

IOL Chem & Pharma

13 August 2026

Operator: Good day and welcome to IOL Chemicals And Pharmaceuticals Ltd. Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Prachi Amre from MUFG Investor Relations. Thank you, and over to you, ma'am.

Prachi Amre – MUFG Investor Relations: Thank you, {? Uda ?}. Good afternoon, everyone, and welcome to IOL Chemicals And Pharmaceuticals Ltd. Q1 FY27 earnings conference call. Today, on the call, we have Mr. Pradeep Kumar Khanna, Chief Financial Officer; Mr. Abhayraj Singh, Senior Vice President and Company Secretary; Mr. Kushal Kumar Rana, Director Works; and Mr. Rakesh Mahajan, Finance Advisor and Strategic Head, to provide insights on the company's operational and financial performance.

Before we begin the call, I would like to give a short disclaimer. This call may contain some forward-looking statements that are completely based on our beliefs and expectations as of today. These statements are not a guarantee of our future performance and involve unforeseen risks and uncertainties. With this, I would like to hand over the call to Abhay for his opening remarks. Over to you, sir. Thank you.

Abhayraj Singh – SVP & Company Secretary: Thank you so much, Prachi, for the introduction. Good afternoon, everyone, and welcome to the Q1 FY27 earnings call of IOL Chemicals And Pharmaceuticals Ltd. Thank you for joining us today and for your continued trust and support. I hope you have had an opportunity to review our financial results and investor presentation filed with the stock exchanges and also available on our website.

We have started FY27 on a strong note, with healthy demand across key products, improved capacity utilization, a favorable product mix, and a continued focus on operational efficiency. In the pharmaceutical division, we continue to make good progress in diversifying our API portfolio beyond ibuprofen, with healthy demand across key products, including paracetamol, pantoprazole, metformin, fenofibrate, and clopidogrel.

Non-ibuprofen products continued to contribute 43% of pharmaceutical revenue in Q1 FY27, compared with 36% in Q1 FY26, with revenue growing 67% year-on-year and emerging as a key driver of growth in our pharma business. Importantly, this performance also demonstrates the benefits of the initiatives that we have taken over the past few quarters to strengthen our manufacturing platform and diversify our API product portfolio.

While ibuprofen remains an important part of our portfolio, our strategic focus is increasingly on building IOL as a diversified and integrated API platform, with multiple products contributing to our growth. Our international business also strengthened during the quarter, with exports increasing to about 28.5% of revenue, while the {? NMPA ?} approval for clopidogrel in China further expands our regulatory reach and market opportunities.

This progress is particularly encouraging against the backdrop of continued geopolitical uncertainties, supply chain challenges, and inflationary pressure across select raw materials. Our

Report is AI-generated and may contain inaccuracies.

chemical business also delivered a strong performance during the quarter, supported by improved realizations, efficient raw material procurement, higher exports, and operational efficiencies.

Capacity enhancements across key product lines further strengthen our integrated manufacturing platform and provide us with greater flexibility to cater to demand across key end-use industries. Going forward, our focus remains on scaling our API portfolio, improving capacity utilization, expanding our presence in international regulated markets, and driving operational efficiencies through our integrated and backward-integrated manufacturing platform.

Our objective is not merely to add capacities, but to build meaningful and sustainable positions across a diversified API portfolio. The manufacturing capabilities, process expertise, and backward integration that we have developed over the years provide us with a strong foundation to scale these businesses.

With that, I would now request Mr. Pradeep Khanna, our CFO, to take you through the financial performance for Q1 FY27.

Pradeep Kumar Khanna – CFO: Thank you, Mr. Abhay. Good afternoon, everyone. I would now take you through the financial performance of the company for Q1 of FY27. Following this, we will open the floor for questions and answers.

During Q1 FY27, the company reported revenue from operations of Rs 756 crores, as compared to Rs 551 crores in Q1 FY26, registering year-on-year growth of 37%. On the operating front, EBITDA stood at 111 crores, compared with 69.5 crores in Q1 FY26, representing growth of 60.7%. EBITDA margin improved to 14.6%, compared with 12.4% in the corresponding quarter.

Coming to the bottom line, PAT stood at 64.5 crores, compared with 34 crores in the corresponding quarter of the previous year, registering growth of 89.9%. PAT margin consequently improved to 8.4%, compared with 6.1% in Q1 FY26.

The improvement in profitability reflects the benefits of higher operating leverage, better capacity utilization, an improved product mix, and a continued focus on operational efficiencies. Our export contribution also increased to 28.5% of revenue, compared with 24.4% in the same quarter of the last financial year, reflecting the continued strengthening of our international business.

From a segment perspective, both pharmaceutical and chemical contributed to the overall performance, supported by healthy demand, improved utilization, and operational efficiency. Going forward, our focus will remain on sustaining the growth momentum through better capacity utilization, continued improvement in product mix, operating efficiencies, and prudent cost management.

At the same time, we will continue to maintain a disciplined approach toward capital allocation and investment, with a focus on projects offering attractive long-term returns. For FY27, we remain confident of delivering 15–20% revenue growth, with an EBITDA margin in the range of 14–15% and exports contributing approximately 25–30% of revenue.

With this, we now open the floor for questions and answers. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Abu Rafe from Wealth Catalyst. Please proceed.

Abu Rafe – Wealth Catalyst: Thank you for giving me the opportunity. I have two questions. My first question is: given that paracetamol has seen relatively weak demand over the past few years, what is the current outlook for paracetamol?

Management: For IOL, we started paracetamol production around 2 years ago with a capacity of 3,600 MTPA, which we doubled and, in fact, tripled last year. This brought the capacity to 10,800 MTPA. This year, as of now, we are operating at around 55% of this enhanced capacity utilization, which we expect to reach around 70% by the end of this financial year.

Paracetamol is contributing significantly to our non-ibuprofen product portfolio. Demand is growing, and IOL is also gaining a position in the paracetamol business vertical across India. We are also gaining traction in exports. Therefore, we are foreseeing good demand for paracetamol.

Abu Rafe – Wealth Catalyst: All right. My next question is: given the sharp rise in ethyl acetate and acetic anhydride prices following the US-Iran war, could you please provide an update on the current pricing environment for both these products?

Management: Due to the war, prices increased substantially in March itself, but after that they stabilized to some extent. Now, the prices have not been on an upward trend for the last 1 month. Therefore, we think that, ultimately, the prices of ethyl acetate and the delta between the raw material and ethyl acetate will remain constant in the upcoming quarters.

Abu Rafe – Wealth Catalyst: Thank you very much.

Operator: Thank you. The next question is from the line of Pahel Sharma from DD Capital. Please proceed.

Pahel Sharma – DD Capital: Hello, thank you for the opportunity.

Management: Yes, Pahel.

Pahel Sharma – DD Capital: My first question is that export contribution increased to around 28.5% of revenue, from 24.4% year-on-year. Do you see this moving toward more than 30% of revenue in the near term, or would you prefer to maintain a more balanced domestic-export mix?

Management: We are targeting an export revenue contribution in the range of 25–30% this year, and we are hopeful that we will achieve it.

Pahel Sharma – DD Capital: My next question is: with Q1 EBITDA margin at 14.6%, ahead of the FY27 guidance range of 14–15%, what are the key factors that could either sustain the margin above this range or lead to moderation in the coming quarters?

Report is AI-generated and may contain inaccuracies.

IOL Chem & Pharma

Management: We achieved an EBITDA margin of 14.6% in this quarter. The key factors for this rise in EBITDA margin are higher capacity utilization, a better product mix, operational efficiencies, and stronger demand for APIs in the non-ibuprofen segment. There were also some improvements in finished product prices. All these factors contributed to the EBITDA margin.

Pahel Sharma – DD Capital: Understood. Thank you so much, and all the best.

Operator: Thank you. The next question is from the line of Vignesh from Sequence Scientific Limited. Please proceed.

Vignesh – Sequence Scientific Limited: Hello, thank you for the opportunity. My first question is regarding pharma. In Q1 FY27, there was around 42% growth year-on-year. Can I get the split of what percentage of this growth was due to volume growth and what percentage was due to realizations?

Management: We cannot provide the exact numbers, but as a calculation, the majority of the contribution came from the increase in the volume of our pharma products, as compared with finished product realizations.

Management: The capacity utilization of API products has increased, including in the non-ibuprofen segment.

Vignesh – Sequence Scientific Limited: Do we not have the exact number regarding the percentage?

Management: We have the number, but we are not able to share it. Basically, we need to understand the current capacity utilization of all our assets. Apart from paracetamol, most of the assets are operating at around 80–95% capacity utilization. I think that is the more important factor contributing to the operational performance of the pharma sector.

Rather than going into what is happening with prices, the mix, and how much is due to capacity utilization, I think we do not share that detailed information over the call. Therefore, we will not be able to share it. Broadly, you can take it that this is mostly due to capacity utilization and better operational efficiency.

Vignesh – Sequence Scientific Limited: Understood. I will step back again.

Management: This is also coupled with the increased export realizations during this quarter.

Vignesh – Sequence Scientific Limited: Would it be correct to say that the mix toward regulated markets has gone up in this quarter, aiding the higher EBITDA margin?

Management: For our other API products, yes.

Vignesh – Sequence Scientific Limited: Understood. Thank you.

Operator: Thank you. The next question is from the line of Surbhi from NV Alpha. Please proceed.

Surbhi – NV Alpha: Thank you for the opportunity. I have two questions. First, your other APIs, the non-ibuprofen products, have now crossed a {? 200 crore ?} quarterly run rate, which has not been seen in the last few quarters. What is driving that growth? Second, of the {? 200 crores ?} in the non-ibuprofen segment, how much is from regulated markets, and how much more can you supply to regulated markets?

Management: Thank you, Surbhi, for asking this question. Basically, around 21–22% is coming from export markets, which includes both regulated and non-regulated markets, but the majority is from regulated markets. As of now, we do not have the exact bifurcation of what is coming from regulated and non-regulated export markets, but the majority of this revenue is coming from regulated markets.

This year, we achieved around 43% of overall pharma revenue from the non-ibuprofen product portfolio, which enabled us to cross the {? 200 ?} mark. As we have been discussing for the last few quarters, we are looking to achieve, in the mid- to near-term range, around 50% overall contribution to pharma. I think we are very close to achieving it. This is the result of the efforts that we have been putting in over the last few quarters. Therefore, I think we are very close to that target.

Surbhi – NV Alpha: In the non-ibuprofen portfolio, what are the biggest APIs? Is it clopidogrel or pantoprazole? Which one is contributing the most?

Management: In this segment, paracetamol, clopidogrel, pantoprazole, metformin, fenofibrate, and levetiracetam are our key growth drivers and key products.

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

Management: Thank you.

Operator: Thank you. The next question is from the line of Jainam Ghelani from Swan Investments. Please proceed.

Jainam Ghelani – Swan Investments: Congratulations on a good set of numbers. Since you guided for capex of around {? 200 to 250 crores ?}, how much would be maintenance capex? In terms of growth capex, would it be for the new greenfield site for which we had received EC approval, or would it be for some other projects?

Management: Usually, we incur capex of approximately {? 200 ?} crores every year, which is planned with a long-term view to support sustainable growth. Of the total capex planned, 60% is directed toward expansion and new products, while the remaining 40% goes toward infrastructure improvements for better efficiencies and cost reduction.

For the last 4–5 years, we have been incurring capex of approximately {? 100 to 200 ?} crores every year.

Jainam Ghelani – Swan Investments: To continue the question raised by one of the earlier participants, how much of the profitability in this quarter would be attributed to the one-time inventory gain due to the surge in pricing because of the war?

Report is AI-generated and may contain inaccuracies.

Management: Your voice is not clear. We are not getting the question.

Jainam Ghelani – Swan Investments: To continue one of the earlier participant's questions, in terms of profitability, how much was the one-time inventory gain due to the surge in pricing in this quarter?

Management: Basically, this was not due to an inventory gain. We might have had a small inventory gain during the later part of the last quarter, for around {? 10-15 days ?}, but this quarter we did not have an inventory gain. It would not be correct to allocate this profit toward that.

This was a mix of key factors, including higher capacity utilization and a better product mix. We also had an advantage in terms of operational efficiency, better performance from non-ibuprofen products, and increased export realizations on the non-ibuprofen side as well.

Taken together, all these factors resulted in better performance. This cannot be attributed or allocated to an inventory gain.

Jainam Ghelani – Swan Investments: That is all from my end. Thank you.

Management: Thank you, Jainam. Thank you so much.

Operator: Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and one on their touchtone telephone. The next question is from the line of Santosh from LGT Capital. Please proceed.

Santosh – LGT Capital: My first question is: non-ibuprofen products increased their contribution to pharma revenue from 36% in Q1 FY26 to 43% in Q1 FY27. At what point do you see this portfolio becoming large enough to materially change the overall pharma margin profile?

Management: In the near term, we expect this vertical to achieve around 50% overall contribution to pharma. We expect that this 50% will be further divided between domestic and export markets. Once we achieve 50% and export realizations also increase, this will change the overall contribution toward the bottom line.

Santosh – LGT Capital: My last question is: with {? 26 crore ?} invested in R&D during FY26, what are the key commercial opportunities emerging from your R&D pipeline, and what kind of contribution can we expect from these initiatives over the medium term?

Management: R&D expenditure is not a one-off expense. These are regular expenses that we incur in R&D, and this expenditure is not allocated to the specific development or processing of any particular product.

More importantly, from these funds, we have allocated some amount toward purchasing new analytical equipment. We have purchased an XRD machine, an LC-MS machine, and a GC-MS machine. These are high-end machines that we have purchased to analyze impurity profiles at a very stringent level.

Santosh – LGT Capital: Thank you so much for answering my question.

Report is AI-generated and may contain inaccuracies.

IOL Chem & Pharma

Operator: Thank you. The next question is from the line of Saumya from Nirvasa Securities. Please proceed.

Saumya – Nirvasa Securities: Good afternoon. Thank you so much for the opportunity. Q1 revenue grew {? 37.1% ?} year-on-year, while EBITDA grew {? 60.7% ?} year-on-year. How much of the EBITDA outperformance was driven by operating leverage versus improvement in product mix?

Management: The increase in EBITDA margin was primarily due to the operational efficiencies of existing products, along with increased capacity utilization. There was no major product mix change, except for greater penetration in the export market. The higher EBITDA was primarily due to the internal efficiencies of the company, rather than external factors.

Saumya – Nirvasa Securities: My next question is on PAT. PAT grew around 90%, or {? 89.9% ?}, year-on-year in Q1. Apart from operating performance, were there any one-off factors below EBITDA that contributed to the sharp PAT growth?

Management: Nothing below EBITDA. Nothing. These are all routine financial numbers. There was no extraordinary item, except internal efficiency.

Saumya – Nirvasa Securities: My next question is on pharma. Pharma revenue grew 43% year-on-year in Q1. Could you help us understand whether the growth was broad-based across the portfolio or concentrated in a few key products?

Management: It was across the portfolio. It was across the portfolio because maximum efficiencies with respect to utilization have been achieved across all the products.

Saumya – Nirvasa Securities: My last question is: if the current diversification strategy plays out as planned, what would be a reasonable target for non-ibuprofen contribution to pharma revenue by FY29, and would you expect that mix shift to structurally lift consolidated margins?

Management: Overall, by FY29, or after 3–4 years, we expect the non-ibuprofen segment to contribute around 50–55% of our API segment, with margins equivalent to the other ibuprofen margins.

Saumya – Nirvasa Securities: Thank you so much. I will rejoin the question queue.

Management: Thank you.

Operator: Thank you. The next question is from the line of Maulik Varya from 361 Mutual Fund. Please proceed.

Maulik Varya – 361 Mutual Fund: Maulik here from 361 Capital. Thank you for the opportunity, and congratulations on a good set of numbers. I have a few questions.

We have seen strong top-line growth across all products. I wanted some qualitative perspective from your side on why this growth was muted in the last few quarters. You had indicated that demand was expected to revive, and you had spoken about it. What has led to this revival, and what visibility do you have regarding how long this strong demand will sustain? Will it continue for the next 8–10 quarters or 12 quarters? Any qualitative direction on demand would be helpful.

Report is AI-generated and may contain inaccuracies.

IOL Chem & Pharma

Management: Both top-line and bottom-line growth were due to higher volumes, along with better pricing of our established products and growth in new products. In spite of the increase in input prices, we were able to achieve these numbers by passing the increased cost on to customers due to healthy demand in both domestic and export markets. These are the main reasons for growth in both top-line and bottom-line.

Taking into consideration the demand, prices, and experiences, we expect revenue growth of around 20% and an EBITDA margin of 14-15%. This growth is based on better capacity utilization, product mix, and operational efficiencies. We have reasonable visibility into our order book for the coming quarters. This gives us confidence in the overall guidance for the year. We think this growth is sustainable for the full year.

Maulik Varya – 361 Mutual Fund: Do you have any guidance for FY28? Will we be able to grow at a similar run rate of 15-20% in terms of top line, and also achieve a similar EBITDA margin?

Management: Definitely, we have a plan to grow the top line by about 15-20% and achieve an EBITDA margin of approximately 15-17% in FY28.

Maulik Varya – 361 Mutual Fund: EBITDA margin is being slightly upgraded on the basis of volume and better volume and pricing scenarios.

Management: Actually, we cannot predict FY28 at this time, but we hope that we will achieve better performance.

Management: Maulik, this is based on the current scenario. Suppose the scenario changes 6 months from now; what we are saying may not be possible. This is as per the current scenario and is based on our current plans. The projections are based on those plans.

Maulik Varya – 361 Mutual Fund: Noted. Thank you. My next question is: sequentially, we have seen a decline in gross margins. Is my assumption correct that in the last quarter we had some inventory gains, due to which our gross profit and gross margin were higher, and that this quarter, due to higher input costs, gross margins were relatively lower on a sequential basis?

Management: Yes. As already explained to some analysts, in the March quarter, we received an inventory valuation benefit for a few days. However, in this quarter, input prices also increased and finished product prices also increased.

The margin was impacted due to a certain variation in passing the increased cost on to the customer because we had already tied up some prices with a large customer for their final prices. All these differences have already been exhausted, and there is no further major variation in input and output prices now.

Maulik Varya – 361 Mutual Fund: In our other expenses, what would be the major cost, since that has also increased on a quarter-on-quarter basis? What would be the major contributor to this?

Management: In other expenses, the major costs were energy and logistics. Although there is global pressure, we have not seen any material impact. Power costs and logistics costs increased during the quarter, but we were able to pass on a major part of the increased cost to customers. Therefore,

Report is AI-generated and may contain inaccuracies.

we have not seen any major material impact on our business.

Maulik Varya – 361 Mutual Fund: Understood. My last question is regarding non-ibuprofen products, which have been outperforming or growing faster than the ibuprofen portfolio. Going forward, for the guidance you have given for FY27 and for the future, which products will be the key drivers? Or will it be the entire non-ibuprofen portfolio that will see very strong demand?

Management: In the non-ibuprofen portfolio, the turnover from paracetamol contributed mainly to this increase. Other products, such as clopidogrel and pantoprazole, also contributed. Overall, all the products contributed to this rise.

Maulik Varya – 361 Mutual Fund: So growth going forward in the non-ibuprofen portfolio will also be broad-based.

Management: Yes, we expect so.

Maulik Varya – 361 Mutual Fund: In terms of exports to regulated markets, are there any new products that we have filed or are awaiting approval for? Is there any visibility on this?

Management: Basically, all our products have received CEP approval. In addition to CEP approval for all products, we have also received approval from the US FDA for 5 products. Two or three products are already in the pipeline because the formulators have filed their ANDAs. Once their ANDAs are approved, our products will also receive approval from the US FDA.

CEP approval is available for all the products. Additionally, we are entering other markets, such as China, where the NMPA has recently approved our clopidogrel. We are targeting different regulated markets depending on customer requirements. In the past, our ibuprofen was also approved in China.

Maulik Varya – 361 Mutual Fund: Thank you. I will join the queue.

Operator: Thank you. A reminder to all participants: anyone who wishes to ask a question may press star and one on their touchtone telephone. The next question is from the line of Nimish Verma from AAS Capital. Please proceed.

Nimish Verma – AAS Capital: Good afternoon. Am I audible?

Management: Yes, please proceed.

Nimish Verma – AAS Capital: Thank you for the opportunity, and congratulations on the good set of numbers. I have a few questions. The first is: ibuprofen continues to be an important part of the portfolio, but with the broader API portfolio scaling up, how do you see ibuprofen's share of total revenue evolving over the next 3 years?

Management: As you rightly said, ibuprofen is an important part of our portfolio. Having said that, our other API products are also performing. We are a diversified API company. Ibuprofen is one of our products, but it is also one of our best products.

The way we established our leadership in ibuprofen, we will replicate the same model in other products as and when the time comes and the products achieve scalability. If we talk about our other products, we are adding many products, and all of them are performing well. Paracetamol has also contributed well, and clopidogrel is also doing well.

In the recent past, we also increased the capacity of 3-4 products. Going forward, the growth we are looking for will be broad-based growth involving the entire product portfolio, with a better product mix.

Nimish Verma – AAS Capital: My second question is: the company has been strengthening its backward-integrated manufacturing platform. Are there any specific intermediates or KSMs currently being evaluated for backward integration that could meaningfully improve product economics?

Management: Honestly speaking, as of now, we are working on different streams in R&D. We can probably give you some details once we have a proof of concept ready after the R&D development.

Nimish Verma – AAS Capital: My last question is: with the 101-acre land parcel available for future expansion, should we expect the first major project on this land to be commissioned within the current capex cycle, or is it more of an FY28-FY29 growth platform?

Management: Again, we are in the process of obtaining all the statutory permissions, which is under way. In parallel, we are working on different product mixes in our R&D section. Once we have a clear idea or proof of concept ready, we will definitely start the work there, and products will also be manufactured at that site. However, this will probably not happen in this financial year.

Nimish Verma – AAS Capital: That is all from my side. Thank you for the opportunity.

Operator: Thank you. The next question is from the line of Sheikh Mohammad, an individual investor. Please proceed.

Sheikh Mohammad – Individual Investor: Thank you very much for the opportunity, and many congratulations to the management for the excellent set of numbers. My question is: will the chemical business continue to perform at the same level, or have we reached the peak EBITDA margins of the chemical segment?

Management: The EBITDA margin of the chemical segment was on an upward trend in this quarter. We achieved a better EBITDA margin in this quarter. We have also increased capacities for both ethyl acetate and acetic anhydride, and we performed better in this quarter. Increased exports in the chemical segment also contributed to this performance.

Sheikh Mohammad – Individual Investor: Do you expect the same kind of performance to continue?

Management: Yes, we expect it to continue.

Sheikh Mohammad – Individual Investor: In the last conference call, we mentioned the CMO space. What opportunities can we address or pursue in that space?

Management: We are working on that segment as well. Once we have a clear proof of concept ready, we will definitely let you know.

Sheikh Mohammad – Individual Investor: We have given full-year top-line guidance of 2,600–2,700. Based on this quarter, do you think we can outperform the previous guidance for both top line and bottom line?

Management: When we gave the previous guidance, we took the entire year into consideration. Therefore, the guidance will remain along the same lines. However, given the current scenario, we think that we may cross that number. We do not want to upgrade the guidance.

Sheikh Mohammad – Individual Investor: In terms of exports, we have already achieved 28.5%. Is management taking a defensive approach by giving an export contribution range of 25–30%, since we have already achieved 28.5% in Q1?

Management: Yes, that is correct. We achieved 28.5%, and we are expecting around 30%. When we say around 30%, it could be 28% or it could be 35%. This is the average number that we have taken.

We want to be accurate when we say something, rather than quote a number that we may not be able to achieve. That is the philosophy. We have communicated around 30%, and we are hopeful that we will achieve it. We may even exceed it.

In addition to this, we have export customers with agreed quantities. In some cases, most of the quantities have already been dispatched to those customers, which increases the export number. However, there are chances that in the next quarter, those customers may have very small quantities remaining under the agreement. These are some of the variables that can cause the export number to move slightly up or down.

Sheikh Mohammad – Individual Investor: Are we planning further regulatory approvals for the chemical segment or for other products in the chemical segment?

Management: We mainly sell 2 products as merchant products. Ethyl acetate is 100% used for merchant sales. Apart from that, we have acetic anhydride. Both of these products have already been approved, and recertification is in place.

In addition, we introduced triacetin in the last quarter. We expect to obtain regulatory approvals for that product as well. It normally takes a few quarters for a product to reach maturity, and I think we will receive these approvals in the coming quarters.

Sheikh Mohammad – Individual Investor: That is very good to hear. We are continuously improving our chemical segment and increasing exports. This is my last question. SMS Pharma was impacted in this quarter because both its revenue and profit were affected. Can we—

Management: I think we have outperformed them in terms of IBP production and manufacturing technology. Asheet, as you said, it is a tricky question, but we do not know what others are doing, and we do not want to comment on that either.

We are confident about our strategy, manufacturing capabilities, and operational efficiency. We would like to discuss those aspects, and we would like to limit ourselves to those discussions only.

Sheikh Mohammad – Individual Investor: Okay. This is the last question.

Operator: Sorry to interrupt you, Mr. Mohammed, but can you please rejoin the queue for a follow-up, as there are several participants waiting for their turn? Thank you. The next question is from the line of Abhishek Amardar from Value Plus Advisors. Please proceed.

Abhishek Amardar – Value Plus Advisors: Congratulations on a great set of results. I have a question on triacetin, the new facility that has been commissioned. What capacity utilization did you achieve in Q1?

Management: Triacetin. We started production at this plant in mid-May, after May. Therefore, there was only 1 month of production at this facility. The capacity will gradually increase because, in parallel, we are also looking for market penetration, and accordingly, we will increase production capacity.

Abhishek Amardar – Value Plus Advisors: At steady state, what is the revenue potential of the 6,000 MTPA capacity that we have?

Management: {? Around 100 crores ?} per year.

Abhishek Amardar – Value Plus Advisors: In terms of the inputs for triacetin, would the input be acetic anhydride itself, and what percentage or proportion of our acetic anhydride would then be consumed captively?

Management: No, acetic anhydride is not used. Acetic acid and glycerol are the 2 input materials for this product. Acetic anhydride is not used in this product.

Abhishek Amardar – Value Plus Advisors: About 120 crores is the revenue potential of triacetin.

Management: Yes.

Abhishek Amardar – Value Plus Advisors: How does that compare with the EBITDA margins of ethyl acetate?

Management: We do not disclose EBITDA margin on a product basis; we can disclose it on a segment basis. The 2 products also cannot be compared because their uses are completely different.

Abhishek Amardar – Value Plus Advisors: Thank you.

Management: Yes.

Operator: Thank you. The next question is from the line of Santosh Shetty from LSG Capital. Please proceed.

IOL Chem & Pharma

13 August 2026

Santosh Shetty – LSG Capital: I have a couple of follow-up questions. First, backward integration has been an important part of IOL's strategy. Are there any significant raw materials or intermediates where you are still dependent on external sourcing and could potentially integrate further?

Management: Metformin is not an integrated product in our portfolio, and we perhaps will not undertake backward integration for it because we depend on China for DCDA as a raw material. Most companies are dependent on the same source because this material is geographically available in that region.

Santosh Shetty – LSG Capital: I have another question. IOL's overall export contribution has moved to 28.5%. Is the higher export mix also resulting in a better product or customer mix, or is the benefit primarily from higher volumes?

Management: It is a mix of everything. It is a mix of a better product mix, operational efficiency, better realizations, and greater customer reach. It is a combination of everything. No specific reason can be predominantly or mainly attributed to this number.

Santosh Shetty – LSG Capital: It is positive that your strategy is reflected in the numbers and in the KPIs. All the best for the future. Thank you.

Management: Thank you. Thank you so much, Santosh.

Operator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for closing remarks.

Management: Thank you, everyone, for your questions and for engaging in the discussions. To conclude, we are encouraged by the strong start to FY27 and the progress across our pharmaceutical and chemical businesses. The increasing contribution from our non-ibuprofen portfolio, including improved capacity utilization and a strengthening international presence, demonstrates that our diversification strategy is gaining meaningful traction.

With our integrated manufacturing platform, diversified product portfolio, process capabilities, and growing international footprint, we believe IOL is well positioned to build on the current momentum and deliver sustainable long-term growth. On behalf of the management, I thank all our stakeholders for their continued trust and support.

We look forward to updating you on our progress in the coming quarters. For any further queries, please feel free to contact our IR team. Thank you, and have a good day.

Operator: Thank you. On behalf of MUFG Investor Relations, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you, everyone.

Management: Thank you.

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.

Report is AI-generated and may contain inaccuracies.