Operator: Good afternoon, everyone. This is the third day of the Bharat Connect Conference 2026 September edition. I welcome you all to the call of IOL Chemicals And Pharmaceuticals Ltd. Today, from the management, we have Mr. Abhay Raj Singh, Senior VP and CS of the company, and Mr. Kushal Kumar Rana, Director of the company. Before I hand over the call to the management, I will lay out the flow of the event. We will start with opening remarks by the management and then move on to the Q&A round. Any participant who would like to ask questions can raise their hand or put them in the chat box. First, we will take questions from the participants who have raised their hands and then move on to the chat box. If time permits, we will take the questions that I have received from clients who were unable to participate. I now hand over the call to the management. Over to you, sir.

Abhay Raj Singh – Senior VP & CS: Thank you very much, Aditya, and good afternoon, everyone. Thank you for joining us today and for taking the time to interact with IOL Chemicals And Pharmaceuticals Ltd. I am Abhay Raj Singh, as introduced by Aditya, and along with me are Mr. Kushal Kumar Rana and Mr. Rakesh Mahajan, Advisor, Strategy and Finance. I think we have already interacted with a few of you in the past as well, so rather than going through a detailed company profile, it would be appropriate if I just share where IOL stands today and how we see the next phase of growth.

IOL was established in 1986, and since then it has evolved into a diversified and integrated API and specialty chemical company, supported by strong manufacturing capabilities, backward integration, and long-standing customer relationships. I am very happy and proud that today we are completing 40 years since the establishment of the company. Our portfolio today spans a broad range of APIs and specialty chemicals. On the API side, alongside Ibuprofen, our portfolio includes various API molecules, including Paracetamol, Metformin, Pantoprazole, Clopidogrel, Fenofibrate, Levetiracetam, Lamotrigine, Minoxidil, and several other products. On the specialty chemical side, our portfolio includes Ethyl Acetate, Acetic Anhydride, Triacetin, Isobutyl Benzene, Monochloroacetic Acids, and a few others.

However, Ibuprofen remains our flagship product and an important part of our business. We have built a strong global position in Ibuprofen through scale, backward integration, and long-standing customer relationships. Our Ibuprofen capacity is presently operating at a very high utilization level, and we have announced an additional 6,000 MTPA capacity, taking our total capacity to 18,000 MTPA. This is expected to be commissioned by December 2027 and will also be fully backward integrated.

At the same time, IOL today is a much broader and more diversified API company. Over the last few years, we have consciously worked on building a wider API portfolio. The results are now becoming visible, as in Q1 FY27, non-Ibuprofen APIs contributed around 43% of our pharmaceutical revenue compared with 36% in Q1 FY26. We believe we can take this contribution to around 50% over the coming period. Our strategy is to retain and strengthen our Ibuprofen leadership while building multiple additional API growth engines. Paracetamol is one key example, where we have expanded capacity from 3,600 MTPA to 10,800 MTPA, again with backward integration through in-house production of Acetic Anhydride and PAP. We are also expanding our regulatory and international footprint. Similarly, the specialty chemical business remains an important pillar, providing scale,

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integration, and diversification while supporting our pharmaceutical operations through the captive consumption of certain products.

We are now leveraging all these capabilities to pursue customer-led growth opportunities. Recently, we announced three strategic initiatives involving an investment of approximately 500 crores. The first is the 6,000 MTPA Ibuprofen expansion. The second is our entry into the CDMO formulations business, with a facility having a capacity of approximately 1,500 million tablets per annum or an equivalent volume of direct compressible grade. This facility has already received EU GMP certification, and commercialization is expected during Q3 FY27. More importantly, this opportunity has emerged from our existing customer relationships, particularly in the European region, enabling us to move further up the value chain by offering formulations alongside our API molecules.

The third announcement related to a dedicated specialty chemical manufacturing facility under a long-term tolling arrangement with a leading global chemical company. This is again a customer-led opportunity and provides visibility of manufacturing and demand. These initiatives are expected to provide approximately 25-30% incremental revenue potential over the coming years once the projects become fully operational, and they are all being funded through internal accruals.

On the other side, our approximately 101-acre greenfield site alongside the Chandigarh-Bathinda highway also remains an important long-term growth platform, which is currently subject to various approvals. Most of the approvals have been secured; a few more will be received by us very soon. Basic infrastructure work is already in progress, and we will keep you updated on these greenfield projects as we make progress.

Sustainability also remains integral to our operations. Recently, we received the EcoVadis Gold Medal, which places the company among the top 5% of companies assessed globally by EcoVadis. We also maintain zero liquid discharge and 100% water neutrality while increasing renewable energy usage and reducing emission intensity. If I were to summarize IOL's journey today in four words, they would be scaling, integration, diversification, and growth.

With that, I think we have a corporate movie that will provide a better understanding of the plant. It is essentially a virtual tour and is a very short movie, so I would like to play it for a better understanding of the plant. Aditya, I would like to play it. Please confirm if my screen is visible to you.

Operator: Yes, sir.

Abhay Raj Singh – Senior VP & CS: Okay. [Corporate movie plays with background music.]

Analyst1: Mr. Abhay, we cannot see the video.

Management: With this, I think we can move on to the Q&A session.

Operator: Thank you. We can start the Q&A session. The first question is from Raunak. Please go ahead.

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Raunak: Hello?

Operator: Yes, Raunak.

Raunak: Thank you very much for the opportunity. My first question was related to our Ibuprofen capacity. We are adding approximately 50% capacity, but as per my understanding, global demand grows by somewhere around 3-4%. How much of the additional capacity is actually backed by some kind of orders or customers?

Management: This decision to increase Ibuprofen capacity by 50% is part of our long-term growth strategy. You are right that the annual demand for Ibuprofen generally grows by around 3-4%, but the capacity that we are bringing up is based on our engagement and development with customers and the current utilization of our existing plant. Our existing plant has already been operating at a very high capacity for a long time. Considering all these aspects, we have taken the decision to increase capacity by 50%. Moreover, we are also entering the CDMO formulations business, so a portion of the API will also be supplied to customers through the CDMO formulations vertical. During FY28 and FY29, we expect to reach, or believe we will achieve, optimum utilization of this newly enhanced capacity as well.

Raunak: Understood, sir. What will be the peak revenue potential from this plant, specifically from the Ibuprofen segment?

Management: Considering the current situation, I think we can add 50% to that. Overall, our Pharma business is approximately 1,300 crores. Out of this 1,300 crores, 43% is from non-Ibuprofen, and the rest is from Ibuprofen. We can add that at the current realization.

Raunak: Understood, sir. Another question relates to the CDMO plan that we are pursuing. We have received the CEP, but I believe each customer requires some form of regulatory approval. How many customers and products are we actually contracted with, or are currently in development for the CDMO plan? When will the first commercial batch commence? What kind of EBITDA margin improvement are we likely to see over and above what we already have from the CDMO plan?

Management: Mr. Rana, would you please elaborate on this?

Rana: The answer to your first question is regarding the regulatory approvals. We have received all the local licensing approvals and all the statutory permissions that are required. We have everything available with us. The next step was to obtain the CEP, which we have already received. You are now asking about customer approvals. Discussions are already in progress. We have to submit the dossier, and the customer will approve IOL as an alternative source. That process is continuing and will proceed at its normal pace. Regarding EBITDA margins, we are expecting good EBITDA margins from the CDMO business. Currently, we have 3-4 anchor customers for which we have already initiated the process, and development is in progress. We will submit samples to them, share the documentation, and the approval process will then proceed.

Raunak: Understood, sir. In the recent past, over the last 2-3 quarters, the overall API and CDMO businesses were significantly impacted by the global war. What is the situation right now, and do we have any protection against volatility? Can we pass on the additional cost to our customers, and

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how much time does that take?

Management: Mr. Abhay, can you take this up?

Abhay: As we have already said, this opportunity and the decision to enter this business have primarily come from interest received from existing customers. Mr. Rana also explained that we are in the advanced stages of discussions with 3-4 anchor customers. Our API is already being supplied to these customers, and we will also provide this extended facility to our existing customers. We are protected to that extent, considering the API that we are using. I think the volatility related to the CDMO business will be passed on to the customers. To the maximum extent, this is protected. We are also using our existing molecules. If we talk about Ibuprofen and Paracetamol, these are substantially backward integrated. Therefore, we will also have the benefit of that.

Raunak: Understood, sir. Also, sir, in the previous quarter we saw—

Management: We request you to please get back to the queue, as there are other participants.

Raunak: Understood. Thank you very much.

Management: Thank you very much. The next question is from Saket. Please go ahead.

Saket: Hi, am I audible?

Management: Yes.

Saket: Thank you for the opportunity. The corporate video that you showcased and the announcements were very impressive. I want to discuss the CDMO segment in more detail. If I heard you correctly, it is a formulation-based initiative that we are undertaking. I have a couple of questions relating to that. First, what is the cumulative capex that we are dedicating to the CDMO formulations facility? Second, typically, with certain exceptions for dedicated API plants or depending on the scale at which we are operating, formulations plants have a better asset turnover than API plants. What would be the expected asset turnover from the CDMO formulations facility that we are setting up? Third, you have discussed 3-4 anchor customers. Are we looking to build more of an order book and file with them, or how will that develop? CDMO has very different connotations when it comes to generic facilities. Are we sourcing some of their products that they are currently manufacturing in Europe or at other facilities? Please elaborate further on that. Also, what is the margin delta? Some of these CDMO formulations margins can easily be upwards of 18-20%, if not higher. Please elaborate on these points.

Management: Mr. Saket, your question has many sub-questions, so please guide me if I forget anything while answering. The first question related to the cost or budget for the CDMO plant. This is approximately 115 crores, and most of the cost has already been incurred. The project and the plant are complete. The EU GMP certification has also already been received. The facility is ready to be operationalized, and we will be able to commercialize it within Q3.

The second question is regarding the margin. As you said, the margins in CDMO are better compared with those for API molecules, and your understanding is correct.

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The third question is regarding asset turnover. Normally, this is approximately 2.5 times the investment. However, this keeps changing because it will also depend on which API is being used. If we are converting Paracetamol, the turnover can be different. If we are converting Fenofibrate or Ibuprofen, it can be different. On a blended basis, our calculation would be approximately {? 2.5% ?}.

Coming to the customers, we are already in discussions with various customers. Most of the anchor customers are existing customers, so we have good visibility for this business. I think we will be able to benefit from this business in the next financial year.

Saket: Regarding the length of the order book, are these multi-year orders, giving us much better visibility than—

Management: They are multi-year; they are {? multi-year contracts ?}.

Saket: Understood. As you mentioned last time, would this be an extension of Ibuprofen and our existing API molecules only? Would it be more like backward integration?

Management: It is not only for Ibuprofen; it is for any API that we manufacture.

Saket: So it includes both non-Ibuprofen and Ibuprofen, sir.

Management: Yes.

Saket: Thank you for the opportunity, and best of luck, sir.

Management: Thank you.

Operator: Thank you. The next question is from Anubhav. Please go ahead.

Anubhav: Thank you for the opportunity. Hello, am I audible?

Management: Yes.

Anubhav: Can you indicate the EBITDA margin differential between Ibuprofen and the non-Ibuprofen portfolio? In Q1 FY27, there was substantial EBITDA growth, and the management commentary suggests that it was driven by a higher mix of non-Ibuprofen APIs. Can you indicate the EBITDA margin differential?

Management: Our pharmaceutical business began with Ibuprofen. From 2019, and essentially from 2018 onwards, we started diversifying into various molecules on the API side. In 2018, we had turnover of only around 18 crores from non-Ibuprofen products, and in the last quarter we reached a non-Ibuprofen contribution of 100 crores. That constitutes approximately 43% of the overall pharmaceutical business, and we believe we can take it to 50% over some time or over the next few quarters.

Regarding margins, they depend on geography, customers, and products. We have been backward integrated in Ibuprofen for a long time, and the product is also operating at a much higher level. Export realizations from regulated markets are much higher in Ibuprofen. Therefore, compared with

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the non-Ibuprofen product portfolio, Ibuprofen commands a better margin. It would be very difficult for us to give you the exact margin difference because we do not publish numbers at the product level.

Anubhav: What drove the strong revenue growth and the EBITDA margin improvement in Q1?

Management: Capacity utilization was one reason. Most of our products have very high capacity utilization, and I think that was the main reason for the improvement in EBITDA margins during Q1.

Anubhav: Thank you.

Management: In fact, we also had good EBITDA margins in Q4.

Anubhav: We have been hearing that the demand environment for Ibuprofen and even Isobutyl Benzene, which is also manufactured by Vinati Organics, is very strong. What is driving this? Has there been any change in the competitive landscape, such as a plant shutting down elsewhere in the world? Please elaborate.

Management: There is one plant that exited the business in the US last year.

Management: Two years ago.

Management: Yes, around 2 years ago. However, I think it was not operating at a very high level, so it should not make much difference. Annual growth of around 3-4% is also there for Ibuprofen. I think that may be the reason. I think that may be the reason; beyond that, it is difficult to comment.

Anubhav: How is the pricing for Ibuprofen currently compared with last year?

Management: Pricing is stable. It has been stable for the last 3-4 months. Some prices increased during the war, but I think they have now stabilized. When Ibuprofen prices increased, raw material prices also increased. Prices are now at a comfortable level and have stabilized.

Anubhav: Compared with the same period last year, has there been an increase in realization?

Management: There has been an improvement from last year to a certain extent. However, over the last 3-4 months, realization has been stable at a certain level after the increase in input prices, which our company has been able to pass on to customers. Therefore, it has increased from last year along with the demand.

Anubhav: Thank you. Regarding the CDMO formulation plant, is it—I'll get back to the queue as there are other analysts. I will get back in the queue. Thank you.

Operator: The next question is from Yashvi. Please go ahead. Yashvi, you may ask your question.

Management: I think she is muted.

Operator: Yashvi is muted. We will move on to the next participant. Venkatesh, please go ahead.

Venkatesh: Good morning, sir. Thank you for the opportunity. I have three questions, but they can all be summarized into one. First of all, my apologies; I missed the announcements because I joined

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a little late. If I take a 4-5-year view of the company, looking toward 2030, how will the company look in 4-5 years according to your blueprint? If I divide it into three major businesses—APIs, CDMO, and specialty chemicals—how will these three businesses look in 3-4 years? What prospective EBITDA margins would you target for these three businesses in 3-4 years?

Management: Thank you very much, Mr. Venkatesh. If we have a 4-5-year vision from here onward, I think we can comfortably achieve 15-20% annual growth, which can be translated into the numbers. Our API business is doing very well, as is the chemical business. CDMO has just started, and because this is again a customer-oriented business opportunity that we are pursuing, we have strong visibility. Based on that, we expect to achieve appropriate or optimal utilization in the CDMO business by the next financial year.

The API business is already operating at a very high utilization level. I think the increased API capacity, including the Ibuprofen capacity, will also be fully utilized by FY28 and FY29. Overall, we believe that 75% will come from APIs, including CDMO, and 25% will come from the chemical business. Regarding EBITDA margins, we believe we will comfortably achieve margins ranging from the mid-teens to the high-teens by 2030.

Venkatesh: Mid-teens in both businesses, sir?

Management: I mean the blended margin for the company as a whole. We believe we should achieve a blended margin of 15-17%.

Venkatesh: A blended margin of 15-17%. My understanding is that specialty chemicals will have a higher EBITDA margin. Is that correct, sir?

Management: CDMO will have the highest margin, followed by APIs and then specialty chemicals. The sequence could be this way.

Venkatesh: You indicated that overall growth of 15-20% can be expected over 4-5 years. This means that for the next 1,000 crores of incremental revenue for the company, we can assume that 75% will come from one segment and 25% from the other segment.

Management: From here onward?

Venkatesh: Yes, from here onward.

Management: The calculation will be the same whether you do it or I do it. Having said that, these are general guidelines, and as a disclaimer, there can also be certain fluctuations in the pharmaceutical business, considering that we are in generic pharmaceuticals and have global exposure. There are many other considerations. However, as a safe assumption, we can take this number for—

Venkatesh: I completely understand, sir. I was just trying to do the math on this, so there is no problem. My next question is this: if there are three products, including Ibuprofen, that we want to focus on over the next 4 years, I am trying to understand the company. IOLCP is one of the most efficient producers. If you consider it a challenge for the next 4-5 years and position three products that can take us to the next level, what would stop a Chinese competitor from attacking the

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market? What is our competitive moat? Is it pricing, processes, or customer relationships? What do you believe is our biggest strength that will keep us—

Management: I will also take Mr. Rana's help in answering your question. Initially, I would say that it is our process, the quality that we produce, and the backward integration we provide. These are three factors, along with the relationships we have with our existing customers. We have been engaged with our customers for a very long period. This also gives customers a reliability factor. Mr. Rana, I request you to add to this question.

Rana: I think it will be a mix of all three because we have been in Ibuprofen for many years and have very long-term business relationships with our customers. It will probably be a mix of all three, by providing a good-quality product with—

Management: —the long-term business relationship and so on and so forth. Right, right, right. In fact, we are also supplying our products to China.

Venkatesh: Fascinating and interesting, sir. To achieve this kind of growth of 15-20% over a period of time, what incremental capex will we require over the next 4-5 years?

Management: We now also have another parcel of land, approximately {? 101-acre land ?} on the Bathinda-Chandigarh highway, which is going to be developed as a greenfield project. That is separate from the capex we announced 15 days ago, which was {? 500 crores ?}. On a regular basis, we incur approximately {? 200-250 crores ?} of capex every year. Apart from that, we also have the other land where we will incur capex.

Venkatesh: Apart from the normal 200-250 crores of capex every year, we may incur additional capex depending on the opportunity. Is that correct?

Management: Yes, we can.

Management: Importantly, whatever capex we have incurred so far has been funded entirely through internal accruals.

Venkatesh: It is excellent to be a shareholder of your company, sir. The way you manage this is superb. My best wishes. I would like to visit and meet you sometime, sir.

Management: Certainly. Thank you very much, Mr. Vivek. Thank you.

Operator: Thank you. Please note that we have 3 minutes left for the session to end. We will take the last question from Khushi. Please go ahead.

Khushi: Hello, am I audible?

Management: Yes.

Operator: Yes.

Khushi: Previously, we saw that over the past 4-5 years, margins had remained stagnant in the 9-11% range. I want to understand the reason margins increased to 15% in FY26. Was it capacity

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utilization, backward integration, or improvements in API DIP prices?

Management: It was a combination of various efforts undertaken by the company recently. Our non-Ibuprofen segment was not previously operating at optimum capacity, and over the last 2 years we have made certain efforts to increase its capacity utilization. Over the last 2-3 quarters, it reached optimum capacity utilization.

In addition, we are focusing more on shifting our marketing focus from the domestic market to regulated markets. Along with the earlier Ibuprofen business, the non-Ibuprofen segment is also receiving a good response in regulated markets and providing higher price realization for these products.

Khushi: I want to understand this because there was such a sharp increase. Was capacity utilization previously not increasing at an incremental rate every year? I thought it was a sudden increase from 10% to 15%.

Management: Earlier, capacity utilization in the non-Ibuprofen segment ranged from product to product from {? 40-55% ?}. Over the last 3-4 quarters, it has been approximately {? 60-75% ?} capacity utilization.

Khushi: You will reach maximum utilization levels in FY28 and FY29, correct?

Management: Yes.

Khushi: Thank you.

Operator: Thank you. Due to time constraints, we will have to close the call. I request the management to give the closing remarks.

Management: Once again, I would like to thank all the participants for joining this call and showing interest in the growth journey of the company. As we discussed, we are a diversified and much broader API company, and we are also entering the CDMO business and specialty chemicals. This gives us better visibility for the business.

Our growth perspective is to scale, integrate, and diversify; all these together constitute growth. We are continuing with our long-term strategy and trying to do as well as we can. With this, I would like to thank you once again. Thank you very much.

Operator: I would like to thank the management and the participants on behalf of Arihant Capital for sparing their time and sharing insights about the company. If participants have any further questions, they can get in touch with the team at Arihant Capital. Thank you very much for joining the meeting. Thank you, everyone.

Management: Thank you.

Management: Thank you.

Management: Thank you very much.

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IOL Chem & Pharma

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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