



## IOL CHEMICALS AND PHARMACEUTICALS LIMITED

19<sup>th</sup> August 2023  
IOLCP/CGC/2023

**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 on audited financial results for Q1FY24**

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 16<sup>th</sup> August 2023 on audited financial results for Q1FY24.

This is for your information and records.

Thanking You,

Yours faithfully,  
For IOL Chemicals and Pharmaceuticals Limited

Abhay Raj Singh  
Vice President & Company Secretary

---

Head Office : 85, Industrial Area 'A', Ludhiana. 141 003 (Punjab) India CIN - L24116PB1986PLC007030  
Ph. : +91-161-2225531-35 Fax : +91-161-2226929, 2608784 email : contact@iolcp.com Website : iolcp.com  
Regd. Office: Village & Post Office Handiaya, Fatehgarh Channa Road, Barnala-148107, Punjab, India.  
Works : Village Fatehgarh Channa, Mansa Road (Trident Complex) District - Barnala, 148101 State - Punjab, India.  
Ph. : +91-1679 -285285-86, Fax : +91-1679-285292

**IOL Chemicals and Pharmaceuticals Limited**  
**Q1 FY24 Earnings Conference Call**  
**August 16, 2023**

---

**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY24 Earnings Conference Call of IOL Chemicals and Pharmaceuticals Limited.

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

As a reminder, all participant lines will be in the listen-only mode and you will be able to ask questions after the speech 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, Rishi. Good afternoon, everyone. We welcome you to the first quarter ended June 30, 2023 earnings call of IOL Chemicals & Pharmaceuticals Limited. Before we begin the earnings call, I would like to mention that some of the statements made during today's call might be forward-looking in nature and hence it may involve risk and uncertainties, including those related to the future financial and operating performance. Please bear with us if there is a call drop during the course of the conference call, we would ensure the call is reconnected the soonest. I will now hand over the call to Mr. Rakesh Mahajan for his opening remarks. Over to you, sir.

**Rakesh Mahajan:** Thanks, Darshan. Good afternoon, everyone. We welcome to the first quarter earnings conference call of the company. Thank you very much for joining this call. Hope you all have gone through our results and the investor presentations available on our website and exchanges.

Before we delve into the financial performance for this quarter and open up the floor for the question and answer session, we would like to retouch upon the industry update. After a subdued growth last year amid global uncertainties, the world economy is gradually bouncing back with optimism, as is evident in trade and investment sentiments. Opening of the Chinese economy has proved to be a boon for overall world economy, though for some sector, it is challenging. For India, in general, the positive development is lower input cost, which are

helping many companies to post good margins. With the Government of India encouraging manufacturing of API domestically to lower the dependence on Chinese imports, the industry is witnessing increased interest from the Indian manufacturers who are focused on improving operational efficiency as well as spending the capacities to fulfill the incremental demand.

For the Specialty Chemical sectors, the growth in Chinese economy is putting pressure on the margin as our realization has reduced compared to the last quarter of FY23. The correction in the realization has impacted the topline growth also, though the lower input cost will have some advantage in the upcoming quarters.

With this update, I now hand over the call to my colleague Mr. Pardeep who will brief you about the financial performance of the quarter. Thank you.

**Pardeep Khanna:**

Thank you, Mr. Mahajan. Good afternoon, everyone. And thank you for joining us today to discuss our performance for the first quarter ended 30th June 23. I will take you through the financial highlights for the fourth quarter and the full year.

Total income of the company in Q1FY24 was flat at Rs. 570 crore against the corresponding quarter ended June 22. EBITDA for Q1FY24 was Rs. 79.9 crore, a 30.6% higher compared to Rs. 61 crore in the corresponding quarter of the last year. EBITDA was Rs. 105 crore in Q4FY23. EBITDA margin for the quarter improved by 330 basis points to 14% as against 10.7% on a year-on-year basis. Net profit in the quarter one of financial year 24 was Rs. 46.2 crore as against Rs. 34.9 crore in the corresponding quarter of the last year and Rs. 65.3 crore in the quarter four of the financial year 23.

With price volatility in the chemicals business normalizing over last few months. EBIT margin for the Specialty Chemical segment was stable at 4.7% in quarter one of financial year 24, while EBIT margin for the pharmaceutical segment was 14.3%. So, with this, we open the floor for question and answer session. Thank you very much.

**Moderator:**

Thank you, sir. We will now begin the question and answer session. We have the first question from the line of Forum Parekh from B&K Research. Please go ahead ma'am.

**Forum Parekh:**

Specialty Chemical sales have declined by almost 10%. So, can you just give me the reason why has it declined? Is it only the price volatility or are we seeing some external factors which have impacted the entire Specialty Chemical segment?

**Rakesh Mahajan:**

Thank you, Ms. Parekh. The decrease in sales is not due to any quantity decrease. It is primarily through the rate reduction in price of Ethyl acetate and acetic anhydride due to the lower raw material cost for the product.

**Forum Parekh:** Okay and I see that sales is almost negative or flat, but then because of raw material cost optimization, gross margins have gone up by 500 bps. So, do you think this kind of increment is sustainable in margins? And also RM cost optimization, do we see it here to stay or we might see it increase in next quarter?

**Rakesh Mahajan:** We are thinking that it is the margin and these sale price and raw material will be sustainable and we expect in this section of chemicals, it is sustainable numbers.

**Abhay Raj Singh:** Pricing of raw material and finished goods are now stable. We will see the increase in top and bottom line in the current quarter.

**Forum Parekh:** And last question, if I may squeeze in. So, chemical EBIT margin now at 5%, do you see this run rate coming back in this fiscal?

**Rakesh Mahajan:** For this quarter, it will almost remain the same I think.

**Abhay Raj Singh:** So, for the whole year, we assume it will remain in the similar range. So, minor improvement can happen, but substantial improvement will not be there.

**Forum Parekh:** So, we can work with 5% margin for the year, right?

**Abhay Raj Singh:** 5% to 6%, we can say safely.

**Moderator:** Thank you. We have the next question from the line of Sheikh Mohammad Ayaz. He is an individual investor.

**Sheikh Mohammad Ayaz:** I have multiple questions. First question is if you see company's employee benefit expenses, so it has raised in every June quarter. If I see June 21, it was Rs.34 crore. In June 22, it was Rs.44 crore and now it is Rs.54 crore. So, I just want to know how much employees we have added and Rs.54 crore employee expense is one time or it will continue as same?

**Abhay Raj Singh:** We could not hear you correctly, but I think you are talking about the employee cost.

**Sheikh Mohammad Ayaz:** Yeah. Employee benefit expenses, yeah.

**Abhay Raj Singh:** So, for the first quarter, basically the part of it is one time and the part of it is annual increment because the last financial year the employee got some variable pay that is reflected in the first quarter. So, that part is the one time for this financial year and the incremental amount will be reflecting proportionately in the second, third and fourth quarter too.

**Sheikh Mohammad Ayaz:** This Rs.54 crore will continue in upcoming quarters, right?

**Abhay Raj Singh:** No, it may be around 50, less than 50, something around Rs. 48 crore.

**Sheikh Mohammad Ayaz:** The second question is I was looking at the margins of FY20 and 22 margins. They were around 30%-35%, is company making any efforts to reach those levels anyhow or they are not reachable at any cost?

**Abhay Raj Singh:** 20-21?

**Sheikh Mohammad Ayaz:** No, was seeing FY20-21 EBITDA margins. Those are around 30%-35% in FY20-21 or 19-20, I don't know exactly, but their levels were around 31% .

**Abhay Raj Singh:** So, Mr. Ayaz, in last quarter's call, we also said that something around 15% to 17% is the EBITDA margin. We understand that this is achievable and very healthy margin. We cannot comment that we will be achieving the 20%-22% EBITDA margin in this fiscal year or the next fiscal year, but I think something around 15% to 17% is sustainable.

**Sheikh Mohammad Ayaz:** Okay and in spite of all the development we have done after COVID, I think we may have introduced many products in the API and chemicals. We have done capacity expansion, regulatory approvals. But still why our export hasn't reached pre COVID levels because in FY19 and 20 exports was Rs.647 crore and Rs.645 crore respectively. So, why inspite of so much that we haven't surpassed these levels?

**Rakesh Mahajan:** See, actually that period was exceptional period due to COVID and other thing, but now the global scenario like Europe, our export sale was affected to some extent, but now it is again coming back to normalize position in Europe. And as regard to the margins, we are working on non-ibuprofen and other expansion of our chemical product also and we hope that with the passage of time, maybe 3-4 quarters, we may increase our bottomline also.

**Sheikh Mohammad Ayaz:** I have gone through the investor presentation. There is one remark is that we are going to register few products for NMPA at China, which are those products?

**Rakesh Mahajan:** Ibuprofen is already in the process of registration and others are like paracetamol and Metformin.

**Sheikh Mohammad Ayaz:** Can you tell me any regulatory approvals coming in upcoming quarters?

**Rakesh Mahajan:** Recently, we have got approval from European and Korean also, but for the other US FDA, we are waiting for approval in non-ibuprofen, for which we have already filed a DMF(drug master file).

**Abhay Raj Singh:** DMF, we have filed 12 API and CEP for 5 products already filed.

**Sheikh Mohammad Ayaz:** Another last question, combination products like Vildagliptin and Sitagliptin with Metformin and Losartan, what is that in investor presentation?

**Rakesh Mahajan:** We are not in any combination product. We are only for the APIs for these combination finished doses. So, we are producing this Losartan in our facility, but Sitagliptin, we have got the Indian patent but it is yet to be commercialized.

**Sheikh Mohammad Ayaz:** And my last and final question, no one from management are coming on air because after last quarter also there was no interview on any of the TV and after this quarter also there was no one on TV. What is the reason behind it?

**Abhay Raj Singh:** There is no reason for that.

**Sheikh Mohammad Ayaz:** And our CEO is also not coming for the conference call or not for the on air show?

**Rakesh Mahajan:** Our CEO is replaced recently and he is now involved in the understanding of business in deeper sense, he may be joined at the appropriate time.

**Moderator:** Thank you. We have the next question from the line of Neelam Punjabi from Perpetuity Ventures LLP. Please go ahead, ma'am.

**Neelam Punjabi:** So, my first question is on the ibuprofen business. It has been pretty strong for the quarter, more than 30% Y-o-Y growth. So, could you highlight, has it been driven by volumes or have you also seen some uptick in the ibuprofen prices?

**Rakesh Mahajan:** Primarily it is on the volume increase from year-to-year perspective.

**Neelam Punjabi:** So, what were the volumes for the quarter if you could highlight?

**Rakesh Mahajan:** Our plant is running at 80% to 85%. In June, it was around 65% to 75%.

**Neelam Punjabi:** In the month of June.

**Rakesh Mahajan:** In June 22, it was around 65% to 75% running capacity, but now it is running at 85% to 90% capacity.

**Neelam Punjabi:** And sir, would this increase in volumes during the quarter be maintained for the rest of the year? Are you seeing strong demand for ibuprofen?

**Rakesh Mahajan:** Demand is there for ibuprofen. It is sustainable demand.

**Neelam Punjabi:** Got it. So, for the full year FY24, we can expect 85% to 90% utilization?

**Rakesh Mahajan:** Right.

**Neelam Punjabi:** Coming to the other API business, so ex of ibuprofen, the revenue growth has been pretty muted at about 10% Y-o-Y. So, wanted to understand why has it been muted and I read your annual report that you had mentioned that by FY25, you want to have non-ibuprofen revenues at 50% of the pharma revenues. So, are we on track to achieve the same?

**Rakesh Mahajan:** In this quarter, it is already contributing around 35% of the pharma segment and as regard to the low level of growth, the prices of one or two products are decreased sharply in first quarter; however, the quantity is increasing in day by day for this product in the market and moreover, just we got the approvals from Europe and other core markets and validation of those customer are under process and we may get the good results from these non-ibuprofen segment from the core markets shortly.

**Pardeep Khanna:** Actually, last year we have a revenue of about Rs. 380 crore in the non-ibuprofen vertical. And we expect more than Rs. 500-550 crore in the current financial year.

**Neelam Punjabi:** And when you say that the incremental business from Europe and other regulated markets should start coming in, by when do you expect that increment happening?

**Rakesh Mahajan:** This development is under the process already and it took maybe two quarters or three quarters, will start getting benefits from export markets probably in 8 to 9 months.

**Neelam Punjabi:** For Q1, in our non-ibuprofen API business, what was the split in terms of domestic and exports?

**Rakesh Mahajan:** Around 15% to 20% is export and around 80% to 85% domestic, primarily it is the domestic market.

**Neelam Punjabi:** And which you're seeing in the next 8 to 9 months our export business and regulated market sales would keep increasing?

**Rakesh Mahajan:** We also hope that.

**Neelam Punjabi:** Understood. My next question is on the gross margin. So, if I look at on a quarter-on-quarter basis from Q4 to Q1, we have seen a decline by 50 basis points despite you mentioning an easing of raw material prices and input prices. So, are there any one-off during the quarter?

**Rakesh Mahajan:** We have some inventory lying with us on a higher cost where the finished prices are already coming down, so partly may be covered in this quarter and little bit maybe go for one month of next quarter.

**Neelam Punjabi:** Lastly on the Acetic anhydride, newly commissioned plant, so you had mentioned that you've commissioned 25,000 tons per annum plant. So, could you highlight what kind of cost savings could we see from here and how much is our requirement internally for Acetic anhydride? And how much would be the merchant sale?

**Rakesh Mahajan:** We have started in mid of June 23 and it has already started running around 80% capacity utilization and out of that, primarily we are using around 60% in-house and 40% to the merchant sale. And we had some benefit of market prices of captive consumption. Other than price consumption, reliability factor and then continued supply is addition to the company.

**Pardeep Khanna:** Actually, our prime focus is captive consumption. For the competition in the market, it will take some time. We have just started this project.

**Neelam Punjabi:** But in terms of cost saving, if you could highlight?

**Rakesh Mahajan:** We have some cost saving, but it is not a proper forum to discuss about the exact numbers.

**Moderator:** Thank you. We have the question from the line of Mr. Rohit Suresh from Samatva Investments. Please go ahead.

**Rohit Suresh:** So, my first question is on the paracetamol segment. So, there are a lot of bigger players in the country. I just wanted to know what is the right to win for IOL like because even other players if I am not wrong, they are backward integrated to an extent. So, why did we actually plan to get into this segment and how do we differentiate IOL versus the other peers, if you could give me something on that?

**Rakesh Mahajan:** We have started our paracetamol on a very low capacity as compared to major peers in the industry. But we started with our own philosophy as the companies going for the backward integration. We have our own para-aminophenol in house. We have Acetic anhydride in house. That may give us several advantages, when we reach certain economies of scale in paracetamol. That may be the one of the reasons to set up this plant. Although we are a very small player as of now, but if as planned by our company, we may go for expansion in paracetamol also after getting all the regulatory approvals and getting the export market means new regulated market.

**Rohit Suresh:** So, how we grew our ibuprofen capacity in the past? Can we expect similar trajectory like similar strategy in terms of growing the paracetamol capacity in the next 3-4 years, right?

**Rakesh Mahajan:** I have just explained that we have some plans for paracetamol expansion also because we think that IOL is the only company which is 100% backward integrated with para-aminophenol and Acetic anhydride. We think no other company is 100% backward integrated .

**Rohit Suresh:** And my second question would be what is the capacity utilization right now of paracetamol like at what capacity?

**Pardeep Khanna:** Around 90%.



**Rohit Suresh:** So, next would be on the ibuprofen part. So, we are like one of the largest producers of ibuprofen in India and globally. In the past, why have we not focused on increasing our share in the regulated market and focusing more on the domestic market then? And I'm also assuming the Chinese competition is very low in ibuprofen part. So, why have we focused more on the domestic part and less on the regulated markets?

**Rakesh Mahajan:** No, we are already in the regulated market of Europe and these you can say Latin American countries. Although our presence in the US is very low, we are getting same net sales realization as compared to Europe with the US. So, we primarily focused on the European market rather than the US market, but now we again started exploring US market also.

**Rohit Suresh:** Sir, what will be the split of exports and domestic within ibuprofen?

**Pardeep Khanna:** Around 34% for this quarter.

**Rohit Suresh:** Exports, right?

**Pardeep Khanna:** Yes.

**Rohit Suresh:** Sir, in the US market for example, like you said, you're focusing maybe in the future to get into the US market. So, what will be the realization difference like from the US market versus the market that you're focusing right now?

**Rakesh Mahajan:** We can't comment on that because we have not substantial share in the US market as of now, but I think it may be almost equal to the European market, maybe, but I'm not sure.

**Moderator:** Thank you. We have the next question from Forum Parekh from B&K Research. Please go ahead.

**Forum Parekh:** I just wanted to understand on the non-ibuprofen API like what would be the EBIT margin? I mean, I see that at Pharma, EBIT margin is almost 14%, so others API would be clocking higher than this?

**Rakesh Mahajan:** No, as of now, you can say single digit EBITDA margin as of now, but with the capacity enhancement with full utilization and getting the export market, we hope for at par with the ibuprofen margins. But as of now, it is single digit, not double digit. It is single digit EBITDA margins.

**Forum Parekh:** Sobecause exports to European country will start after 2 to 3 quarters. So, can we expect double digit margin in non-ibuprofen APIs to begin after 2-3 quarters?

**Rakesh Mahajan:** Sure. We will hope for.

**Forum Parekh:** I also see that pharma sales is doing very good, but of course, because of Specialty Chemicals declining, blended sales have almost been flat and historically also I have seen that there isn't much growth in sales. So, by when do you expect a good 4%-5% growth in topline to begin with? We always seeing flat topline growth.

**Rakesh Mahajan:** Ma'am, this quarter, the major reason of flat revenues are lower sale realization in chemicals.

**Forum Parekh:** So, this trend, do you see reversing or we will continue because prices for chemicals are declining and therefore can we anticipate this kind of topline growth even in the upcoming quarters?

**Rakesh Mahajan:** Our quantity is increasing and especially in the non-ibuprofen also, but the revenue of chemical section and this non-ibuprofen section has been affected by the lower sales realization.

**Abhay Raj Singh:** Additionally, you know that Acetic anhydride has been added in the mid of June. So, for the Acetic anhydride sale around 40% after utilizing for captive consumptions will also go to the merchant market. So, that will also add up to the topline.

**Forum Parekh:** Also sir, can you comment on the CAPEX? Are we going to incur again Rs.200 crore kind of CAPEX in this fiscal?

**Abhay Raj Singh:** Even more than that, so for this year we are planning around Rs. 250 crore of CAPEX.

**Forum Parekh:** And where would be you utilizing this CAPEX?

**Abhay Raj Singh:** CAPEX will be utilized for the automization, improving the infra and the growth CAPEX.

**Forum Parekh:** So, any non-ibuprofen API capacity, we are thinking of increasing like paracetamol you said is utilized, trading at 90% utilization. So, though we have already doubled, but any more capacity do we intend to put ?

**Abhay Raj Singh:** Depending on the market response and this is pretty early to comment on that. Maybe by the next quarter or in the third quarter, we are able to comment on the same.

**Forum Parekh:** And sir, I see your return ratios are very low. ROE is just 9% and yeah, so when do we see this picking up? I mean, have you worked any number that you'll want to achieve this kind of ROEs going forward?

**Abhay Raj Singh:** With the growth in export and everything, we hope for an increasing number.

**Forum Parekh:** So, any number you work internally? What is the benchmark you'll want to achieve?

**Abhay Raj Singh:** Performance for this whole financial year will be much better than the last financial year. So, we assume that we will be able to achieve the targets for this year as compared to the last financial year.

**Moderator:** Thank you. We have a follow up question from the line of Sheikh Mohammad Ayaz. He is an individual investor. Please go ahead.

**Sheikh Mohammad Ayaz:** My question is we have a recertificate for the Ethyl acetate. So, what other regulatory approvals we can achieve or get for ethyl acetate?

**Rakesh Mahajan:** For Europe it is sanctioned from their regulators for exporting to the European market. No other regulatory approval is required.

**Sheikh Mohammad Ayaz:** Are we excluding any other geography for that? Any approval for that?

**Abhay Raj Singh:** We have already exported in the Middle East and African countries, so now we have started in Europe.

**Sheikh Mohammad Ayaz:** Thank you. Sir, but my question for that employee, that wasn't answered. Currently, we are having 2,700 employees. Can you give the number of previously in FY21, 22, how much employees we were having and now how much we are having, number of employees?

**Rakesh Mahajan:** As of now, on 30th June it was on 2,725 people on the board. In year 2020 or 21, the numbers approximately were around 1,500 to 1,700.

**Abhay Raj Singh:** And we were having around 2,300 in the March.

**Sheikh Mohammad Ayaz:** We have added 400 employees, that's great.

**Moderator:** Thank you. The next question is from the line of Mr. Mahesh Vyas from UTI Mutual fund. Please go ahead sir.

**Mahesh Vyas:** Just one question on my side is that is this capacity utilization of around 80% to 85% for ibuprofen is sustainable? In the sense, the reason I'm asking this question is because last year it was 65% to 70% and this year it's around 80%-85%. So, is this because of lower ibuprofen API prices or something which we can expect on a longer-term basis that utilization will be the same?

**Rakesh Mahajan:** As we already explained in the call before that, we are expecting around 85% to 90% capacity utilization as a full year and as the prices are already bottomed out in mid of last financial year, so we are not expecting any price decrease or demand decrease in ibuprofen.

**Moderator:** The next question is from the line of Rusmik Oza from Nine Rays Equity Research. Please go ahead.

**Rusmik Oza:** So, my question was on CAPEX. So, out of this Rs.250 crore CAPEX, how much is for growth CAPEX this year, sir?

**Abhay Raj Singh:** So, as we already explained in the earlier call that at this moment, this is not very appropriate to talk about where we are investing in the growth CAPEX. In the next or maybe the third quarter, we will be in a better position to talk about the growth CAPEX. Overall areas where we will be investing around Rs. 200-250 crore is the amount we have targeted for this year.

**Rakesh Mahajan:** And everything will be around internal accrual, not from any debt.

**Rusmik Oza:** Sir, related question, if you could just help us because we would be running at 85%-90% utilization in ibuprofen and for paracetamol also 90%. What kind of capacity enhancement or expansion in terms of tonnage if you can explain, we are trying for the next two to three years?

**Abhay Raj Singh:** So, for ibuprofen, we are not considering any capacity enhancement as of now. And for paracetamol, we may think, but that will be depending on the market responses and the market conditions and the approvals also, because recently we got approvals for the paracetamol CEP approval. So, it takes around 2-3 quarters to explore that market. So, everything will be depending on the responses we get from the regulated market. So, that is why we are saying that by the end of the second quarter or maybe the third quarter, we will be in a better position to talk about paracetamol capacity enhancement. It is pretty early to talk about right this moment.

**Rusmik Oza:** So, we are mostly backward integrating in both paracetamol and ibuprofen to a large extent, any new product or any new segment you're trying to get in before spending this growth CAPEX?

**Abhay Raj Singh:** We are having certain shortlisted products. The R&D is continuously working on all these products and considering the viability and the market responses and the economies of scale, we will be coming out with the appropriate announcement after everything is finalized. So, many things keep going on, but the finalization will be done basis the economies of scales too, and the company's capacity for going backward integrations and the availability of the raw materials too. We would like to talk on this when the things are finalized and decided by the board also.

**Moderator:** Thank you. The next question is from the line of Neelam Punjabi from Perpetuity Ventures LLP. Please go ahead.

**Neelam Punjabi:** So, my question is on the other API business. As you mentioned that we are targeting increasing regulatory sales after next 2-3 quarters and you mentioned that you're targeting Rs.500 to 550 crore of revenue this year. Next year, what would be the growth target for this other API revenues?

**Abhay Raj Singh:** Something around 20%-25%. We have our internal targets year on year basis.

**Neelam Punjabi:** And is it fair to assume that over the next two to three years we can maintain this 20%-25% growth rate?

**Abhay Raj Singh:** For next 2 years, this is very fair and after two years we will be analyzing again considering the capacity we have and what are the market share we catch.

**Neelam Punjabi:** My next question is on the Ethyl acetate business. So, earlier you had mentioned that we are expanding some capacity through debottlenecking. So, is that already done?

**Abhay Raj Singh:** To some extent, it was done in the last financial year.

**Neelam Punjabi:** And lastly, what's the net cash as on 30th June as we have?

**Pardeep Khanna:** It is Rs.260 crore as on 30<sup>th</sup> June.

**Neelam Punjabi:** And last question is on the Acetic anhydride plant. So, incrementally what kind of sales can we generate through merchant sales?

**Pardeep Khanna:** We expect Rs. 70 crore in the current year from Acetic Anhydride.

**Neelam Punjabi:** And at peak also, is this the same number, Rs.70-80 crore or can it be higher?

**Abhay Raj Singh:** It will be around Rs. 125 crore.

**Moderator:** Thank you. As there are no questions, I would like to hand the conference over to Mr. Abhay Raj Singh for closing comments.

**Abhay Raj Singh:** Thank you very much for joining us today and discussing our financial performance for the first quarter ended 30th June 2023. The last financial year was further turbulent for the world economy as well as for the sectors our company is in; however, the underperformance of the sector and volatility was short lived. With the strong domestic demand in both sectors and the better managed RMC, we hope that the next quarter will bring in more value additions for investors and the shareholders alike. Thanks a lot for attending this call. Have a nice day.

**Moderator:**

Thank you. Participants, if you have any question or comments, you may reach out to Adfactors PR. That concludes this conference and thank you for joining us and you may now disconnect your lines. Thank you.