



IOL CHEMICALS AND PHARMACEUTICALS LIMITED

26th November 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 Q2 H1-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 19th November 2024 post declaration of financial results for the quarter and half year ended 30th September 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
Q2 H1 FY'25 Earnings Conference Call
November 19, 2024

Moderator: Ladies and gentlemen! Good day and welcome to Q2 and H1 FY'25 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 VP 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, Neha. Good afternoon, everyone. We welcome you to the Earnings Call of IOL Chemicals and Pharmaceuticals Limited for the 2nd Quarter and half year ended September 30, 2024.

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 of the company.

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. Good afternoon, everyone and a warm welcome to the 2nd Quarter and half year ended 30th September 2024 Earnings Conference Call of the Company. First of all, I would like to thank all of you for joining this call. I hope all have gone through the results and the investor presentation available on our website and the website of exchanges.

India's economy shows resilience with Deloitte projecting 7 to 7.2% GDP growth for FY'24-25, keeping it among the fastest-growing large economies. Stable, modest oil prices are also expected to ease import bills and lower production costs by reducing the cost of imported raw materials. API prices remain subdued as seen in the previous quarter, with increased volume and new markets driving growth in the segment. Further, margins were challenged by output prices. However, to some extent, it was supported by lower input costs and improved operational efficiency. As the growth of our key API products is being driven by several global health trends, the long-term outlook on the API business looks good. To provide insight into some of the major products in our specialty chemicals segment, the Indian ethyl acetate market is expected to experience significant growth, driven by rising demand across industries such as pharmaceuticals, food and beverages, and coatings. Its versatility in applications like automotive coatings, packaging, and personal care products further fuels demand with a strong export relationship to markets such as Italy, Belgium, and UAE.

On the company front, we would also like to share a major update about recent land addition. We bought 101 acres of land alongside Chandigarh- Bathinda National Highway at about 25 km from the existing plant at Barnala. This land will be utilized for the establishment of Greenfield manufacturing facility for expanding the company's business activities after opening the requisite approvals. With this update, I now hand over the call to my colleague, Mr. Pardeep Khanna, who will brief you about the financial performance for the quarter ending first half of the financial year 2025.

Pardeep Khanna:

Thank you Mr. Abhay. Good evening, everyone, and thank you for joining us today to discuss our performance for the 2nd Quarter and half-year ended 30th September 2024. I will take you through stand-alone financial highlights for the 2nd Quarter and first half of the financial year 2025. The total stand-alone income of the company in the 2nd Quarter of the financial year 2025 stood at Rs. 532 crore as against Rs. 552 crore in the 2nd Quarter of the financial year 2024 and Rs. 510 crore in the previous quarter ended June 24. EBITDA for the quarter was Rs. 48 crore as against Rs. 71 crore in the corresponding quarter of the financial year 2024 and Rs. 58 crore in the previous quarter ended June 24. EBITDA margin for the quarter is 9% as against 12.9% in the corresponding quarter of the financial year 2024 and in the previous quarter ended June 24, EBITDA stood at 11.4%. The net profit in the 2nd Quarter of the Financial Year 2025 was Rs. 19 crore as against Rs. 38 crore in the 2nd Quarter of the last year and Rs. 30 crore in the previous quarter ended June 24. EBIT margin for the pharmaceutical segment was Rs. 8.4% in the 2nd Quarter of the Financial Year 2025 while EBIT margin for the specialty chemical segment was Rs. 0.8% in Quarter 2 of the Financial Year 2025. Margin was under prices due to changes in average selling price. The export for 2nd Quarter of the Financial Year 2025 was Rs. 140 crore as compared to Rs. 130 crore in the corresponding period of the last year whereas it was Rs. 150 crore in the previous quarter ended June '24. The CAPEX for the quarter is Rs. 83 crore whereas it was Rs. 41 crore for the corresponding quarter of the Financial Year 2024 and Rs. 50.8 crore in the previous quarter ended June '24.

R&D for the quarter was Rs. 5.8 crore as against Rs. 4.5 crore in the corresponding quarter of the Financial Year 2024 and Rs. 4.7 crore in the previous quarter ended June '24.

The consolidated cash and bank balance stood at Rs. 157 crore as on 30th September 2024. With this we open the floor for a question-and-answer session. Thank you very much

Moderator: Thank you. The first question is from the line of Udit Gupta from Ashika Stock Broking Limited. Please go ahead.

Udit Gupta: Sir my first question was, we see an increase in employee expense on YoY and QoQ basis. Could you shed some colours on the same?

Pardeep Khanna: The employee expenses increased in this quarter due to variable pay for the previous year paid in July '24. It affected our employee costs. So it is increased by approximately 6 Cr during the quarter.

Udit Gupta: Understood and what are the reasons for the year-on-year increase?

Rakesh Mahajan: Primary due to regularly increments for this financial year and also the increase in the manpower for upcoming projects and increase in capacity of non-ibuprofen segments.

Udit Gupta: Understood and one more question was about the land that you have acquired recently. So it will be for the pharmaceutical segment or chemical segment or how will be the arrangement between the same?

Rakesh Mahajan: As already updated in our press release, it is for the existing business of the company. That means both chemicals and APIs.

Udit Gupta: Can you just show some land, how will be the arrangement between both of them, both of the segments?

Rakesh Mahajan: It's yet to be decided, but first our target was to acquire such huge chunk of land.

Udit Gupta: Okay and what kind of products are we planning to manufacture? Like will it be of complex products or how will it work?

Rakesh Mahajan: Primarily it is again in bulk API and chemical only, organic chemical primarily only.

Moderator: Thank you. The next question is from the line of **Nakul Dev from Andy Investments**. Please go ahead.

Nakul Dev: I just had a couple of questions. Firstly, could you help give a breakup of the exports percentage of non-ibu API portfolio?

Rakesh Mahajan: Yeah. It has been increased by around 20 to 25% from the June quarter and around double from the last year same quarter.

Nakul Dev: Okay. My next one would be if you could help elaborate on the export mix being targeted for the non-ibu portfolio and the timeline for achieving it. Could you give me some color on that if possible?

Rakesh Mahajan: As you must have gone through that, we have got recent approvals - European approval, and other regulated market approvals. Non-ibu segment, our target is around 50% export collection from non-ibu segment within upcoming 2 to 3 years which is presently around 23 to 24%.

Nakul Dev: Okay. Got it. Thank you and my final question would be, has the SI Group's exit from the Ibu space started benefiting the company or have new players entered the Ibu market? If you could provide some insights into this current scenario, it would be helpful.

Rakesh Mahajan: They have officially declared and informed to SEC US that they are going to close their Ibu manufacturing facilities due to high cost of production and some old technology and they have targeted to close by March '25.

Moderator: Thank you. The next question is from the line of Harshal from Rashi Fincorp. Please go ahead.

Harshal: I just wanted to ask about the market outlook of non-ibuprofen products. How are the prices looking going forward?

Rakesh Mahajan: The prices of non-ibu products, primarily Paracetamol and Metformin, has been on the downside since last 2 to 3 quarters. We hope that they have now bottomed out and there is some recovery likely in the upcoming period for these major two products.

Harshal: Okay. So, can you shed some light? Are you going to introduce more high margin products in the future?

Rakesh Mahajan: As of now, we are concentrating more on stabilizing all these existing products in hand and increasing the capacities in the market where we can get more sale realization from the regulated market. After that, we may think about diversification in new products.

Harshal: Okay. Can you shed some light on the approvals that we were going to get from the US for the DMFs?

Rakesh Mahajan: We have filed our DMFs and are waiting for their visit. We have also filed an ANDA from our customers.

Moderator: Thank you. The next question is from the line of Hemant from North Asia Trading. Please go ahead.

Hemant: Good afternoon, sir. I just wanted to understand what is the rationale behind taking Chinese approval for Metformin considering BCDA is coming from there. I'm sure they would be having the cost leadership. I just wanted to understand.

Abhay Raj Singh: Chinese approval helps the global players in China to procure the Metformin from India. This will help us attract the global players to create the alternative to China as well. This is the philosophy of many companies. They would like to have more than one supplier for any particular product. This also helps us to suit their strategy.

Hemant: Okay and sir, have you started any export in the regulatory European market considering we have been almost more than 12 months since we got many European approvals for many of our products. So, are the exports happening now? How are things on ground?

Management: Yes, we have regularly started exporting for our non-lbu segment. Earlier, one year back, it was only 10% of the revenue for non-lbu. Now, it is around 24%.

Hemant: How soon can we expect to reflect in numbers?

Management: Because I see the current quarter, the numbers are not reflecting. So, any particular reason or how it is?

Hemant: The numbers, because 24% in the export market, 76% in the domestic market, where the prices are on the downside since the last 3-4 quarters, especially for Paracetamol and Metformin. But in the export market, we hope that the prices are sustainable and as we have just entered around one year back in the European market, we hope that within 2-3 years, our share will increase in that market also and it will reflect in our numbers.

Hemant: Okay and, sir, about the chemical business, any signs of recovery in the ethyl acetate business? I mean, considering the acetic acid prices going down. Do you see anything out there?

Rakesh Mahajan: The prices of acetic acid has been stable since the last 1-2 quarters. In the last quarter, we had some inventory. Ethyl acetate prices are also stable and Delta is being maintained between the two.

Hemant: Okay one last question. In the last call, some participants said that some Indian producer is coming up with 12,000 metric ton of ibuprofen API capacity. Any idea who's coming with this, with such a big capacity?

Rakesh Mahajan: Yeah. One company based out of Hyderabad, SMS Pharmaceutical Limited. They have announced that around 2 two years back, we are coming with the capacity of around 12,000 ton.

Moderator: Thank you. The next question is from the line of Maulik from B&K Securities. Please go ahead.

Maulik: I just wanted to check if there is any intimation from the US FDA regarding the inspection because we have products which are awaiting approval.

Abhay Raj Singhj: US FDA inspection is pending since long. But as a practice, they never intimate us well in advance. They intimate 2-3 days, max to max. So, but we are expecting that it is going to be soon and we also received some intimations that whenever they will be coming, they will be intimating the other facilities of ourselves. That is the intimation we received. But when they are coming, it is not, I mean, they have not intimate in this regard. So, but our assessment is that they are coming in very recent time sooner. They will come soon.

Maulik: Okay, sir and are we filing any new ANDAs or DMF?

Abhay Raj Singh: Sorry. So, ANDA is not filed by us. The ANDA is filed by the formulator. We filed the DMF. For all our new non-ibu products, DMF is already there. So, ANDA is filed. But the ANDA for the Metformin and the Fenofibrate is already filed by some clients.

Maulik: Okay Metformin and sir which product is it?

Abhay Raj Singh: Fenofibrate.

Maulik: Okay and sir, just one clarification. You said the contribution from non-ibu products would be increasing to 30% in the next 3 years from 20 to 23%. Did I hear it right?

Abhay Raj Singh: We are focusing because we are focusing to shift the sale from the domestic market to an international or regulatory market. So, we hope that in the next 2 to 3 years, the export realization from this non-ibu business will increase to around 50%.

Maulik: Okay. Precisely from exports. Okay. Thank you, sir

Moderator: Thank you. The next question is from the line of Amit Agicha from HG Hawa and Company. Please go ahead.

Amit Agicha: Sir, what is the timeline for operationalizing the newly acquired 101-acre site and what is the CAPEX involved in that?

Rakesh Mahajan: We have just gotten possession of the land and just went to approval, which usually took 6 to 8 quarters in getting all regulatory approvals. So, we can't expect commercialization until FY'26. After that, it will be commercialized.

Amit Agicha: What is the CAPEX involved?

Rakesh Mahajan: CAPEX yet to be seen, but we will update in the source to the stock exchanges accordingly

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

Sheikh Maud: My question is a follow-up question. One person asked that are we getting benefits from SI group? I think they have closed in September and I think already two and a half months is over. Are we getting any benefits from that closure?

Abhay Raj Singh: SI group is in the U.S. market and BASF is also present in the U.S. market They are not attracting the API, basically bulk API or bulk molecule into the U.S.. Basically, this gap, whatever is being created, it was not a big capacity they were operating.They were operating with a smaller capacity. U.S. companies might get some benefit. Because most of the formulations have been accepted by the U.S. companies to the Asian part. We don't expect that this is going to impact us in any manner or in a big manner.

Sheikh Maud: Thank you. Sir, what about new CEO joining the company? And can you give me the timeline that in these months, U.S. FDA inspection will be completed?

Abhay Raj Singh: We are looking into it and we are finalizing. We cannot comment that how much time it is going to take. Whenever any candidate is finalized, we will be coming out with the announcement.

Sheikh Maud: About U.S. FDA?

Abhay Raj Singh: Like we said in the response to the previous question, U.S. FDA, I mean we are expecting to happen it soon. But we are not sure when it is going to happen. U.S. FDA also intimated that whenever they will be coming, they will be inspecting the facilities, the additional facilities of ourselves for which ANDA is already filed by some of our clients.

Sheikh Maud: Sir, I think 2 months has been over since we are not having any CEO. Is there any specific guideline to having a CEO within these much months or something?

Abhay Raj Singh: No guideline as such. Because we are having a Managing Director, we are also having Joint Managing Director. So, we are having all the key positions already filled in. It is not necessary to have any CEO.

Sheikh Maud: Okay. Sir, this is my last question. Sir, regarding the margin guidelines, Sir, geeting date after date, not able to get the accurate guidance of management. When will we achieve the guidance the management has promised earlier, 13 to 15 percent?

Abhay Raj Singh: Yeah. You are right. The guidance which we have provided earlier we are not meeting those guidance. But see, this is beyond our control also. Because what we say, we say considering the situation at that time. When we expect something, we discuss that with all the investors. But this market is very volatile. It is practically getting impossible to talk about what will be happening after one year. That is the main reason why we are not able to meet our guidance.

Sheikh Maud: We are not even able to improve the top line also. From last 3 to 4 years, top line has not improved.

Abhay Raj Singh: The reason is same. Let me explain this in detail. In the ibu, the prices have gone down. There is a low demand also for the ibu globally and we are expecting that the demand for the ibu will increase very soon. If we talk about the non-ibu products, we are sampling, we got the SCEP, we got the Brazilian, we got the other Korean approvals also. The work development is happening across all customers. Very good quality customers are auditing us on a regular basis. The moment this thing goes positive, you will see the significant improvement in the top line as well as the bottom line because top line is not meeting up because of the reductions in the prices. Whenever the prices recover, you will see the huge difference into the top line and all the top line, which will directly drill down to the bottom line.

Sheikh Maud: Okay. Sir, not heard of anything since long from the Research and Development Department. Any update on the patent we are having for the manufacturing of sita drugs and and sitagliptin?

Abhay Raj Singh: No major development as of now. If there are any development, these are the premature, so we would not like to discuss right now.

Sheikh Maud: Sir, we have filed 15 DMFs, right?

Abhay Raj Singh: 17.

Sheikh Maud: 17 is for CEP and 15 DMF.

Abhay Raj Singh: Yes, you are right. 15 DMF.

Sheikh Maud: Okay, sir. So, suppose we are getting US FD approval, so all these 15 BMF will get approved or it will be approved in a step manner?

Management: No. See, basically how the US FD approval happens. We file the DMF. The DMF is available there on for the reference to the client in case of any formulators wants to purchase any molecule from us against which DMF is already filed. He files the ANDA. In the ANDA, they mention that they would like to take any medicine or API from IOL. Then the US FDA review and approve their ANDA. While approving their ANDA, they also review the company or the facility from where they are acquiring this molecule. So, ANDA is filed against 3 US FDA approvals for Ibuprofen, Metformin, and Fenofibrate. Whenever they will come, they will approve these sites and they will also mention in their report other facilities also working therein. So, any time in the formulator for the next drug, they file the ANDA. The approval for the other molecule gets mostly online without inspecting the site. And that also depends on the nature of the drug.

Sheikh Maud: Can you name those three drugs again?

Abhay Raj Singh: Fenofibrate, Metformin, and Ibuprofen

Moderator: Thank you. The next question is from the line of Rohit from Samatva Investments. Please go ahead.

Rohit: My first question is on ibuprofen. So, how are the prices been for the last 2 quarters? That's my first question and second on ibuprofen itself, considering SMS Pharma coming in. So, if you could just indicate what is the total production capacity globally available and what is the current demand for ibuprofen?

Rakesh Mahajan: As I already discussed, the prices of ibuprofen has corrected to some extent from the last quarter also, primarily domestic prices. This may be the reason that SMS Pharma has launched Ibuprofen from the last one and a half years. The prices, we think are at the bottom for the domestic market and as regards to the total capacity of Ibuprofen, it is somewhere near 35,000 ton globally and capacity is running at, as far as IOL is concerned, it is 75 to 80 percent.

Rohit: Sir, and the prices would be less, around 10 dollars?

Rakesh Mahajan: Little bit. Export prices are more than 10 dollar. Domestic prices are around 9 to 9.25 dollar.

Rohit: My second question is on Paracetamol and Metformin. So, overall, if you could highlight the demand in our region globally. That's it.

Rakesh Mahajan: The demand of Paracetamol has started increasing from the last one month, along with little bit increase in prices. The demand of Metformin is almost stable with the stable prices.

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

Prisha Shah: My question is, the YoY decline in the revenues in Ibuprofen, is it purely due to decline in the realization?

Rakesh Mahajan: Yes. Around 75 to 80 percent.

Prisha Shah: Are we seeing substantial stress on the particular product on API space, or is it overall realization stress the same overall on all the products?

Rakesh Mahajan: No. For the non-ibu product like paracetamol, it is getting good response from the market in the last one month. We are getting good price realization for Clopidogrel and Fenofibrate. It depends on the product to product. The prices have bottom out, and now the prices we think are recovering..

Moderator: Thank you. The next question is from the line of Hemant Kanuga from North Asia Trading. Please go ahead.

Hemant: Yes. Please correct me if I am wrong, sir. In one of the conferences, it was mentioned that Sanofi is interested to buy Paracetamol from us. So, could you throw some light like what conditions, anything, if they have mentioned anything?

Rakesh Mahajan: We have just discussed that Sanofi, one of the biggest customers for the ibuprofen, also require Paracetamol. So, they visit our facilities regularly, and when they go through inspection of our plant for Paracetamol, we hope they will start giving some orders for Paracetamol also.

Hemant: Is it Sanofi India or is it Sanofi Global business?...

Rakesh Mahajan: For ibuprofen, we are a global supplier to Sanofi. So, we are supplying ibuprofen all over the globe to Sanofi.

Hemant: Yeah, but for Paracetamol, they enquired for the global business or is it only for the India unit?

Rakesh Mahajan: We are recruiting team looks both for domestic and global also.

Hemant: Secondly, sir, considering that SMS is coming with such a large capacity, so how are we placed in front of them, considering we are based in the north, so we might have some location disadvantage they being in the south, and many customers of ours are also based in south. So, can you throw some light on that, sir?

Abhay Raj Singh: We cannot comment on the competitors who are coming up and who are not, because we have our strength, they might have their own strength. These all things will be handled whenever somebody is coming up in the manner, because one thing we know, we know about our strength. Our strength is that we are 100% backward integrated with respect to this. This mitigates all the locational disadvantage. Rather, I mean, for API, we do not see that location is that important. That is the reason we procured the land in the nearby area also. Competition is always there for everything. It's okay. We are dependend and we are counting on our strengths. We are supplying the ibuprofen for many years. We are having around 30-35% global share. We are having a top of the world clients with us, and their clients are associated with us for last many years.

Hemant: Got it, sir. Well noted and, sir, last question. Can we expect some improvement in this quarter compared to the last quarter in terms of numbers since we are almost in the middle of this quarter?

Abhay Raj Singh: We think that numbers will remain more or less same with slight improvement.

Moderator: Thank you. The next question is from the line of Saket Kapoor from Kapoor & Company. Please go ahead.

Saket Kapoor: Yeah. Namaskar, sir. I joined a bit late. So, sorry for the repetition. Sir, if you could just sum up to us, rather, the factors which have led to this decline in the profitability, and where you see these factors, whether gaining strength or reversing going ahead, and how do, what is the management understanding of how H2 looks going ahead, and the efforts by the management to improve the earning for the company?

Rakesh Mahajan: The decline in bottom line is a combination of not single product or factor, but it is a combination of various factors. Like in the price, when the prices are coming down, the closing inventory is also valued at the lower value. So, there is little bit difference in valuation aspect also, that added to fall in the net profit also. Same is the little bit of higher cost of inventory, which we have brought around two-quarter ago from China, which, like acetic acid and other, that also part of this decline in some bottom line. So, now we are hoping that these prices will remain stable for a long period, and the prices of finished products are already bottomed out as per our peers' review. So, we expect that H2' 25 would be better than H1.

Saket Kapoor: Sir, who are our peers and competitors in the listed space, or if you could give like-to-like comparison in the space?

Rakesh Mahajan: There are lot of peers, in different products. For ibuprofen however, major peer is Solara Active Pharma in India.

Saket Kapoor: Sir, when you mentioned that there was an impact of inventory markdown, because of the decline in the raw material prices, can you quantify what was the impact of the same?

Rakesh Mahajan: We can discuss this offline. We can give you the whole picture, where it is, how much amount and how much impact it was in bottom line.

Saket Kapoor: So, this will not continue as of now, the prices have bottomed out even for the RM also and the higher raw material which we were carrying is now being consumed or being marked down also. So, the impact should not be felt for the entering quarter. This understanding is correct, sir?

Rakesh Mahajan: Yeah.

Saket Kapoor: Okay. Now coming to the capital work in progress part, sir. One of the salient features of the company is we are continuously investing in the business, however, the returns are not actually matching because of the market conditions and other factors. So, our closing capital work in progress is Rs. 122 crore as on 30th September. If you could just outline which project, which

segment have we put this money, when are we going to capitalise and what would be the CAPEX for H2?

Pardeep Khanna: Actually, the CAPEX is a mix of land and technical developments and also in the environmental sector. So, the CAPEX is also linked with the internal approval and for the results the same CAPEX will be shown in the next 1 to 2 years. So, initially, CAPEX is for the development of infrastructure, also for the land and also for the new techniques and acquisitions.

Saket Kapoor: Yes, sir, but will it lead to any increase in volume going ahead for H2? Are we seeing any incremental volume capacity that will kick in post the capitalization or will we continue with these volumes only? And what is our utilization level currently across the product profile?

Rakesh Mahajan: Rs. 133 crore of CAPEX includes some growth CAPEX which will be updated within FY'25 results. Same will be updated all of you through stock exchanges and as regards the utilization, ibu is running between 75 to 80%, Metformin and Paracetamol are running around 90 to 95%.

Saket Kapoor: Sir, you mentioned about informing the exchanges, I missed your comment on this. Can you come again, sir, on the CAPEX part?

Rakesh Mahajan: Some growth CAPEX is also in the CWIP.

Saket Kapoor: That will be capitalised in the current financial year only?

Rakesh Mahajan: We hope for that.

Saket Kapoor: And sir, your thought process on the guidance which you gave earlier for 2030, say 5-7 years down the line, how aligned are we taking into account the current business environment and how confident are we to achieve that goal that was set when we have spoken in earlier concall, the message which you have given. So what should investors look from this organisation, say 3-4 years down the line? And do you think that our margins, profitability, the trend which was lower is bottoming out and things are looking to improve from here?

Rakesh Mahajan: As regards our discussion for 2030, as regards to our production, our quantitative figures, we are near to our projection which we have internally discussed and tried to achieve by 2030 and we are in line with all factors as regards to our internal production. But we cannot predict the exact selling price or there may be volatility in the raw material prices, but as regards the quantitative figures which are in our hand, we are very close to that projections.

Saket Kapoor: "What is your perspective on profitability bottoming out? How do you view the current challenges in the business cycle trend (CBT)?"

Management: Like Paracetamol, we think the prices have already bottomed out.

Saket Kapoor: Okay, on the key products, sir and Ibuprofen also, sir?

Rakesh Mahajan: Ibu in the sole market, we are maintaining the numbers. In domestic, it is already bottomed out and we expect that there may not be any foresight or direction for the prices.

Saket Kapoor: Last point, we have some duty protection also for Ibu which we got recently. So, taking that into account also, we have benefited from the same as globally. How are new capacities in this segment coming up? Do we have anything in the pipeline for Ibu in particular? Sir, taking into account some duty protection was there for import of, there was some ADD that was imposed earlier. So, what are the benefits that we have received on account of the ADD, anti-dumping duty that was proposed?

Rakesh Mahajan: I don't know about the anti-dumping duty in the ibuprofen. I think I have yet to go through that.

Saket Kapoor: Okay, may be that is incorrect at this point, sir and globally, are there any further capacity addition in the products where we operate or where we are dominant?

Rakesh Mahajan: No, we have not ordered any new plant for ibuprofen in Europe or US or any other geography.

Saket Kapoor: Okay, sir. I will take the remaining questions offline, and I will get to the IR team, sir. Thank you, sir, and all the best, sir. Thank you, sir.

Rakesh Mahajan: Thank you. The next follow-up question is from the line of Pankaj Kumar, an individual investor. Please go ahead.

Pankaj Kumar: Yes, sir. My question is regarding that, like, we are not seeing as such any growth in Ibuprofen and other molecules. So, are we planning any contingency, like, because US FDA is also in queue. I don't know, like, as we are not having any clarity when we will be visiting the site or not. Any contingency so that we can increase our profits and revenue by introducing any other drug or something like that in the market that we are catering to?

Rakesh Mahajan: Our existing products are very stable products. It is a regulator who is taking their own time. What we can do, we are developing our own cost efficiency techniques and market strategy for existing products. But shifting from these products to any new product that is not under any planning of company.

Pankaj Kumar: So, it is not, like, shifting, like, adding a new product to the portfolio. And one more query, sir. Like, I was just reading online, like, Ibuprofen prices are increasing globally, like, 15 to 20 percent. They have been increasing since 30th September 2014 and November 2014. Do we have any kind of benefit of that or it is not relevant to us? Ibuprofen API prices, basically. Ibuprofen API prices, they are increasing globally since 30th September 2014. I just read online.

Abhay Raj Singh: So, we are not aware of such publication, basically.

Pankaj Kumar: Okay. And the first part of the question, like, not shifting, but adding something new to the portfolio?

Abhay Raj Singh: So, for developing the new products, as we also responded to this question previously, we are having the Ibuprofen as well as the non-ibuprofen products. So, our focus as of now is to shift our focus from domestic supply to the regulated market supply for non-Ibuprofen products. With regard to the development of the new products, our R&D team keep on working always on those products. And they also work on the process improvement. So, that work is a continuous. So, we will let you know, let you know all the investors with related to any appropriate announcement in this regard at an appropriate time. But as of now, we do not want to any comment on any product development which is premature.

Moderator: Thank you. The next follow-up question is from the line of Sheikh Maud, an individual investor. Please go ahead.

Sheikh Maud: My question has been answered. Thanks a lot.

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

Rakesh Mahajan: Thank you very much for joining today and discussing our 2nd Quarter and a half year ended 30th September 2024 performance. The company continues to take proactive steps to expand facilities and capabilities, optimizing market strategies, streamline cost structure and enhance operational efficiencies. All aimed at improving revenue and profitability in the coming periods. Despite the current challenges, we remain confident in the long-term growth potential of the business. Thank you very much and the transcript for this call will be available shortly on the website of the company and stock exchanges as well. In case you have any further questions, please feel free to write to our investor relation team Adfactors. Thank you again. Have a good 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. Thank you.