep Khanna - Chief Financial Officer; Mr. Abhay Raj Singh - Senior Vice President and Company Secretary; and Mr. Rakesh Mahajan - Adviser, Finance and Strategic. We also have the Investor Relations team from Adfactors.

As a reminder, all participant lines will be in the listen-only-mode and there will 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 '*' 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 opening remarks.

Thank you, and over to you, sir.

Darshan Mankad: Thank you, Manav. Good afternoon, everyone. We welcome you to the 1st Quarter FY25 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. We would ensure the call is reconnected at the soonest.

I now hand over the call to Mr. Abhay Raj Singh for his opening comments. Over to you, sir.

Abhay Raj Singh: Thank you, Darshanji and good afternoon, everyone. First of all, I would like to thank you all for joining us for the Q1 FY25 Earnings Conference Call of IOL Chemicals and Pharmaceuticals Limited. I hope you all have gone through the results and the investor presentation available on our website as well as the website of exchanges.

For the context, let's take top-down approach and discuss global developments first. Global growth is projected to be in line with April forecast of IMF at 3.2% in Calendar Year 2024 and 3.3% in Calendar Year 2025. Inflation is expected to continue to cool, although in many countries the price pressures will take longer to unwind than it took to emerge. Geopolitical uncertainty is elevated with nearly half of the world's population already voting or heading to the poll this year. Hot wars and trade tensions are flaring, the resulting risk is more frequent short spell of inflation. A slower expected glide path on rate cuts by the US Fed Reserve, which plays an outsized role in Global Financial Markets will have a larger impact on rate decisions by developing economies. Consumer spending and business investments remain strong in US while job growth is still at a speed that is consistent with moderate economic growth. The Eurozone Economy is not strong, but it is clearly rebounding from a near recession last year Demand in China is weak. Freight rates surge continues, imports/exports, logistics cost pain is expected going ahead. RBI is likely to start cutting key benchmark interest rate as better monsoons and high crop sowing compared to the last year is expected to ease food inflation. India's economy has exceeded growth expectations, averaging 8.3% annual growth despite global uncertainties driven by strong demand and continuous government efforts towards reform and capital expenditure.

In first quarter of fiscal year 2025, the Indian pharmaceutical sector experienced traction with US being steady and strong domestic growth. Chronic therapies continue to see traction while acute therapies are witnessing recovery. API companies observe decline in price realization and continue to see opportunities over long term due to China+1 and Europe+1 policy in regulated markets.

In regard to Speciality Chemical, high channel inventory and destocking has led to continued volume and pricing pressure on the industry. In addition to this continuous dumping by China and lower prices are hurting profitability, normal monsoon and onset of timely rains has benefited Agrochemical Segment with good volume growth.

With this update, I now hand over the call to Pardeep ji who will brief us about our financial performance for the 1st Quarter of FY 2025.

Pardeep Khanna:

Good afternoon everyone and thank you for joining us today to discuss our performance for the 1st Quarter ended 30th June 2024. I will take you through standalone financial highlights for the 1st Quarter ended 30th June 2024.

The total income of the company in the 1st Quarter of Financial Year '25 stood at Rs. 510 crore as against Rs. 570 crore in the corresponding quarter of Financial Year '24 and Rs. 511 crore in the previous quarter ended March '24. EBITDA for the quarter was Rs. 58 crore as against Rs. 80 crore in the correspondence quarter of Financial Year '24 and Rs. 58 crore in the previous quarter ended March '24. EBITDA margin for the quarter declined by 260 basis points to 11.4%

as against 14% in the correspondence quarter of Financial Year '24 and 11.3% in the previous quarter ended March '24.

Net profit in the 1st Quarter of Financial Year '25 was Rs. 30 crore as against Rs. 46 crore in the corresponding quarter of last year and Rs. 28 crore in the previous quarter ended March 2024.

With easing of operating expense, EBIT margin for the Pharmaceutical segment was maintained at 11.8% in 1st Quarter of Financial Year '25 , while EBIT margin for the Specialty Chemical segment was 1% in 1st Quarter of Financial Year '25. The export for 1st Quarter of Financial Year '25 slightly increased to Rs. 150 crore as compared to Rs. 149 crore in the corresponding period of the last year, whereas it was Rs. 159 crores in previous quarter ended March '24. R&D for the Quarter was Rs. 4.66 crore as against Rs. 5.07 crore in the corresponding quarter of Financial Year '24 and Rs. 4.76 crore in the previous quarter ended March '24.

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

Moderator: Thank you. We will now begin the question-and-answer session. We have our first question from the line of Sheikh Mohammed, an individual investor. Please go ahead.

Sheikh Mohammed: Thank you for the opportunity. Sir, my first question is we are getting so many approvals from China and Europe, but we are not getting any kind of approval from US. What is the reason behind that, any inspection nearby or any update for that?

Abhay Raj Singh: Thank you for asking this question, but we are continuously talking about this in all the calls and the reason is that the US FDA and their inspection is due since long, but when they are going to inspect is not yet informed by them. They just inform us maximum 2 or 3 days before the inspection and the inspection is decided by them itself. But considering the situation and the post-COVID era situations, we are mostly into lifestyle drugs. Perhaps this is not their priority. So, that is why they are not inspecting a company like us as of now. But whenever they inspect, most of the filed DMF's for 15 drugs may be considered as US FDA approved at one go.

Sheikh Mohammed: Okay, that will help. Sir, another question is regarding EBITDA margins. Since the last 4 to 5 quarters management is repeating the words like we will achieve 15% to 20% EBITDA margins but it is not getting maintained. What is the reason behind that sir?

Rakesh Mahajan: As explained earlier, we estimated EBITDA margin to be around 15% but got affected due to volatility in raw material prices and substantial decrease in prices of especially API like Paracetamol and Metformin. So we weren't able to achieve that margin which we were expecting around last 1 year. The prices of Paracetamol was reduced by more than 40% in the last 1 year and for Metformin it was reduced up to 15% to 20%. That may be the reason for lower margin of EBITDA as against our projections in initial period of past financial year.

Sheikh Mohammed: Okay, sir. Sir, what do you see for the next few quarters? Any tailwinds for that or same lack of margin will continue?.

Rakesh Mahajan: We anticipate, as also mentioned in the last call also that the prices are now bottomed out. We think it may not go down beyond these numbers and within may be 1 or 2 quarters, it may be on the North Side.

Pardeep Khanna: We expect 13% to 15% EBITDA margin in the near future.

Sheikh Mohammed: Okay sir, and as a investor friendly company, so since long we have not given bonus or any kind of split or any kind of buyback and the rules of buyback has also changed in recent budget. Don't you think we should bring any kind of investor-friendly actions?

Abhay Raj Singh: So, bonus and the split, we can discuss this in the board, and board will take decision on it, but as of now, there has not been any decision, but in regards to split let the prices of the stock to be that level so the company can consider the split. But as of now, no decision has been on it. So, we can't comment on it.

Sheikh Mohammed: We have cash, we can do buyback right?.

Abhay Raj Singh: Cash is there, you are right. But our priority as of now is to enhance the business, increase the capacities of the various products and the cash is there for grabbing any good opportunity in the market. So, that is the main purpose we are holding up cash, if we do the buyback it would be good investor friendly move. But our priority as of now is to have the business increase at a higher level than considering for buyback.

Moderator: Thank you. The next question is from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: Yes. So, I am pretty new to the company, so apologies if the questions are repetitive. So, my first question is regarding our margins. So, what is the margin for our chemical and other API division and what is the margin for ibuprofen division?

Rakesh Mahajan: We cannot give product-wise margins. It is internal policy of company to not to discuss margins product-wise. We can discuss it in separate call.

Pradeep Rawat: Okay. I will take that on a separate call. So, my next question is regarding our competition ramping up in ibuprofen market. So, recently we saw a company doing a CAPEX of 12,000 tonnes per annum for ibuprofen. So, how do you see the dynamic panning out in this industry?

Rakesh Mahajan: We are the largest player of ibuprofen since last more than a decade and we are concentrating only on our clients, our regulatory approvals, our qualities and other after sales services. So, we do not have a policy to comment on any competitor's CAPEX and other things. But we have

our own strategy to tackle the competition in time to come because we are the only company who is backward integrated.

Pradeep Rawat: Yeah, understood. So, are we expecting any kind of like price drawdown or margin drawdown with respect to overcapacity in the industry?

Rakesh Mahajan: The prices are already bottomed out and we are getting regular order at certain prices of ibuprofen. So, we do not fear any more reduction of prices in Ibuprofen.

Pradeep Rawat: And my last question is regard to a shift toward non-ibuprofen business. So, going forward, what kind of like revenue contribution do we expect from a non-ibuprofen business.

Rakesh Mahajan: Down the line around 3-4 years, we are targeting 50% turnover of API segment from non-ibuprofen segment which is presently around 20% of overall revenue.

Moderator: Thank you. The next question is from the line of Priya Shah, a shareholder. Please go ahead.

Priya Shah: I have a couple of questions. Firstly , could you give breakup of exports in Q1 FY24 versus this quarter?

Pardeep Khanna: In this quarter we have 30% export and 70% domestic turnover, which is similar to the last years export and domestic sales.

Priya Shah: Okay and on a Y-o-Y basis we see that ibuprofen has seen lower decline in revenue in comparison to non-Ibu . So, could you explain why is that so?

Pardeep Khanna: We are focusing on the non-ibuprofen business. Our ibuprofen business is stable, and we added new products in our basket of APIs. So, the ibuprofen share is decreasing, and non-ibuprofen share is increasing.

Priya Shah: Okay and one more last question is that this quarter we have seen a substantial decline in the other expenses. So, could you give us some understanding on why is that so and will this number be sustainable going ahead?

Pardeep Khanna: Actually, in last year, our power and fuel expenses are on high side due to coal prices which are now stable and decreased somehow and freight part is also on decreasing side, which was in previous quarter and the previous year on the higher side.

Moderator: Thank you. We have a follow up question from the line of Sheikh Mohammed, an individual investor. Please go ahead.

Sheikh Mohammed: My follow up question is that are we planning any acquisition for that we are saving the money?

Rakesh Mahajan: If any good opportunity, which is beneficial for the company's shareholder or any business comes in the market with a proper valuation, we may consider that, but as of now, our first priority is to go organically.

Moderator: Okay.

Abhay Raj Singh: And in case any opportunity comes, we will reconsider it again.

Sheikh Mohammed: Okay sir that will help. Another question is I think in last quarter in other expenses there was some boiler expense was there? I don't know exactly, but I think some boiler expense was there. That is why last year the other expenses were higher. Am I right or is only the energy is the reason?

Pardeep Khanna: Yes, you are right. So, because of that our repair and maintenance are on the higher sides and due to more power from the government, the power and fuel expenses were as well on the higher side.

Sheikh Mohammed: So, do you think from next quarter onwards these type of expenses will be maintained, or it will gradually increase or decrease?

Pardeep Khanna: Definitely maintained.

Moderator: Okay. Thank you. The next question is from the line of Vishal from Systematix. Please go ahead

Vishal: I joined a bit late, and I am not sure whether this question is asked. Wanted to know the capacity utilization on ibuprofen and the non-ibuprofen basket?

Rakesh Mahajan: Capacity utilization of ibuprofen presently around 80% and for non-ibuprofen it has started increasing which was earlier ranging from 40% to 70%. Now the minimum is 52%, it depends on product-to-product.

Vishal: So, at an aggregate level it is around 52%.

Rakesh Mahajan: On an average level it is maybe around 59% to 60%.

Vishal: Okay and are we ramping up over quarters or so?, what was this utilization maybe a year back same quarter?

Rakesh Mahajan: For non-ibuprofen, I know it is presently around 59 to 60%. Around two years back it is around not more than 25% on average. Last year it was around 52%.

Vishal: Okay and sir just one observation like if I look at the balance sheet, we have almost doubled the gross block in the last 4 years, but our top line seems to be like almost where it was. So, it

is almost just 10% higher or even less at 5% higher. So, what actually has gone wrong in the last 4 years for us?

Rakesh Mahajan: There is nothing wrong. We have incurred some of the CAPEX for non-revenue generation projects also like ESG, ETP, boiler revamping, the turbine upgradations. Further some money incurred on land also and have made some large warehouses to increase our storage capacity as well.

Vishal: Okay, so I think apart from the land and the ETP, so affluent treatment plan would be to kind of be compliant with the norms that the government would have, and land would probably come into play at a later stage.

Rakesh Mahajan: We have ETP plant which is around 10 years old, but we have set up another ETP plant in the location itself with a large capacity.

Pardeep Khanna: Also we have added projects manufacturing of paracetamol and acetic anhydride in the last 2 years.

Vishal: Right. Got it. Sir, just wanted to understand like if the non-ibuprofen basket is at 60% utilization, how long can it take for us to be around 80-90% utilization assuming prices at current level?

Rakesh Mahajan: We have started getting regulatory approvals from all the regulators except pending from US FDA. So, we are expecting a ramp up of our capacity utilization at an optimum level within next 2 years.

Vishal: Okay and do you think ibuprofen prices can start to move up again because they have come down kind for almost like a decade.

Rakesh Mahajan: We think prices will not go down from the present level.

Vishal: Okay and you are not sure when the upward trajectory would start but they should not go below, right?

Rakesh Mahajan: It is a market, no one can predict exact numbers.

Vishal: Right. We have not seen any competitor moving out or closing down facilities. We have not seen any such updates in the space.

Rakesh Mahajan: There are limited number of players in the market for producing ibuprofen and one player we heard they are planning to close their facility in US.

Moderator: Thank you. We have our next question from the line of Neelam Punjabi from Perpetuity Investments. Please go ahead.

Neelam Punjabi: Yeah, thank you for the opportunity. My first question is on ibuprofen. So, you mentioned that the capacity utilization was 80% for the quarter and last quarter you had mentioned it was 85% whereas the revenue is pretty much flat on a Q-o-Q basis. So, have the prices gone up during the quarter for Ibuprofen?

Rakesh Mahajan: No, the prices almost remain the same. The stock was reduced during that period. Prices are almost the same level since the last quarter.

Neelam Punjabi: Okay, understood. Secondly, on the other API business, this business has been largely flattish over the last 3 quarters at about Rs. 95 to 100 crore per quarter. So, what is the growth that we are targeting for this segment in this year and next year?

Abhay Raj Singh: Neelamji, if you remember, we discussed these questions around one and a half year back also over the conference call. At that time we said on a conservative side that we are very hopeful that this segment we will achieve around Rs 500 crore by 2024. But that we could not achieve because of substantial fall in the prices of some non-ibuprofen product. If we think now that the time when we discussed and said that we would be crossing Rs 500 crores mark for the non-ibuprofen at that time, what were the rates? If we put those rates at today's quantities, it is going to cross Rs. 600 crore in FY2024. So, we were not knowing that how the prices are going to reduce and prices reduced very substantially for Paracetamol, Metformin and other products also. So, that is the reason and if it is stable that means our quantity is going up. So, we are selling more into the market, but price realization is not upto that level. So, that is the reason you see flat turnover. But in the marketing sense we are growing.

Neelam Punjabi: So, I understand that sir. So, how much is the volume growth for the other API business for this quarter on a Y-o-Y basis if you can highlight that?

Rakesh Mahajan: During the call I have already said that 40% to 43% come as non-ibuprofen segment capacity utilization which is around 59 to 60% during this quarter.

Neelam Punjabi: Got it. Okay, this is helpful and could you help us understand in this other API revenue run rate of about Rs. 400 crores per annum. What would be the contribution of Paracetamol and Metformin respectively?

Rakesh Mahajan: The contribution of Paracetamol is substantially reduced. We can explain only this as of now.

Neelam Punjabi: So, as in out of this Rs. 95 crore of other API revenue, how much would be Paracetamol? Can you highlight that revenue contribution for Paracetamol and Metformin both?

Rakesh Mahajan: It is not more than 10 to 12% of non-ibuprofen segment.

Neelam Punjabi: Okay.

Rakesh Mahajan: Because the prices cracked so much that we intentionally reduced some capacity of Paracetamol also.

Neelam Punjabi: Got it and what about Metformin? Is it the same not more than 10 to 12% of revenue?

Rakesh Mahajan: No, it is around 30-35%.

Neelam Punjabi: Okay, got it and we have received quite a few CEP approvals recently. So, has our export contribution started going up?

Rakesh Mahajan: Yeah, it has started increasing. Queries has also increased. Various technical people of respective clients of competitors who have had quality issues are coming for audit purpose and we are getting some trial orders or samples. The quantity of queries has increased slightly and we hope within 3-4 quarters, improvement will be there.

Neelam Punjabi: Okay and could you highlight what is the CAPEX that we are targeting for FY25 and '26.

Rakesh Mahajan: It is again around Rs. 150 crore to 200 crore.

Neelam Punjabi: Per annum, both this year and next year?

Rakesh Mahajan: This financial year it is around Rs. 200 crore and next financial year it may be around Rs. 150 crore.

Neelam Punjabi: Okay and where are we deploying this Rs. 200 crores this year? What projects are we undergoing?

Pardeep Khanna: No, it was a mix of infra, land, technology development and automation.

Neelam Punjabi: Okay. Are we increasing the capacity of any of the existing molecules like paracetamol or metformin or anything?

Rakesh Mahajan: As of now, we are consolidating our non-API segment. Our first priority is to increase the capacity utilization of all the existing products and stabilize it at a certain level. After that, we will consider for anything else.

Neelam Punjabi: Got it. Okay and lastly, I just wanted to know what is the net cash that we had as on 30th June, 2024.

Rakesh Mahajan: That is around Rs. 190 crore in the bank.

Moderator: Thank you. We have our next question from the line of Pradeep Rawat from Yogya Capital. Please go ahead.

Pradeep Rawat: So, we have targeted to achieve 50% revenue from API segment if I am not wrong. So, do we have products already developed for this ramp up?

Abhay Raj Singh: No, this is not 50% revenue target from the API. Within the API, a non-ibuprofen target is 50%.

Pradeep Rawat: Okay, so non-ibuprofen would be 50% target of overall revenue?

Abhay Raj Singh: No, not overall within the API.. We have a target that 50% within the API should come from the non-ibuprofen portfolio other than the ibuprofen.

Pradeep Rawat: Okay, understood. So, my next question is regarding our inventory days. So, it has increased quite significantly from FY23 to FY24. So, could you highlight the reason behind that?

Rakesh Mahajan: As we have added new products in the market . So, the inventory has been increased accordingly for the new products like Paracetamol and acetic anhydride. That may be the reason to increase level of inventories in our finished product and for raw material we have got a good order from one vendor on alcohol. So, our raw material also increased during that period.

Pradeep Rawat: Okay, understood and could you provide any ballpark guidance for this year on a top line front?

Pardeep Khanna: We hope 10% increase in the current year.

Pradeep Rawat: Okay. And that would be on the volume front, right?

Pardeep Khanna: No, both volume and price.

Pradeep Rawat: Okay. So, how much would you be assuming for price and how much are you assuming for volume?

Pardeep Khanna: I think more than 10% from the volume and 5-10% from price.

Pradeep Rawat: 5% positive growth from price and more than 10% from volume.

Pardeep Khanna: Yes.

Moderator: Thank you. We have our next question from the line of Preeti Sharma from Invest First Advisors. Please go ahead.

Preeti Sharma: I have a couple of questions. Are you planning to launch any new products in the non-ibuprofen space this year?

Abhay Raj Singh: We are having various products in the pipeline and our R&D team is continuously working on those such products. But we have not finalized, or we are not at a stage where we can announce any such product as of now. So, whenever we decide, we will be coming out with appropriate announcement and then we will be discussing those products.

Preeti Sharma: Okay, that is great, sir. My second question is in terms of the expansion. So, what is the target for this year in terms of the geographical expansion, especially for the non-ibuprofen products and what kind of margin difference do we see between Europe and other foreign geographies if you could highlight that?

Abhay Raj Singh: So, if you see that most of our products are having the European CEP. So, geographical expansion definitely will come from the European regulated market and Latin America as well. The realization basically depends from a product-to-product basis. But in any case, around 20% to 25% better realization is observed as compared to domestic prices. This I am talking about on an average basis. If we discuss it on a product-to-product basis some products may come in better realization to 25% and some may be little lesser than 25%.

Moderator: Thank you. We have our next question from the line of Tara Kaur, an individual investor. Please go ahead.

Tara Kaur: So, I have 3 questions. The first question is the cost of raw material as a percentage of revenue has gone up on a Y-o-Y and Q-o-Q basis. Could you explain the reason behind it?

Rakesh Mahajan: The prices of final product has been reduced as we already explained but the raw material which we have bought earlier, or we have imported from various countries earlier before 2 quarter or 3 quarters that will be reflected in this June Quarter numbers. You can say the high cost of inventory was there.

Pardeep Khanna: So, basically it is a mismatch of timing, the timing of sale and the timing of buying of the raw material.

Tara Kaur: Okay sir and could you give us a sense of how we plan to improve our margins in Specialty Chemical segment and how we should look it going forward?

Rakesh Mahajan: In chemical, earlier we were not able to get even positive numbers in the shape of bottom line but from the last 2-3 quarters we are you can say that some EBIT numbers are getting positive , again we launched last year acetic anhydride to add value in the chemical segment. Still we are exploring various export market as we have got REACH certification for one of the product that is ethyl acetate last year and now we are more focusing on the export of chemical also.

Tara Kaur: Okay and are we planning to do any capacity expansion in our existing plant.

Rakesh Mahajan: In chemical segment or API?

Tara Kaur: Overall sir. Like in chemical as well as API.

Rakesh Mahajan: In chemical as of now there is no immediate plan to expand capacities, but we may have some planning for new launches in the time to come in chemical segment also.

Moderator: Thank you. We have our next question from the line of Vishal from Systematix. Please go ahead.

Vishal: Thanks for the opportunity again. Sir, on ibuprofen can you share how much of our revenue has declined in the last 4 years because of the price correction we have seen like what ibuprofen was 4 years back and how much it is today?

Rakesh Mahajan: Earlier around 4 years back the prices of ibuprofen was ranging around \$12, now we are getting the average realization of \$9 to \$10, but our capacity utilization except 1 year in 2022 the capacity utilization was around 65% but after that again the capacity utilization has started increasing from 75% to 85% in FY24. So, you can calculate accordingly.

Vishal: Right sir, you talked about a US player exiting. So, there are 2 US players so, right?

Rakesh Mahajan: We have heard from newspaper that SI Group is planning to exit.

Vishal: Okay. They are also backward integrated, right?

Rakesh Mahajan: Yes.

Moderator: Thank you. The next question is from the line of Pradeep Rawat from Yogya capital. Please go ahead.

Pradeep Rawat: Continuing on the last question so SI Group is exiting from the ibuprofen business. So, what was its capacity?

Rakesh Mahajan: We have heard from the newspapers that they are exiting, but as per our internal sources, their capacity is around 4500 to 5000 tonnes.

Pradeep Rawat: Understood and my next question is regarding our peak revenue potential. So, can you highlight that at current rates?

Rakesh Mahajan: At the current rate, it may be around Rs. 2400 to 2500 crore.

Pradeep Rawat: So, we are quite close to our peak revenue potential. So, are we not planning to do any type of expansion so that we can grow our asset base?

Abhay Raj Singh: So, peak revenue basically is the situation where we are selling into the domestic market, or we are selling into the export market. Suppose if we increase our sale into the export market,

our peak revenue can be any number from Rs. 3,000 crore to even more than that. So, this is a question which cannot be answered over the call or this is a very imaginary question and imaginary answers as well. Because we do not know how much we are going to sell into the domestic market and how much we are going to sell into the export market. So, this is a very subjective question. So, we cannot get the appropriate answer to this question. This is a calculation we can do having certain assumptions that how much percentage of every product we are going to sell into the export and how much we are going to sell into this domestic market.

Rakesh Mahajan: Rs. 2,500 crore figure is calculated only on the existing rates, existing market and existing production.

Abhay Raj Singh: and rates of the domestic as well as the export market, but our strategy is to increase our presence into the export market more than the domestic market.

Rakesh Mahajan: Especially regulated market.

Abhay Raj Singh: Yes. Specifically regulated market, that is correct.

Pradeep Rawat: Yes. So, how much do we generate revenue from export right now?

Rakesh Mahajan: Around 30% of total revenue.

Pradeep Rawat: Yes and how much are we planning for increasing it to?

Rakesh Mahajan: It is around 45% to 50%.

Pradeep Rawat: And any definitive timeline for that?

Abhay Raj Singh: May be 3-4 years.

Moderator: Thank you. As there are no further questions, I now hand the conference over to Mr. Rakesh Mahajan for closing comments. Over to you, sir.

Rakesh Mahajan: Thank you very much for joining today. It was pleasure discussing our 1st Quarter FY25 performance. Going ahead for our non-ibuprofen segment, we continue to explore untapped opportunities in the regulated markets, launch new products, and improve operational efficiency to drive sustainable growth. Further the demand for specialty chemicals is gradually poised to improve going ahead. Thank you very much for attending the call. Looking forward to keep interacting with you at all the time's to come. Thank you very much. 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 lines.