Surabhi – NV Alpha: And what sort of utilization are we seeing for the CDMO business over the next 24 months?

Management: We expect optimized utilization to be achieved in the next 18 to 24 months.

Surabhi – NV Alpha: What sort of margins can we look at here? This business will typically have higher margins, right?

Management: The margins are a little better, or somewhat better, than the margins available on the API.

Surabhi – NV Alpha: Are there any numbers that you would like to provide?

Management: I think it is very early to discuss the exact margin numbers.

Surabhi – NV Alpha: Fair enough. What is your sense of the current pricing environment? We have seen paracetamol prices going up, and {? [unclear] ?} prices have also skyrocketed because of the war. What is the current situation, and do you see these prices sustaining?

Management: The prices of paracetamol are not going upward now, and most of the chemicals—sorry, APIs—we are involved in have stabilized, or at least are not going upward. In fact, compared with the peak prices of paracetamol during the last 6 months, they have softened.

Surabhi – NV Alpha: For the next year, could you provide some indication of what sort of revenue and margins we are targeting? Our capex will also come online.

Management: This capex is not going to materialize significantly within this financial year, so we would like to maintain the financial guidance on the same lines as what we gave in the last call as well, something around 20 to 25...

Surabhi – NV Alpha: No, I was not asking about FY27; I was asking about FY28.

Management: Basically, FY28 is also not going to be fully commercialized. This will be fully commercialized or utilized in the next matching 28 to 29. 20... At the top level, what we can assume is around 25% to 30% incremental growth in the top line. That will be the addition after the completion of all these 3 full-fledged projects.

Surabhi – NV Alpha: Fair enough, sir. Thank you so much. I will join the queue again. Thank you.

Operator: Thank you. The next question comes from the line of Surabhi from NV Alpha. Please go ahead.

Surabhi – NV Alpha: Hi, thanks for the opportunity. I have a couple of questions. My first question is regarding the Ibuprofen expansion. Since this is a commodity product, it largely grows at a very stable rate, but you are expanding the capacity by 50% for this product. I have 2 questions here: where is the demand coming from? Is the demand largely coming because one of the larger competitors is shutting down a plant, with that demand being transferred? Or are you seeing new demand being created for this product?

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Management: As far as demand is concerned, yes, we have in mind what the CAGR for Ibuprofen would be. However, considering the current scenario, we have some developments with our domestic as well as international customers, so we are trying to cater to those requirements. Additionally, our current capacity is exhausted to the extent of 90% to 95%. The third point is that we are also looking at some numbers in our CDMO business. Considering all these factors, we are planning to increase the overall capacity of Ibuprofen.

Surabhi – NV Alpha: To take that point forward, the formulation business that you are doing for some of the European customers—will this largely involve existing products where you will be using our API captively, and is that what is providing the cost advantages? Also, how have you acquired some of these European customers? Did they approach IOL Chemicals And Pharmaceuticals Ltd., or did we diversify into the formulation business?

Management: They came back to us and asked why we should supply them bulk tablets instead of sending the API. So, this is probably a mutual agreement in both directions, and we entered into this arrangement.

Surabhi – NV Alpha: We are doing formulations only for existing products, correct? Pantoprazole, Clopidogrel, Ibuprofen, Metformin, and all these products, where we will be using our API captively.

Management: Yes, definitely.

Surabhi – NV Alpha: What sort of contract tenure or soft commitments do we have in the formulation business?

Management: We are in discussions with various customers; this is not the only customer we can talk about. We expect the contracts to be similar to the contracts we have for the API. These range from 3 to 5 years, with escalation clauses and other provisions as well. I think the contracts will be on the same lines.

Surabhi – NV Alpha: Understood. Just one last small question: what is this chemical tolling that we are doing? What is the opportunity there, and could you explain it briefly?

Management: This is a product that will fall under the chemical segment, and it is again a product that already exists in the market. We have entered into a mutual agreement with one of our renowned customers for the development and commercial supply of this product.

Surabhi – NV Alpha: So, this is a product that you are currently doing, but now you will be doing it specifically for a customer. Is my understanding correct?

Management: Currently, it is not part of our portfolio. We have completed the development, and it will be an addition to our existing portfolio.

Surabhi – NV Alpha: Understood. Thank you so much, sir. I will come back to the queue.

Management: Okay, thank you.

Operator: Thank you. The next question comes from the line of Rishabh Malik with Arka Capital. Please go ahead.

Rishabh Malik – Arka Capital: My question has been answered.

Operator: Thank you. The next question comes from the line of Subrata Sarkar with Mount Intra. Please go ahead.

Subrata Sarkar – Mount Intra: Hello? Yes, sir. Again, mainly regarding the Ibuprofen environment and the global environment. We have announced a large-scale capex, whereas some other global competitors are considering exiting that business. In this situation, what is our view on the pricing and margins of Ibuprofen? Recently, has there been any sharp increase in the price of Ibuprofen in the international market?

Management: We do not think there has been a sharp increase in Ibuprofen pricing in the market currently. Basically, this is a continuation of our strategy rather than any change in direction. Whatever initiatives we announced are part of our long-term strategy; they do not depend on the current situation. We should not look at them in that way. It is a targeted strategy, and I can say that it fits very well with our long-term strategy, which we keep discussing.

Subrata Sarkar – Mount Intra: Does the Middle East issue have any impact on the price of Ibuprofen, because the Red Sea issue has escalated?

Management: I think all of that has already been neutralized. There was some impact during the initial phase or the initial months of the war. However, if there is an increase in final prices, raw material prices also go up, so the impact has been more or less neutralized.

Subrata Sarkar – Mount Intra: Okay, sir. Thank you.

Operator: Thank you. The next question comes from the line of Mallick with 361 Capital. Please go ahead.

Mallick – 361 Capital: Hello? Am I audible?

Management: Yes, you are.

Mallick – 361 Capital: Thank you for the opportunity. I wanted to understand one thing. From the CDMO perspective, we are investing approximately 110 crores currently, and the current opportunity is around 100-150 crores, as you mentioned, with asset turnover of 1 to 1.2 times and 90% utilization. From a longer-term perspective, perhaps over 3 to 5 years, what is your vision for the CDMO business, and how large can it become over that period? That is the first question.

The second question is that we have also acquired approximately 100 acres of land, and we were planning capex on that land. We were waiting for regulatory approvals. Will the capex there now be pushed out by a few years, or will it also come simultaneously along with this? That is all, sir. Thank you.

Management: Mallick, I would like to take the second question first. The capex we announced 2 days ago is separate from our greenfield project on the new land. These are not related; they are different projects. We have neither pushed back nor delayed the development at that site. It will proceed as per our initial plan.

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As of now, we are in the process of obtaining the regulatory approvals. Most of the approvals have already been secured, and the initial base work has also started to a small extent. However, the complete work will begin once all the necessary approvals are in place.

Regarding the first question on the CDMO and what we expect over the next 3 to 4 years, I think we can discuss that once we achieve optimum utilization of the line we have established, assess the response we receive from customers, and evaluate the market response. Therefore, it would be too early to discuss the period beyond 3 to 4 years for this line.

Mallick – 361 Capital: Okay, sir. Thank you very much.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Somya Raghuvanshi with Nirmal Bang Securities. Please go ahead.

Somya Raghuvanshi – Nirmal Bang Securities: Good evening, sir. Thank you for the opportunity. Since the CDMO facility is primarily aimed at serving anchor customers in Europe, can you provide some color on the contract tenure and revenue visibility from these customers?

Management: Our contract terms are similar to the contracts we have for our existing API products. The contracts are medium- to long-term. They are currently being finalized with various customers. We will keep you updated as we progress in this respect.

I think the commercialization of this plant is expected in the next quarter, by the end of the next quarter. We will discuss this in much greater detail at that time as well.

Somya Raghuvanshi – Nirmal Bang Securities: Understood. For the new 1,500 million tablets per annum CDMO facility, could you please elaborate on the current order pipeline and how quickly you expect the facility to ramp up after commercialization?

Management: As far as capacity utilization is concerned, we have told you very clearly that development has already started for some customers, and regulatory approval processes have also been initiated since we received EU GMP approval.

As far as full capacity utilization is concerned, it would again be too early to comment. However, it will definitely progress as and when we begin development with the other anchor customers. To add to that, what we believe right now is that this facility will be optimally utilized in the next 18 to 24 months.

Somya Raghuvanshi – Nirmal Bang Securities: Understood. Thank you so much, sir. That is all from my side.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Surabhi with NV Alpha. Please go ahead.

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Surabhi – NV Alpha: Thanks for the follow-up opportunity. I have just one question. When the Ibuprofen plant was shut down in 2019, we saw increased demand. Is something similar happening now, where European countries or some other countries are facing an Ibuprofen shortage because of a plant shutdown? Is that why we are going to see increased demand, if you have any information on that?

Management: I do not think so. In fact, we do not have any information relating to any other plant shutdown in Europe.

Surabhi – NV Alpha: So, the increased demand is coming only from the fact that European customers are asking for formulations, and that is why we will capture the intake?

Management: It is not only for formulations. It is also due to customer development for the API. The global growth rate for Ibuprofen is 3% to 4% every year, and that also supports our decision to expand our Ibuprofen capacity.

We also discussed a few questions ago that our plans to add new capacities, specifically for Ibuprofen or for the other products, are not related to any current direction or cycle. This is the company's long-term strategy. We are following that strategy based on global customer engagement, the developments taking place, and the positive feedback we are receiving. This is the rationale and logic for adding this level of capacity.

Surabhi – NV Alpha: Understood. Thank you so much.

Operator: The next question comes from the line of Suwani Singh with ROSS Capital. Please go ahead.

Suwani Singh – ROSS Capital: Hi, sir. Good afternoon. I have 2 questions. I wanted to understand how much of the incremental Ibuprofen capacity is supported by existing customer relationships or ongoing customer discussions, particularly in international markets.

Management: I do not think we would be in a position to share the exact percentage increase. However, considering our development work with new customers in terms of API, we are forecasting some good volumes. That is why we have opted for this capacity expansion.

Suwani Singh – ROSS Capital: Understood. Across the 3 initiatives, approximately 495 crores of investment is being deployed. What kind of ROCE or return profile do you expect from these projects once they reach steady-state operations?

Pardeep: For the company as a whole, we are expecting approximately 15% ROCE when all the projects are fully implemented.

Suwani Singh – ROSS Capital: Okay, sir. That is all. Thank you.

Operator: The next question comes from the line of Meghna Agarwal with Quant Intra. Please go ahead.

Operator: Meghna Agarwal, your line has been unmuted. Please go ahead with your question.

Meghna Agarwal – Quant Intra: Hello? [inaudible]

Operator: [inaudible] Thank you. The next question comes from the line of Nimesh Verma with AS Capital. Please go ahead.

Operator: Nimesh Verma, your line has been unmuted. Please go ahead with your question.

Operator: As there is no response, we will move on to the next participant. The next question comes from the line of Sheikh Mohammad Aegis, an individual investor. Please go ahead.

Sheikh Mohammad Aegis – Individual Investor: Thank you for the opportunity. My question is regarding the significant fluctuation in the final price of Ibuprofen and in raw material ingredients. We have long-term contracts for Ibuprofen, paracetamol, and other drugs. Under those commitments, are we able to pass these fluctuations on to the final customers?

Management: Yes. Every contract contains a price-adjustment clause. Under the price-adjustment clause, prices can move downward or upward within a certain range. That provision is included in the contracts.

Also, our Ibuprofen facility is fully backward integrated. Therefore, in our case, raw material price fluctuations are controlled by us to the maximum extent.

Sheikh Mohammad Aegis – Individual Investor: We are also backward integrated for paracetamol, correct?

Management: Yes, you are correct.

Sheikh Mohammad Aegis – Individual Investor: So, we are maintaining those margins, including the guidance that was given earlier, correct?

Management: As of now, there is no change. More or less, it remains the same.

Sheikh Mohammad Aegis – Individual Investor: Okay, sir. Thank you very much. All the best.

Operator: Thank you. Participants, if you wish to ask a question, you may press star and 1. The next question comes from the line of Indeep Rapera, an individual investor. Please go ahead.

Indeep Rapera – Individual Investor: My question is very simple. You mentioned that 30% of the investment has been completed and that the balance will be completed this year out of 495 crores. I have 3 questions. Will this impact EBITDA this year? Will it increase cash flow? And what is the expected growth this year?

Pardeep: The capex will be incurred over a period of 2 years, namely financial years 27 and 28. As you said, we have already disclosed that 30% of the capex has been completed. For the remaining capex, we have clear visibility of cash generation through operations, and we will fund it through internal accruals.

Indeep Rapera – Individual Investor: Will it impact EBITDA? Will EBITDA increase this year compared with last year?

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Management: No, it is not going to affect EBITDA.

Indeep Rapera – Individual Investor: It will move in a positive direction because, when we look at the quarter-on-quarter results, EBITDA is increasing. Even after this cash flow deployment, EBITDA will not be affected and will continue to grow.

Management: The capex we have planned is being funded through internal accruals. Pardeep has just explained how the internal accruals will be generated. Therefore, EBITDA is not going to be affected.

Indeep Rapera – Individual Investor: What will be the expected addition to the top line from this investment deployment?

Management: I am sorry, could you please repeat the last part?

Indeep Rapera – Individual Investor: 30% of the funds have already been deployed. What will be the addition to the top line this year from this deployment?

Management: Assuming that the capex we announced reaches full operation, that will perhaps be possible in FY29. It will contribute approximately 25% to 30% to the top line.

Indeep Rapera – Individual Investor: Will the overall impact be 25%? What will be the overall impact on the top line—5% or 10%, for example?

Management: No. I am not talking about the capacity. What I am saying is that, considering the full operationalization and utilization of these assets, which will probably happen in FY29, they will contribute approximately 25% to 30% to the top line.

Indeep Rapera – Individual Investor: So, there will not be any impact on the top line this year from adding this particular expansion, correct?

Management: There will be an impact this year, but it will not be very material.

Indeep Rapera – Individual Investor: Understood. It will not impact EBITDA, correct? Thank you.

Management: That is correct.

Operator: The next question comes from the line of Rishabh Malik with Alta Capital. Please go ahead.

Rishabh Malik – Alta Capital: Thanks for the opportunity. I have 2 questions. You earlier mentioned that, under the CDMO project the company has taken up, the company will also use some capacity from the additional Ibuprofen capacity that it will install. Should we understand, first, that the company is completely backward integrated when it comes to Ibuprofen, and second, that you are now trying to forward integrate through CDMO formulations? Is that understanding correct?

Management: That is correct. However, as we disclosed in our announcement and in today's opening call, the main reason for this initiative is Europe and the anchor customer. As of now, we are not entering the market directly as an IOL brand.

Rishabh Malik – Alta Capital: Understood. As we discussed, this is the customer's initiative, the discussion is ongoing, and it is primarily being led by the customers.

Rishabh Malik – Alta Capital: Could you then provide some details on the products that you would be developing or are in discussions to develop? What types of chemicals or APIs will you use to develop these formulations? What direction is the company taking in terms of the products under CDMO?

Management: As of now, this relates to our existing customers and therefore to the company's existing APIs. Whatever products we are supplying to our existing customers are the products involved here. The customers are existing customers and the products are existing products; this is how we have designed the initiative.

Rishabh Malik – Alta Capital: Understood. So, it is complete forward integration. My second question is regarding the multi-year capex. In earlier conference calls, management had indicated that the company would undertake multi-year capex amounting to 1,200 to 1,400 crores. Is the current 495 crores that the company announced 2 days ago part of that 1,200 to 1,400 crores, or is it fresh capex? Would the total capex then become 2,000 crores?

Management: It is different. You are right; it is different because this capex has been announced at the existing site, whereas the 1,200 crore capex relates to another site. That is a greenfield project located approximately 25 or 30 kilometers away from the existing site. These 2 projects are separate.

Rishabh Malik – Alta Capital: Understood. One last question from my side. You have already clearly mentioned that the additional Ibuprofen capacity, at peak utilization, would generate revenue of roughly 600 crores. Considering a 1.75x ROCE, could the CDMO project also generate roughly...

Management: {? 130 to 150 ?} odd crores?

The general idea is that API capex generates approximately 1.7 to 1.5 times, or 1.5 to 1.75 times, the top line. However, this is not a firm number that you can take from here. It depends on the geography, the customer, and the product. This is the general number we are discussing, but that does not mean that the Ibuprofen capacity will generate the exact number you are referring to.

Generally, this also depends on the final prices and input prices. We cannot, and should not, reach a conclusion regarding an exact number. This is the general range we have been discussing for many years.

Rishabh Malik – Alta Capital: Understood. One last question regarding Ibuprofen prices in the market: we understand that raw material prices had increased earlier, which led to inflated Ibuprofen prices. We also understand that, with oil prices coming down, raw material prices came down. Have Ibuprofen prices accordingly fallen, or are they still at the elevated levels? I am trying to understand whether the company is looking at inflated margins in the coming quarters or whether margins will remain in the same range.

Management: The prices of various products increased during the war, as did the prices of the input materials. Since the peak, the prices of many products have softened, but Ibuprofen prices

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have remained more or less the same. There has not been much change in Ibuprofen prices; they are hovering around the same level.

Rishabh Malik – Alta Capital: Considering that the company is completely backward integrated, are we therefore looking at a probable margin expansion? Is that understanding correct?

Management: Yes, that is correct.

Rishabh Malik – Alta Capital: That is all from my side. Thank you very much, sir.

Management: Thank you.

Operator: Thank you. Before we take the next question, we would like to remind participants that they may press star and 1 to ask a question. The next question comes from the line of Nimish Verma with AES Capital. Please go ahead.

Nimish Verma – AES Capital: Good afternoon, sir. I have one question. Beyond the announced projects, should we expect further capacity additions or investments in API, CDMO, or specialty chemicals over the next 2 to 3 years?

Management: Why not? The CDMO has just started and is yet to be commercialized, so we cannot discuss capacity enhancement for the CDMO at this stage.

Regarding Ibuprofen, over the last 2 years we have regularly added capacity for one product or another. Considering capacity utilization, market response, and the future visibility we receive, we will definitely pursue new products as well as capacity enhancements.

Nimish Verma – AES Capital: Understood, sir. That is all. Thank you.

Management: Thank you.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and 1. As there are no further questions from participants, I now hand the conference over to {? Mr. Rakesh Maj ?} for closing comments.

{? Rakesh Maj ?}: Thank you, everyone, for your questions and continued interest in IOL. To briefly conclude, these initiatives strengthen our core Ibuprofen business and open up new customer-level opportunities in CDMO formulations and specialty chemicals.

Importantly, these investments are backed by identified market opportunities and are being funded entirely through internal accruals, reflecting our confidence in the company's cash-generation capabilities and long-term growth prospects.

We remain focused on disciplined execution, sustainable growth, and creating long-term value for our stakeholders. We look forward to updating you regularly on the progress of these initiatives and on our broader growth journey. Thank you very much for joining us. Have a good day.

Operator: Thank you, sir. On behalf of {? SMFG ?} Investor Relations, that concludes this conference. Thank you for joining us. You may now disconnect your lines. Thank you.

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