

13th March, 2024

To,
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (E), Mumbai- 400 051,
Maharashtra, INDIA
Symbol: INFINIUM

Sub: Transcript of Management Interaction with Investors

Dear Sir/ Ma'am,

Pursuant to Regulations 30 read with Para A of Part A of Schedule III and other applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, we attach herewith the transcript of the Company's analyst call held on 7th March, 2024.

The transcript is also uploaded in the Company's website at:-

<https://infiniumpharmachem.com/investors/investor-update>

We request you to take note of the same and update record of the Company accordingly.

Thanking You,

Your Faithfully,

FOR, INFINIUM PHARMACHEM LIMITED

SANJAYKUMAR VITHTHALBHAI PATEL
MANAGING DIRECTOR
DIN: 00370715



**“Infinium PharmaChem Limited
Management Interaction Conference Call”
March 7th, 2024**



MANAGEMENT: **MR. SANJAY KUMAR PATEL–MANAGING
DIRECTOR -INFINIUM PHARMAChem LIMITED**
**MR. NILESH PATEL– CHIEF FINANCIAL OFFICER-
INFINIUM PHARMAChem LIMITED**

INVESTOR RELATION: MS. VANDINI TATED – GO INDIA ADVISORS
MR. RAKESH ARORA – GO INDIA ADVISORS



Vandini Tated: Good afternoon, everybody and welcome to Infinium Pharmachem Limited Management call. We have on the call Mr. Sanjay Kumar Vithalbhai Patel, Promoter and Managing Director, and Mr. Nilesh Patel, Chief Financial Officer. We must remind you that the discussion on today's call may include certain forward-looking statements and must therefore be viewed in conjunction with the risks that the company faces.
May I now request Mr. Sanjay Kumar Patel to take us through the company's business, outlook, and performance, after which we will open the floor for Q&A. Thank you and over to you, sir.

Sanjay Kumar Patel: Good afternoon, everybody. Good afternoon, everyone. Thank you for joining us today on Infinium Pharmachem Ltd. Management Meet. As this is our first interaction, I would like to take this opportunity to discuss the journey, followed by strategic updates, performance highlights. Our investor presentation has been uploaded on exchange and we hope you have had the opportunity to review it.

Infinium Pharmachem Limited has a long history of 20 years incorporated with the objective of manufacturing and supplying of various pharma related chemicals, bulk drugs, pharma intermediate etc. Over the years, we have worked hard to achieve strong financial efficiencies. Today, we are one of the largest manufacturers of iodine derivatives with a product portfolio of 200 plus Iodine derivatives and 7 plus APIs. We have a manufacturing plant located at Sojitra GIDC district Anand, Gujarat, and we're currently exporting to 20 plus country globally. We are serving across various industry covering pharmaceutical, chemical, solar, biotech, etc. Domestically, we have a strong presence across Telangana, Gujarat and Maharashtra, and Internationally, China and Japan contribute to revenue approximate 20%. Our clientele includes Sun Pharma, Dr. Reddy, Glenmark, Neuland, Hetero Drugs, etc. etc.

We have emphasized our core strengths and policies that focus on technology and great deliverance to meet the client sensitivity and centricity. We also work on the CRAMS model. We provide process scale-up, optimization, purification techniques through chemical development services. We have consistently adhered to various quality and regulatory compliances including WHO-GMP, FDA-India, ISO 9000 certified standards.

Furthermore, it is noteworthy to mention that we are operating in an industry where the raw material procurement is a challenge and poses significant barriers to entry. Iodine extraction is a complex process. Having said that, we have strong business tie-ups with suppliers and suppliers that ensure smooth operations and optimum capacity utilization. 70% of the raw materials is sourced domestically. As a step forward, further solidifying our position as one of the key players in this niche industry, we have partnered with one of our sister concerns JV, by the name of IBL Elements Incorporation, for the purpose of iodine extractions. The project for extractions is under erection stage. In this, iodine will be extracted through the saltwater collected during the oil and gas extraction. Commercial production is expected by August 24, which will be beneficial to Infinium as it is a 30 years long term agreement catering approximately 100 to 140 metric ton out of captive consumption of iodine of 240 to 300 metric ton by Infinium Pharmachem.

We also have a joint venture with Shanghai Witofly Chemicals Company Limited in China for trading purposes. The industry is growing at a remarkable pace and Infinium is outperforming the industry.

The company has a four-year revenue CAGR of 43.27% and EBITDA margins have expanded almost twice over these 4 years. The company has been able to maintain consistent growth margins of 22 to 29% over these 4 years while aiming for growth. The outlook is very promising for Infinium as both the iodine industry as well as the pharma industry are growing rapidly. This presents great opportunity for Infinium.

We are foraying into contrast media API's raw material, which is used in PET CT Scan, MRIs, and X-ray, etc. The planned capex for the unit is 11 crore and is expected to be completed by 31st December 2024 and the launch in financial year 2025, contributing 25% to top line growth. Our capacity expansion plan is nearing completion in March 24 and the expected capex will be 21.92 crore of which Rs. 15 crore has been incurred.

With this, I would want to conclude my opening remarks. We at Infinium Pharmachem are optimistic about future and continue to create shareholder value. The vision and strategies will lead to strong performances ahead.

I now hand over to our CFO Mr. Nilesh Patel to brief about the financial performance.

Nilesh Patel: Good afternoon, everyone and thank you for joining us today on the analyst meet. Coming to financial performance of the company the revenue from operations on consolidated basis for FY 23 has stood at 114 Cr and for the half year ended on September 24 is 61.48 crores. The gross profit margin stands at 29 and 27 percent respectively for FY23 and half year ended on September 23. PAT for the year 23 stood at 9.8 Cr and for September 23 ended it stood at 6.28 crores. The gross margin and EBITDA margin stood at 27.28 and 17.15% for the half-year ended on 2023. The expansion in contrast media, API's raw material, benefit of expansion along with the efficiencies in sourcing raw materials will contribute to growth in future. We have a strong outlook



with expected overall top line to reach at least 185 crores by FY26 and expected sustainable margin of at least 10% going forward. We now open the floor for discussion. Vandini, over to you.

- Vandini Tated:** We shall now be taking the questions. Kindly raise your hands and then we shall form the queue for the questions ahead.
- Amol:** Hi, this is Amol here. Can I ask a question?
- Rakesh Arora:** Wait a minute. Bharat Hirabhai, can you unmute yourself and go ahead? Yeah.
- Vandini Tated:** Bharat sir, you are not audible. Please unmute yourself.
- Rakesh Arora:** Bharat bhai, we can't hear you. Maybe your audio is not working.
- Bharat:** There is nothing to say sir.
- Rakesh Arora:** Ok, now you can say.
- Bharat:** There is nothing to say. We have joined in the meeting.
- Rakesh Arora:** Ok. We move onto our next question. Darshil, can you go ahead and ask your question.
- Darshil:** Hi, good afternoon sir.
- Nilesh Patel:** Yeah.
- Darshil:** Sir, I just want to understand on the presentation what you have mentioned on the CAPEX side. So, we will be spending around 22 crores roughly by this year only, moreover this month. So, what are we expecting on this? What is the return that we can expect on this?
- Nilesh Patel:** Yeah, this 20 crores which we mentioned, 22 crores out of that 15 has been incurred and its towards the capacity expansion and as we said in our opening remarks, this will contribute to on the growth of at least 25% of the top line. So basically, from the same line on the intermediate side.
- Darshil:** Ok, and the 11 crores which you are spending on the expansion projects for contrast media, both indirectly will be contributing 25% to the top line?
- Nilesh Patel:** Yes, we expect that please. That's on the very conservative side.
- Darshil:** But sir, don't you think that by spending 30 crores, you know, you are only expecting a 25 percent, if I take 114 crore, 25 percent, the return on asset is not that good when we compare it to the numbers. Any comments on that?
- Nilesh Patel:** Basically, it is towards the capacity expansion and the expansion is made considering at least 4 to 5 years requirement because the regulatory approvals and its very cumbersome process in pharma industries being very highly regulated industry. So, we are expanding based on our future requirement of at least 5 years- 7 years down the line.
- Darshil:** And is the company like you know going to manufacture more APIs and what is the R&D for this?
- Sanjay Kumar Patel:** The company is focusing on intermediate, intermediates. Mainly we would like to remain focused in intermediates and raw materials for contrast media APIs.
- Darshil:** We will not be manufacturing more APIs?
- Sanjay Kumar Patel:** Also, our focus will remain for next 5 to 7 years, it will be on creating a strong foundation as far as pharma intermediates and pharma intermediate specialty and fine chemicals is concerned. But everything would be based on iodine chemistry. So, we would like to remain focused again on iodine chemistry-based intermediates and fine chemicals and KSM's for API.
- Darshil:** And if you can just give us, you know percentage of revenue for R&D Like how much have we spent as a percentage of revenue, historically and maybe going forward?
- Sanjay Kumar Patel:** Historically, historically it will be around 1%, even less than 1% of our revenue.



Darshil: And going forward?

Sanjay Kumar Patel: Yes, and we have planned to going forward in the same proportion.

Darshil: In same proportion. Alright. Okay, got it. I will get back to you.

Sanjay Kumar Patel: Okay. Thank you.

Nilesh Patel: Thank you.

Rakesh Arora: Shikhar, go ahead and ask your question.

Shikhar: What is the split between intermediates and APIs in the revenue mix currently?

Sanjay Kumar Patel: Currently, more than 95% of our revenue is from intermediates only. And our focus is intermediates in near future also.

Shikhar: And what has led to this growth for the last 3-4 years?

Nilesh Patel: So, basically growth drivers have been the consistent and constant development of new products and effective marketing activities and tapping into new marketing territories like the JV we made in China.

Shikhar: Okay, Okay And how many products are there currently right now in our Kity and what were the number of products like 3-4 years ago?

Nilesh Patel: Yeah, right now we have a portfolio of more than 200 products.

Sanjay Kumar Patel: Before 3-4 years it was around 117-18 products. So, during last 3-4 years we have almost doubled our portfolio.

Shikhar: And the top 10 products contribute how much to our revenues? Top 10 or top 5 products?

Sanjay Kumar Patel: Around, at the moment, currently the proportion is around 70%.

Shikhar: Of the top 10 products?

Sanjay Kumar Patel: Yes sir. Yes sir.

Shikhar: And I am seeing that EBITDA margins has also improved in the last 3-4 years. So, what has led to this rise in margins?

Nilesh Patel: Yeah, the company has been able to register this growth due to efficiency in operations and the operating cost. If you look at the cost from procurement function, it was.

Shikhar: Sorry was not able to hear you.

Nilesh Patel: Yeah, So, basically the growth has been registered in the EBITDA margins due to efficiency in procurement function and efficiencies in operating cost.

Shikhar: Okay, So What is the current capacity utilization we have right now?

Nilesh Patel: Capacity utilization is around 15 to 20 percent. Considering the new CAPEX which will be operationalized in April this year.

Shikhar: No, not considering the new capacity. What is the current capacity?

(in audible)

Rakesh Arora: Nilesh Ji he is asking, excluding the new capacity, what is the capacity utilization?

Sanjay Kumar Patel: It was around 40%.

Shikhar: Okay, So we will be doubling.

Sanjay Kumar Patel: Now, However, our utilization was 40%. The current expansion that we are supposed to complete in March, this March 24, it includes not only the expansion, it also includes the elevation, the level



of quality level is also elevated. And we have expanded this capacity keeping in mind next 5 to 7 years demand, so that we would not have any difficulties in getting different regulatory approvals. Suppose we go step by step, then there is a frequent regulatory approvals will hamper the production activities and operational activities. Keeping in mind, we have considered next 5 to 7 years capacity utilization and accordingly we have expanded.

- Shikhar:** Right, right. Got it. I'll join the queue for further questions. Thank you.
- Vandini Tated:** Thank You. Praveen, you may go ahead and ask your question.
- Praveen:** Yeah, thank you. Yeah, So clarity I wanted. So like you said, top 10 product contribute 70% currently. So out of the 200 products, you are saying that 190, other 10 products are contributing only 30% or I am reading or this 200 is just a derivative. So main product is 10. How is this?
- Sanjay Kumar Patel:** Yes, other products are a speciality and super speciality products that constitute 30%. Earlier in earlier years, it was contributing hardly 10%. So year on year the contribution from specialty and super specialty product it increasing and the dependency on a bulk commodity like product is decreasing. So the composition, the product mix of commodity like product and a specialty like product, the portion of a specialty product is year on year increasing. And we are expecting our efforts are in that direction that in the coming years, the ratio would be at least 50-50% so that the combination will support us not only in top line growth but also in bottom line growth.
- Praveen:** Okay. And one more clarity that you are saying the contrast media will contribute to 25% of the growth and growth, the total growth would be 20% right?
- Nilesh Patel:** So, as we mentioned is on the very conservative side, the estimation has been made keeping in view the firm confirmation or the you know some sort of assurance that we received from our existing customers who are into this API intermediate. I mean Contrast Media API intermediate drugs. So we have considered a very conservative figure, overall growth has been reduced to 20 to 25%. But we are optimistic.
- Praveen:** So overall, so just I'm calculating absolute number. So if the current revenue is, you know, is growing by 20%, so roughly 22 crore kind of additional revenue we will get. Of that 22 crore, you are saying that 25% will come from contrast media so 5-6 crore something that is what you are saying.
- Nilesh Patel:** No see this contrast media will start the whole financial year for contrast media output would be 25-26 right because we expect this product to be launched somewhere around January next year, January to February. So we will be stabilizing for 3 months. So practically, financial year 26 will be the whole financial year with our Contrast Media APIs pivotal sale. And then we are running around 20 to 30 Cr on an annual basis, considering some soft assurance we have received from our existing customers. And we have not figured out only any other development activities there. This is a very very conservative numbers plus we have a REACH product which also will be launched in FY26 that we are running around 10 crores and year on year growth of our existing intermediates around 15 to 20 percentage. So overall the product would I would say would be a mix of 130 from our intermediate part and 20 to 25 crores from Contrast Media API raw material, sorry 30 crores and 20 crores from REACH European output side export side. So This is a breakup of 185 we considered in FY26.
- Praveen:** Okay, so 185 crore is the one, the overall figure we are targeting, right? So 70 crore would be the incremental of that 25% should come from contrast media. That is what you are saying.
- Nilesh Patel:** Yeah
- Praveen:** Fine. Fine. One thing I do not understand that when the our capacity utilization was 40% then why we needed to expand it further?
- Sanjay Kumar Patel:** As I say, as we mentioned, in current premises that is plot number 37, 38, 39. The entire premises is designed and developed to cater to different different iodine derivatives. In which currently we will, after of course, even after expansion, the utilization will be less than 40%, right. But as I mentioned in a few minutes before, the capacity utilization is on higher side considering next 5 to 7 years demand in mind.
Secondly, the frequent regulatory approvals to have year on year capacity expansion will hamper the operations in between the business years. So that's the reason we have considered that in mind and we have gone for 4 to 5 to 7 years demand. Accordingly, we have gone to the expansion so that in between we need not to touch any kind of civil work or other works so that nothing will be hampered during the last, the next 5 to 7 years.



Praveen: It's a fairly long gestation because the calibrated CAPEX is considered always because then you have to adopt with the technologies also that also.

Sanjay Kumar Patel: Yes, yes, yes, yes, my sir, keeping in that keeping that in mind, the entire plan is designed and developed in a US FDA compliant norms. So that in future, for example, 3 years or 4 years down the line, we need to, if we need to take a US FDA approval for any of the products, then we need not to make major changes in existing premises. So that we have kept in mind while designing and developing the existing premises.

Praveen: Okay, Okay, understood. And one, you know, if I can ask another one, this is Infinium Healthcare Private Limited, which is outside this entity. Can you tell me about this? What exactly this is doing and why we have kept it outside our this entity or is there any plan to bring it in to under this in case?

Nilesh Patel: Yeah so as we mentioned in our presentation there is a joint venture between Infinium Healthcare so that's the reason it's a separate entity with separate set of shareholding and promoter group so that's the whole reason.

Sanjay Kumar Patel: and that was incorporated in 2015.

Nilesh Patel: yeah it was incorporated in 2015.

Praveen: And is there any business relationship with the main entity, listed entity?

Nilesh Patel: Yeah, there are business relationship. Basically, this is right now into trading and it is some form, some status of raw material and this reason the transactions are between those companies.

Praveen: Okay, so right now we do not have any plan to bring it under the one roof, under this listed entity.

Nilesh Patel: Sorry, can you come again?

Praveen: So I'm asking that is there any plan to bring this entity also under listed entity?

Nilesh Patel: We disclose that in due course of time. Right now, we cannot kind of answer on that.

Vandini Tated: May we move ahead next? Majid sir. May go ahead and ask your question.

Majid: Am I audible?

Vandini Tated: Yes, sir.

Majid: Thanks. My first question is, so you mentioned in the investor presentation that you are very aggressive in promoting your products domestically and globally, how has been the response and how far you are able to bring on the new clients because you said that you are very aggressively promoting our products.

Sanjay Kumar Patel: Sorry sir, sorry, sorry, I couldn't get you exactly. Aggressive in what sense sir?

Majid: Am I audible now?

Sanjay Kumar Patel: Yes, yes, yes. You are perfectly audible.

Majid: Yes, sir. Yes, so in investor presentation, you had mentioned that you were very aggressive in promoting your products in domestic market and global market. So what was the response? And how far did it add to the top line? Can you give some any estimates?

Sanjay Kumar Patel: Yes, yes, yes, yes. As far as the response from the market and industry is concerned, it is very good. Domestically as well as globally, we are getting a very good response to our different different new products. Even our certain new products, that is in the specialty category, we are also getting a new inquiries and even from existing customers we are also getting inquiries for our, not only existing products but also for our new products from our existing basket. So and that is because of our aggressiveness in sense of marketing like we are exhibiting in a national and international several exhibitions. The directors are present over there personally. They are introducing companies and products and company's capabilities and effectiveness in each and



every sense. So as far as this, aggressiveness's result we are getting is very good and we are very sure in coming years it will materialize in form of figures.

Majid: Okay sir. So my next question is that what has led to a significant drop in your PAT margins? Because in FY23 it was around 8 to 9 percent and now in H1 FY24 it is around 6.8 percent. So what are the catalysts or indicators that you're looking at because in your investor presentation you have mentioned that going forward the PAT margins would be in the range of 10%. So having that expansion what are the catalysts or what are you looking forward?

Nilesh Patel: I think the PAT margin has been increasing if you look at year on year basis from FY21 from 4% or 5% to right now to 8% and in September you will find this figure has went up to 10%. And with the new product like Contrast Media raw material API where the margins are very high being it's a specialized product, special chem. So the margins will definitely improve and we are expected, optimists of maintaining that 8% margin.

Majid: Okay, so my last question is, so in the international market, especially concentrating in China and domestically you have concentration in Telangana and Gujarat how are you planning to mitigate this geographical concentration risk going forward because you are saying you are aggressively promoting, so how are you going to make your strategy so that you are diversified geographically not concentrated in a single location?

Sanjay Kumar Patel: As far as, okay okay okay got it. As far as Diversifying territory or a geographical diversification We have recently got a REACH registration for 5 product which will give us an Open access to Europe market for over those 5 products and Second lot of 5 products is under registration that will be completed during the I think the next April so that. So those 10 products will give us a better access to European market. So that's how we are diversifying our geography from China and Japan to the, of course, domestically, it is nowadays, it is our major market. But as far as export revenue diversification is concerned, as you rightly raised the question. Europe, we are targeting in the coming years. And as I say, 5 plus 5 REACH registered product will give us an open access to Europe. Secondly, as far as US is concerned, during this year as well as in coming years, we are seeing a good opportunity in the US market also. And to foster and to grab this opportunity, we are also planning to have different different marketing and sales activities focusing US market and Europe market. So that's how we will diversify our geographical revenues from China and Japan to include Europe and US also.

Majid: Okay sir, so thanks for the opportunity. All the very best.

Sanjay Kumar Patel: Thank you, sir. Thank you.

Vandini Tated: Piyush sir, we, you may go ahead and ask your question now.

Piyush: Okay, so good afternoon everyone. So my, the very first question is the recently what you have mentioned about the new products which you are about to launch in US and Europe market. So what will be the margins there? So margins will be same or it will differ from the existing guidance what management has given?

Sanjay Kumar Patel: The margin, the overall margin that we are targeting, the top line growth overall, we in coming years, we would like to maintain at least 22 to 25%. That's what related to top line we are targeting for the next for the next 5 to 7 years, right? Likewise, the PAT margin that we are targeting is to, we would like to maintain 10 at least 10% PAT margin in coming years vis-a-vis our top line. Of course, you are right when we target regulated market like Europe and US for different different new products the margin will be higher than the commodity type of products, existing product mix of 70% of our commodity like product, compared to that, the specialty margin will be higher. Definitely it will be higher. But our overall target is to maintain a 10% PAT vis a vis our top line growth.

Piyush: Okay, great. So my next question is from the Infinium Healthcare business. So basically, what strategies are we implementing to hedge against the volatility in the prices of raw materials, particularly Iodine and other materials which we have procured from the healthcare business?

Nilesh Patel: Yeah. Basically, right now its a natural hedge, but this year we started in terms of forex booking. I mean, so we are ready for those future contracts and to you know avoid any deep volatility in the pricing of USD.

Sanjay Kumar Patel: We are also developing new sources from Japan and from Chile to mitigate and hedging our sourcing requirements. So we have, at least we want to have 4 to 5 source for consistent and constant supply to hedge our future requirements of iodine which is our basic raw materials.



Piyush: Okay, great. My next question is for the Infinium PharmaChem business regarding the Bio-Coal. So is there any future prospect of the Bio-Coal apart from supplying to or for business?

Sanjay Kumar Patel: As far as bio coal is concerned, of course, nowadays due to the some regulatory stringent approach from government side, BioCoal has a good future, we are amusing. Currently, our basic purpose was incorporating Infinium Green Energy, manufacturing BioCoal was to fulfill our energy requirements, that currently we were fulfilling through gas as a fuel and we want to replace it with bio coal because of 2 reasons. Number 1, cost effectiveness and number 2, number 2, environment friendly approach as well as it will help to increase the revenue of our farmer of our countries. That was the basic 2 to 3 reasons. We incorporated infinium green energy. Of course, as far as the future prospects of green, infinium green is concerned, BioCoal is concerned, nowadays every company is shifting their fuel requirements, few part of their fuel requirements from BioCoal. So it has a good prospect in future.

Piyush: Okay, that's it. I'll come up again in queue for the next questions.

Sanjay Kumar Patel: Thank you. Thank you.

Vandini Tated: Thank you. Pranay sir we can take up your next question now.

Pranay: Hello. Yes, am I audible?

Vandini Tated: Yes.

Nilesh Patel: Yes.

Pranay: Thank you. First of all, what is the level of backward integration that we have presently?

Nilesh Patel: Level in terms of I mean, you are talking about IHPL, Healthcare.

Pranay: I am talking about the company on a wholesome level. What is the backward integration we have for our raw materials?

Nilesh Patel: Yeah, so as we mentioned in our presentation, We have a joint venture with a foreign party in the USA. It's an IBL Elements Inc. And it's a joint venture between Infinium Group and the US promoters. And it will be a plan for extracting Iodine in the USA. So, it's a part of our backward integration strategy.

Pranay: What is generally our strategy to ensure that we are not reliant always on procuring it through imports? Do we have local relationships also where that is possible, faster delivery more cost-effective?

Nilesh Patel: No, the reason being this whole material like Iodine is 100% imported commodity and there is no source in India. So whoever is being consuming is manufacturing these derivatives, entire is 100 percent imported source. It's from China, Chile, Japan or USA.

Pranay: And at what rate is this growing? I mean, our target addressable market, who is our competition?

Sanjay Kumar Patel: The entire industry is, the Iodine derivative industry is growing at on an average of 5 to 6%.

Pranay: And our key competitors in India?

Nilesh Patel: In listed sphere we have Samrat Pharma.

Pranay: Sorry, I could not hear you clearly.

Nilesh Patel: In listed environment, we have one company called Samrat Pharma, which is a listed and there may be many small players.

Pranay: So domestically, what is the market share we can have 2- 3 years down the line?

Sanjay Kumar Patel: We are expecting market share of 15% by 2030.

Pranay: 15% and today we would be around?

Sanjay Kumar Patel: 5% only.



- Pranay:** Okay. All right. Also, what is the kind of growth and change in mix we are seeing on the export side over the next couple of years, given the firm orders we have, the product registrations and those in the pipeline. That is one I wanted to understand. And secondly, are we looking for other certifications which can enhance this in the next one year or so? Like do we have plans for US-FD or something like that?
- Sanjay Kumar Patel:** At the moment, we have already, already we have expanded and elevated our facility. As far as particular certification is concerned, currently being a focused company to intermediates, fine chemicals, and key starting materials for APIs. At the moment, we have all the required and enough certifications for our category of product. In future, if some regulatory requirements come and there is some valuable return, then we can definitely go for a new required certifications if it will be so.
- Pranay:** So if we see prospects in the US market or something, our existing certifications are sufficient. We do not need any other compliance?
- Sanjay Kumar Patel:** Yes, sir. Yes, sir. As far as our all intermediate products and everything is concerned, our existing certifications are more than enough
- Pranay:** And from the present revenue mix we have on the export side, how is it going to increase over the next 2 years? Do you have visibility if you could share?
- Sanjay Kumar Patel:** Yes, as I in the last few questions we narrated, as far as export market is concerned, we are diversifying our revenue from China and Japan to cover European markets as well as US market. So there is a good response as far as our product is concerned from European countries as well as from US. So in a near future in coming 2 to 3 years, we would expecting at least some sizable growth in our European as well as US market revenue compared to current scenario.
- Pranay:** I am certain but what is the minimum that you can indicate from your top 3 markets outside India? What could the change be in revenue mix basis the present visibility you have? Some numbers, please.
- Nilesh Patel:** As we mentioned in your presentation, right now the domestic and export mix is of 30-70 right. So, with REACH registration in place and the marketing activities being carried out in USA, We expect this mix to be 50-50 in down the line of 3 years.
- Sanjay Kumar Patel:** That is what our approach is to make it 50-50 percent, 50 percent from export, 50 percent from domestic.
- Pranay:** Which means traction momentum in domestic is going to be very, very strong.
- Nilesh Patel:** Yeah, the reason being we have some REACH registration in place we already obtained
- Sanjay Kumar Patel:** 5 in pipeline
- Nilesh Patel:** and with specialty chemicals like Contrast Media API where the margins are high so on and on it will give a boost to bottom line as well.
- Pranay:** OK, 2 last quick questions. one, in the end user industries, what opportunities do we see in electronics, paints, cosmetics, chemicals for the products that we have either in our basket today, or that we are developing in our R&D for future next 1-2 years do we see some material contribution coming from these end user industries?
- Sanjay Kumar Patel:** Yes, we are seeing at least a markable size of revenue from other industries other than pharma industries, from our specialty products, other than commodity products which goes into a pharmaceutical industry. So, currently our revenue from pharmaceutical industry is more than 70, 97 to 98 percent. But we are expecting in coming years, we will get at least, at least around 8 percent revenue from other than pharma industry like solar cell making, solar cell making as well as agrochemicals also.
- Pranay:** And this we are pencilling from FY26, 8 odd percent plus.
- Sanjay Kumar Patel:** Yes, yes, yes, yes.



Pranay: And the last thing was on the EBITDA margin, since our new products are going to be of higher value, we are in niche space and we are more efficient in our operations. Given that our EBITDA margins have more than doubled in the last 4 years, what can you foresee for the next 2 years?

Nilesh Patel: So, since last 3 years, the margin as you rightly pointed out is increasing. And as of now, we are considering at least these margin to go beyond 20. That's the whole idea and that's the our philosophy of operating in coming years.

Pranay: Okay. Okay. Thank you so much and all the very best.

Nilesh Patel: Thank You.

Sanjay Kumar Patel: Thank you. Thank you.

Vandini Tated: Prateek sir, you may go ahead and ask your question now.

Prateek: Hello sir, am I audible?

Nilesh Patel: Yes

Sanjay Kumar Patel: Yes sir.

Prateek: Sir, what has, I understand that Iodine is our major raw material, is that correct?

Sanjay Kumar Patel: Right, absolutely right.

Prateek: So, if you could tell what has been the average price changes over the last 1 year in our raw material?

Sanjay Kumar Patel: As far as, Iodine during last 1 year, the price change is concerned, it will be around 5 to 6 percent the price was changed. The price change was 5 to 6 percent.

Prateek: That's it?

Sanjay Kumar Patel: Yes, sir.

Prateek: And if I have to ask about the last 2 years?

Sanjay Kumar Patel: If you ask around 2 years, it would be around 10%.

Prateek: You're saying the price has increased by around 5 to 6% in the last 1 year and 10% in the last 2 years.

Sanjay Kumar Patel: In last year, it is slightly decreased. Now it is stabilized and before 2 years, it was increased.

Prateek: But the variation was restricted to 5 to 10% not more than that.

Sanjay Kumar Patel: Yes, absolutely. Yes.

Prateek: Okay, and this Infinium, the healthcare division that we the joint venture, with the joint venture which we will start. What sort of turnover are we expected to do there on full utilization of capacity?

Nilesh Patel: Yeah, as we mentioned, it's a separate joint venture between healthcare and being regulated with some of NDA, non-disclosure agreement we have with our foreign partners. We will not be able to comment more on the top line and bottom line there.

Prateek: Okay, just a minute, sir. And this, the increased capacity that we are seeing, Is it fair to assume that a large part of it is booked, pre-booked by our customers or they have given us soft indication to us, you know that a large part of the existing and expanded capacity will be you know sold or have we had such discussions with our customers?

Sanjay Kumar Patel: No, it is not absolutely or a formal pre-booking kind of things. But having the signals from the market scenario and growing market share, keeping in mind these terms, we have expanded the capacity.

Prateek: And the market share you mentioned is 5% of the global market?



Sanjay Kumar Patel: No, it was for Indian, Indian market.

Prateek: Okay, you are only 5% of the Indian market?

Sanjay Kumar Patel: Yes, sir. Yes, sir.

Prateek: Who are the other larger players and how big are imports?

Sanjay Kumar Patel: The Other players are like as Nilesh has mentioned just before the listed core is Samrat Pharma and other one is Calibre and G. Amphray and other small players.

Prateek: And imports roughly would be what percentage of Indian products?

Sanjay Kumar Patel: As far as Iodine is concerned, it is 100% imported commodity for India and for that matter it is also 100% imported commodity for China. So all in all, Iodine as a basic raw material of our company, it is 100% imported commodity.

Prateek: But our main product is Iodine derivatives.

Sanjay Kumar Patel: Our main product, keeping, iodine is our base raw material and from iodine we are manufacturing various iodine based derivatives.

Prateek: Right. So, though the 5% market share is that of Iodine derivatives?

Sanjay Kumar Patel: Derivatives, yes sir, yes sir.

Prateek: Okay, So, in this Samrat is roughly 2 to 60 crore top line. Right?

Sanjay Kumar Patel: Yes, it may be around that.

Prateek: Yeah and we are roughly what 100- 120 if I am not wrong. So and you are saying we are 5% which would make them around you know 15%

Sanjay Kumar Patel: around 15% to 13%

Prateek: Right, So and who imports roughly of iodine derivatives?

Sanjay Kumar Patel: Import roughly of iodine derivatives was quite difficult because the cost of production. And as far as iodine itself is an imported commodity, as I say, so from manufacturing cost and chemistry, chemical specialties, and everything is concerned, usually iodine derivatives are manufactured in India for pharmaceuticals and other industries. Usually, it was of course few products which was a specialty and super specialty products that might be imported but that part is very small, very small.

Prateek: And sir in your opinion, if I look at Samrat's profitability, they are hardly earning any money as far as profits are concerned. So what is our right to win? What is our differentiation? What advantage do we have?

Sanjay Kumar Patel: Okay, Here the differentiation is, sorry to interrupt you in between here the differentiation is, ours and others the name that you have given, the out of total product basket hardly our 20 to 20 product is common. Other products are rest of the out of the common territory. That's what the real and the basic differentiation is.

Prateek: Okay, you're saying only 20 products are common.

Sanjay Kumar Patel: Yes, sir. Yes

Prateek: Out of 200 that you mentioned.

Sanjay Kumar Patel: Rightly, yes.

Prateek: So they are mostly some players like Samrat are mostly into the commodity kind of products.

Sanjay Kumar Patel: Right, sir. Right, sir.



- Prateek:** Okay. And sir, in your export market, who would be your big customers in China and other major geographies that you supply?
- Sanjay Kumar Patel:** Our major customers in export also from pharmaceutical industry. In China we have as I say, as we rightly narrated, we have a joint venture, where we have a subsidiary at the head office in Shanghai through which we are distributing our range of products in China.
- Prateek:** Okay. And would you say that, do you have any technological edge or process know-how edge or any other advantage you know, which other players don't have and it's just a matter of time that you grow in scale?
- Sanjay Kumar Patel:** As far as, as far as the technological age is concerned, currently in our existing product portfolio, we have more than 200 products. Before 4 years, we have hardly 117 products. During last 3 to 4 years, we have almost our product portfolio is double. So that technological age to develop new product at very fast speed as per the requirement of market and as per the demand from market that technological age will help us to grow in future for different different products not only domestically but also in foreign territories. So that is what the technological age is.
- Prateek:** And sir, in terms of end market product usage, in terms of say newer applications for the Iodine derivatives that you do, What is the scope like, you know, for the for further end usage application as, as well as your, your existing products 200 or in other words to say, what will be the yearly run rate of new products that you develop.
- Sanjay Kumar Patel:** As far as final users is concerned, currently our revenue, more than 97 to 98 percent of our revenue is from pharmaceutical industry only. Many of our new products has got a very good scope to be utilized in cosmetic industry, nutraceutical industry, solar industry as well as electronic industry and paints and coating industry. So when we target different, different new industries, so this will give us a further scope in terms of final users and applications of our different product, different different product is concerned.
- Prateek:** Okay sir and last question have we done any major hire, I mean hiring in our in our senior management or mid-level or senior management in areas of business development or chemical process know-how or yeah.
- Sanjay Kumar Patel:** During the last 5 years, our team is already, we have developed the team for each and every area like production, QC, QA, RA. As far as financial aspect is concerned, we were little bit weaker and that is the reason to make it much more stronger we have employed we have employed Mr. Nilesh Patel as a CFO and CS. He has a 20 long years experience in GSPC like company and he has a very good exposure as far as mergers and acquisitions is concerned also. So he has a very good experience as far as the development of organization, whether it is organically and inorganically. He also was also part of core team in foreign acquisitions when he was in GSPC. So the recent and most crucial and important recruitment was of Mr. Nilesh Patel. Now he is our core team member and he is also helping us in shaping future of the company. So his experience will also help us in growing organically as well as inorganically in future.
- Prateek:** Great, Great to hear that sir. And are we also very aggressive on participating in pharma or chemical exhibitions across the globe in India and globally?
- Sanjay Kumar Patel:** Yes sir. Yes sir Since 2014 we are participating in national exhibitions in India like a CPHI and international exhibition like a CP different different CPHI Europe, CPHI USA, Japan, China, and CHEMSPEC Europe. So we are used to in participating and exhibiting in different different well-known national and international exhibitions related to chemicals and pharmaceuticals.
- Prateek:** Okay, great. And sir, last request, you know, a number of participants here in the call and others also would probably like to have a plant, you know, meet you at your plant and have a plant visit also if that is possible. So we would just request if you know that could be organized sometime.
- Sanjay Kumar Patel:** Definitely, we will consider your advice and we will plan to arrange the plant visit in the near future. Definitely, we will consider your advice and suggestions.
- Prateek:** Thanks a lot, sir. All the best for your future. Thank you.
- Sanjay Kumar Patel:** Thank you so much. Thank you so much.
- Vandini Tated:** Dippyoman sir, we can take your question next.



Dippyoman: Yeah. Hi, Good afternoon, and thanks for arranging the call. So I have a couple of questions. The first one is like recently we are seeing a good revenue increase in the solar PVC segment, like companies which are making this photovoltaic cells and all. And I saw like you are like, you have that product, like which you supply to the solar companies. So my question is like, are you seeing any increase in business on this solar chemical segment on the iodine derivatives? Or do you have any plan for capacity expansion in that direction?

Sanjay Kumar Patel: Actually, we have a set of products which goes into solar film making industry that is a perovskite material, perovskite chemicals we call it. But nowadays, actually earlier before 3 to 4 years, the market was very small. But nowadays, it has a very good potential to grow in the solar industry. And we are trying to focus in this industry with those products, so that we would have a very good chunk as far as from revenue from solar industry is concerned.

Dippyoman: Okay, okay fine. And my next question is on the Infinium private healthcare. So I believe like you are trying to get into the API space also with the private company, right? So will this be like the products will be like competing with the public entity or is it like a totally different set of products?

Sanjay Kumar Patel: It will be helping a public company like Infinium Pharmachem because when it starts manufacturing APIs, it will be our customer and it will help us in growing our revenue.

Dippyoman: Okay, okay, fine. Thank you. And so currently you are procuring iodine from where? Like locally, I believe from India and like in the long run, you will be trying to get it from America as well. So from any other nations you are getting iodine now, the raw material?

Sanjay Kumar Patel: Now We are targeting 4 countries, Chile, Japan, US, and Turkmenistan to diversify our sourcing requirements.

Dippyoman: Okay, okay. Fine. Thank you.

Sanjay Kumar Patel: Thank you. Thank you.

Nilesh Patel: Thank you.

Vandini Tated: Thank you sir

Rakesh Arora: I think that was the last question. Any closing comments, Nilesh ji, Sanjay ji, you want to say?

Nilesh Patel: No. Yeah. Thank you, all of you, for joining on our maiden call. And it was very interactive I would like to say and even it is an opportunity for us to dive deeper into our business. We have good suggestions, we have good questions and we'll definitely look into those areas of operations and we trust we have addressed all the questions and queries to your satisfaction. If you have any questions further, you can contact our investor relations agency, Go India Advisor and they will be more than happy to assist you in this regard. That's from our side. Thank you.

Sanjay Kumar Patel: Thank you. Thank you so much. Thank you.