



**“Infinium PharmaChem Limited
Analyst Conference Call”
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Vandini Tated: Good afternoon everybody and welcome to the Infinium PharmaChem Limited analyst meet. 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 Patel, sir, to take us through the strategic updates and outcome of the board meeting, after which we will open the floor for Q&A. Thank you and over to you, sir.

Sanjay Patel: Good afternoon, everyone. Thank you for joining us today on Infinium PharmaChem Limited analyst meet. Our investor presentation has been uploaded on exchange and we hope you have had the opportunity to review it. Before we discuss outcome of board meeting, I would like to touch upon the strategic updates of the quarter.

Infinium PharmaChem Limited has a legacy of 20 years. Today, we are recognized as one of the foremost manufacturers of iodine derivatives, boasting a diverse portfolio of over 200 derivatives and more than 7 APIs. Our industry represents significant barriers to entry due to the intricate nature of iodine extraction, which is experiencing a rapid growth, thus offering a substantial opportunities.

Recently, we issued 19,56,000 fully convertible warrants with a total issue size of 44.50 crore, targeted at non-promoter investors. The capital raised will be utilized to acquire Infinium Healthcare Private Limited and its USA iodine project or any other iodine related projects or expansion. As part of necessary approvals, these warrants will be issued within 15 days of shareholder approval.

Capitalizing on this opportunity, We have our joint venture through Infinium Healthcare Private Limited, IBL Elements Incorporation, aims to streamline iodine procurement. This project currently in the development phase involves extracting iodine from salt water collected during oil and gas extraction. We anticipate commencing commercial production by December 24. This 30-year agreement will secure approximately 100 metric tonne of iodine out of captive requirements of 250 metric tonne to 300 metric tonne, significantly benefiting Infinium PharmaChem. We also have a joint venture with Shanghai Witofly Chemicals Company Limited in China focused on trading activities. We plan to expand our current manufacturing facilities out of a total planned investment of rupees 21.92 crore. We have already incurred an expenditure of 15 crore. Furthermore, we are also expanding into the contrast media segment, specifically the raw materials used in PET scan, MRI, X-ray, etc. The planned capital expenditure of this unit is Rs. 11 crore. We experienced minor delay and now expect to complete this project by May 31st, March, sorry by March 31, 2025 and launch in the financial year 2026. This venture is anticipated to contribute approximately 20% to our revenue growth.

Both the iodine derivatives and the API industries are growing rapidly, providing us with significant opportunities. Our primary focus remains on iodine derivatives, which accounts for approximately 80 to 90 percent of our revenue. We are confident that our strategic initiative and strong market position will drive continued success for company and create long-term value for all stakeholders. I now hand over to our CFO Mr. Nilesh Patel to take you through the financial performance of the company. Hand over to you Nilesh Patel.

Nilesh Patel: Good afternoon to all of you. You will notice that we have been making strategic multiple initiatives to create sustainable long term value. Over the last 5 years, our revenue has grown at a cagr of 36.71% and our EBITDA margin has nearly doubled and currently stand at 15% for FY24. We have consistently maintained gross margin between 22 to 29% profile pushing growth with our PAT CAGR over last 5 years standing at 90%. We are on a strong growth trajectory and our outlook looks promising. We are expecting a top line of 200 plus crores by financial year 26 with a sustainable profit margin of around 10 percent. Coming to financial performance of the company for financial year 24 on the consolidated basis, the revenue from operations stood at 135.66 crores, which is being increased of over 19% YoY basis. Gross profit margin



stands at 24% for financial year 2024. PAT for financial year was stood at 11.50 crores and EBITDA margin stood at 15%. We are also delighted to note that in half year 24, revenue from operations stood at 74.18 crores, an increase of 21% from H1. Gross profit margin stands at 21% for H2 and PAT for H2 stood at 5.22 crores. Lastly, our expansion in contrast media segment and the benefits of our broader expansion efficiencies will drive the future growth. With this, I conclude my remarks and now I open the floor for questions. So Vandini over to you.

- Vandini Tated: Mr. Romil Savaliya sir, we can go ahead and take your question.
- Romil Savaliya: Hello, am I audible?
- Vandini Tated: Yes, sir.
- Nilesh Patel: Yes
- Romil Savaliya: Sir. Good evening. So I have a couple of questions. So first regarding our expansion project for a contrast media has been delayed. So what would be the impact on the contribution on top line and margin side? That's the first one. And second one is, is we are planning any expansion through subsidiaries or JV in future?
- Nilesh Patel: Yeah, Coming to your first question on the project expansion in contrast media, raw material side, we note that there are 3 months delay and that would not lead to any significant change in our top line or bottom line. Reason being, we have considered December, there financial projection was anyway starting from January 25. Instead of that, it will now come to first April. So there is a delay of around 3 months or not beyond that. And the expansion through subsidiaries as we have mentioned on the stock exchange and our presentations we are going ahead with the JV expansion through JV in US projects apart from that and the contrast media in the infinitum pharmachem, there are no future expansions as of now on hand.
- Romil Savaliya: Okay sir okay. Thank you
- Vandini Tated: May I request participants who are interested in asking the questions to raise their hands so that we can take up them. Mr. Divyakant Jhaveri sir, so you may go ahead and ask your question.
- Divyakant Jhaveri: No, I think my question is already answered in a way because (inaudible) My question is answered. Thank you very much. Thanks a lot.
- Nilesh Patel: Thank you. Thank you.
- Vandini Tated: Participants, please raise your hands for the questions. We can form a queue and then take up the questions thereafter.
- Rakesh Arora: So, looks like people are still thinking about questions. So let me ask, what is the, yeah, we got Mazid Ahmed. So, Mazid, you go ahead.
- Mazid Ahmed: Yes, sir. Am I audible, sir?
- Vandini Tated: Yes.
- Nilesh Patel: Yes, yes.
- Mazid Ahmed: So my first question that I have is, how a company is going to be benefited by the acquisition of Infinitum Healthcare Private Limited in commercial terms or some numbers in terms of revenue and margins? Am I audible sir?
- Nilesh Patel: Yes



- Mazid Ahmed: sir. So my question is how is the company going to get benefited by the acquisition of Infinium private healthcare private limited in commercial terms? So can you give more details in terms of the revenue and margins? Can you do that?
- Nilesh Patel: Yeah, so basically the Infinium Healthcare Private Limited which has formed a joint venture in USA for iodine extraction project. There will be a, As on the holding of Infinium Healthcare will be 50% and it will be solely into trading of and manufacturing of iodine. So 100% iodine manufacture there will be brought to India and it will be utilized by, end use will be by Infinium PharmaChem. So the commercial terms as of now stood is we have the 30 years long term contract between these companies and the pricing will be of course benchmarked at considering the relevant provisions of transfer pricing and all those things. And apart from that, there is a production capacity of 140 metric ton per annum. So these are the broad 2 terms of agreement between both the parties and 100 percent of the production will be utilized by Infinium PharmaChem here in India.
- Sanjay Patel: So the basic and the strategic benefit is that it will provide us 30 years long term consistent and constant supply of iodine. So this will be the main strategic advantage over and above as the relationship considering the continuous supply and the pricing. So it will going to benefit the company over the long terms in terms of pricing as well as consistent supply of iodine.
- Mazid Ahmed: Got it. Got it sir. Thanks for the detailed explanation.
- Nilesh Patel: Thank you
- Mazid Ahmed: My second question that I have is, so like as you earlier said that you are earlier in the last quarter like we are doing a lot of marketing and intensive marketing. How has been the current update so far in terms of the global outreach at your company?
- Sanjay Patel: As far as marketing activity is concerned, As we already discussed in our last analyst meet, the company is very aggressive as far as domestic and international marketing is concerned. We are participating in several exhibitions like CPHI worldwide, CPHI China, CPHI USA, etc. CPHI India for domestic market as well. Secondly, as far as the export aggressiveness is concerned, We have already registered as far as the reach is concerned, we have already registered several products. Already our 7 products is registered, We have got the reach registration for 7 products and the 4 product is under pipeline. Further 5 product is under consideration. So total 16 products we are expecting to get the REACH registration by this year, by the end of this year. So this will further help us in exploring the possibilities in European markets as well as other foreign countries. So this is how the marketing activities will help the company to have the long term alignment with the long term vision of the company.
- Mazid Ahmed: Okay, sir. And my last question is, sir, is the capex plan that the company has is beyond the existing capacity is underutilized. What are the current plans that company have to ensure optimum utilization of the existing capacity? Am I audible?
- Sanjay Patel: Yes, yes you are audible.
- Mazid Ahmed: Sir, what I've asked is the company earlier like what is the current capacity utilization sir?
- Sanjay Patel: Current, current current existing existing installed capacity is 1800 metric ton per annum. Last year we manufactured 293 metric tons of iodine derivatives. So this 1800 metric ton capacity expansion is going to complete by the end of this month. The further expansion that we are talking about is about contrast media raw materials that is altogether different product line and altogether different plot area because This require altogether different plant and machine designing. So this will be that will be purely dedicated to contrast media raw materials. Right. So this is how our capacity is, why we are expanding in contrast media through further capital investment.



Mazid Ahmed: Ok sir got it. What is the current capital capacity on the existing production or on a percentage basis? Can you give a number?

Sanjay Patel: As I mentioned current last year we manufacture 293 metric ton. So our installed capacity of 1800 metric ton that we have developed last year, just it is completed. We have developed this capacity keeping in mind our further requirement of next 5 to 7 years and to fulfill our vision for 2030.

Mazid Ahmed: Is there any chance to optimize this utilization excess capacity in the coming 1 to 2 years in terms of the image is it good?

Sanjay Patel: Could you be please a bit louder please.

Mazid Ahmed: Yes, sir. As you said the capacity utilization have expanded for the long term of 5 to 7 years, but what about the coming medium term, what is the capacity utilization is looking like coming to 2 to 3 years on the time frame. Am I audible sir?

Vandini Tated: Sanjay sir, he is asking about the current term, of how much production capacity we are trying to reach out. Currently as of FY 24, we had 293, in the coming 2 to 3 years at what capacity we are aiming for?

Sanjay Patel: Okay. Okay. In current, from current 293 metric tons, during the next 1 to 2 years, we are targeting at least 400 metric ton utilization during the next 2 years.

Mazid Ahmed: Okay sir, thank you.

Sanjay Patel: Thank you.

Vandini Tated: Thank you, sir. Mr. Deepesh Sancheti, sir, you may go ahead and ask your question now.

Deepesh Sancheti: Yeah, hi, am I audible?

Nilesh Patel: Yes.

Deepesh Sancheti: Yeah, you recently raised about 44 crores from your warrants to non-promoters. Now I want to know from apart from the investment in Infinium that is 56% which are acquiring, what acquisitions or expansion plans is the company considering for utilization of these funds?

Nilesh Patel: Yeah, the utilization plan as of now for this warrant program is entirely to the investment in Infinium Healthcare, that will be ultimately through US subsidiary. And apart from that, we are keeping and we should have 5 crores in our contrast media plan which will be completing by this financial year. So out of 45 almost 40 will roughly 30 to 40 crores will go to US Iodine project and balance will be utilized in India.

Deepesh Sancheti: Isn't that a related party transaction because seems to be the same group company and at what valuations I mean what are the sales of Infinium Healthcare Private Limited if you could share that?

Nilesh Patel: Yeah, I mean, as of now for the financial year basically it's a trading company as we have mentioned in the presentation which we uploaded. So right now it's into the trading activities and the (inaudible) is going into. (Inaudible) We are audible?

Deepesh Sancheti: Yeah I am, I'm audible. I think there's some other participants line, which is open. (inaudible)

Nilesh Patel: Yes.



Deepesh Sancheti: Yeah. I also wanted to know, the company, you mentioned that the focus is going to be iodine derivatives. How are they tapping into this market for this? Any new product change of marketing or anything?

Nilesh Patel: Yeah, Marketing will be built by our MD, Sanjay. I can answer you regarding the project side investment which I mentioned and regarding RPT and valuation. As soon as we issue the notice to shareholders, we will also upload our report on registered valuer for the investment which we made. It will be on our site as well as displays on the stock exchange and we have taken care of that valuation aspect and regarding RPT we are also conveying and extraordinarily general meeting where necessary approvals will be sought from shareholders.

Sanjay Patel: And as far as marketing activity and new product is concerned, we are, our existing products, we are expanding to the different new geographies through REACH and other exhibitions that we are participating. As far as the second product line, that we are coming with the contrast media raw materials. And that as far as contrast media raw material is concerned, that will be our new product line. So that will give us a good boost as far as revenue terms is concerned. So there will be 2 segments will be there that will be our existing iodine derivatives product line as well as contrast media raw material product line. So that is how the further growth is expected from these 2 segments.

Deepesh Sancheti: Okay, thank you. I will fall back in line.

Nilesh Patel: Thank you.

Vandini Tated: Thank you sir. Mr. Harshal Bhayani sir, you may go ahead and ask your question.

Harshal Bhayani: Yeah, good evening. Sorry, I have joined the call a little late. So, there are any repeat questions apologies for that. My first question is on the business line. I believe we are majorly into the crams manufacturing. I mean to contact manufacturing for other players. Do we have iodine derivatives selling under our own brand or is it completely trans with us?

Nilesh Patel: Sorry, Harshal ji, could you please be a little bit louder? It is a bit... Please could you repeat?

Harshal Bhayani: Yeah, is it better now?

Nilesh Patel: Yes, it's better.

Harshal Bhayani: I think I joined the call a little late. So apologies for any repeat questions.

Sanjay Patel: Its okay. Its okay.

Harshal Bhayani: My question is on the business of the company. So do are we doing complete crams manufacturing or is there any Iodine derivative sold out under our own brand

Sanjay Patel: Okay, okay Harshalji, actually we are selling our Iodine derivatives under our own brand. That is the exclusive rights of Infinium to sell their products. As far as CRAM's activity is concerned, suppose we have 200 plus products portfolio as of now and we have customers around 332 customers last year. So any of our pharmaceutical customers or customers from any industry comes to us and ask any iodine derivatives which is not part in our regular list then we research, develop and supply them as per their requirement starting from 1 kg to multiple lots. So that's how we are doing a crams activities. So it's not absolutely crams model, just a little bit modified version of crams. But our focus remains the same. That is iodine chemistry and iodination (inaudible) only. So that's how our existing business model is.



Harshal Bhayani: So it is not a contract manufacturing, but the CRAMS is in a way that If our customer wants any specialized product, then we specialize and sell it to them. But it is under our own brand only.

Sanjay Patel: Yes, absolutely right sir.

Harshal Bhayani: Okay, my next question is in FY24, what percentage of our sales was under manufacturing and trading and secondly what percentage of sales was in API and in iodine derivatives?

Sanjay Patel: Yes it was a 100% manufacturing activities as far as our revenue is concerned. And as far as intermediates and API is concerned, most of our revenue is as of now is from intermediates only. So our sizable revenue, it's around 97% to 98% revenues from intermediates only. APIs, as far as API sales is concerned, now we are focusing after completing our new facilities, WHO, GMP certifications with DIP. Now we will focus on API product also. So from the next years onwards, we will be expecting a very good growth as far as API sales is concerned. So as of now, you can consider that around our 97 to 98% revenue from intermediates, hardly 1 to 2% from APIs.

Harshal Bhayani: Okay, so just to clarify, (inaudible) hello?

Vandini Tated: Yeah go ahead

Harshal Bhayani: Yeah just to clarify, then just to understand the business, the China subsidiary and the US subsidiary which are for the trading purpose, we sell to them and then they sell to China market. Is it that way?

Sanjay Patel: There is a little bit misunderstanding. Yes, you are right. As far as China subsidiary is considered, it is 100% trading firm that imports from India and sells to China. It is 100% importing from India to selling to China. So China subsidiary is distributing our manufactured products across China on exclusive basis. right. And as far as US subsidiary of Infinium Healthcare is concerned, that will be into production of iodine, iodine itself

Harshal Bhayani: understood it is that company where for which warrant

Nilesh Patel: yes yes

Sanjay Patel: yes sir absolutely

Harshal Bhayani: so yesterday night when you uploaded that presentation from where I could understand that for iodine derivatives, iodine, which is the raw material, is very scared product. And we are, we are like, guaranteeing our supply chain through this investment through the warranty.

Sanjay Patel: Yes, yes, we are strengthening our supply chain through this investment.

Harshal Bhayani: So for that purpose we would be using around 40 crores, right?

Sanjay Patel: Yes, yes, we need to do that.

Harshal Bhayani: So, in a way if I can ask what would be the payback period of the 40 crores because we would be getting this raw material at some competitive price. So suppose if we are buying some raw material for 100 rupees because of this investment, I think we would be getting it for 98 or 95 rupees. So suppose if we take 293 metric ton of raw material of iodine, what would be the payback period? Just want to understand the rationale of these investments from a financial perspective also. I understand that we are strengthening our supply chain, But is there any financial perspective of this investment?



Nilesh Patel: Yeah, to answer you in a you know broader sense, the payback period which is expected from this investment is around 3 and up to not more than 4 years, first of all, of the entire investment. And the commercials, as I said, we won't be able to disclose, keeping in view the non-disclosure agreement which we have with our technological provider suppliers and partners there in USA but yeah the public information what we have discussed that we can share you the payback period is 3 and a half to 4 years and it will strengthen our supplies. The reason being this raw material is very scarce in nature and is available only in 3 to 4 geographical area across the globe. One of the I mean the highest source is Chile, then Japan and few other Turkmenistan and the USA part. So it is very you know the being the being ninja, it is very very scarce in nature in the supplies. So we have to scout for the sources and we can say with the proud we are only the Indian manufacturer who have tapped the iodine market supplies there in the US. We own a land of around 42 acres in US Oklahoma and the entire land has been acquired keeping in view our future expanses in well side Because right now we have 2 wells where salt water will be extracted and out of it iodine will be manufactured. So going forward right now we will be manufacturing 100 metric ton and Later on we can ramp up the capacity in the existing premises so there also we have procured enough land considering our future requirement and enough raw material supplies that is salt water that is there.

Harshal Bhayani: Okay yeah understood okay. My next question is on the IPO funds which we had taken around 20-25 crores. So, I just forgot that where were their funds that fund were used? Was that into the contrast media manufacturing plant setup?

Nilesh Patel: Yeah, so IPO basically most of was in the locking capital cycles and the repayment of term loans which already has been made during this year and 5 crores have been parked toward the contrast media cycle which will be closing the financial. Basically we have closed the financial for contract. (inaudible)

Harshal Bhayani: Okay, so how much would be the total investment in that contrast media?

Nilesh Patel: 11 crores.

Harsha, Investor: Sorry?

Sanjay Patel: 11 Crores.

Nilesh Patel: 11 crores.

Harshal Bhayani: Okay. And how much is the revenue we can expect, maximum revenue we can expect from that plant fixed asset turnover?

Nilesh Patel: So from year 1 we can ramp up the capacity. Right now we are targeting in year 1 so that will be the 26 we are eyeing a revenue of 30 to 40 crores in year 1 and later on it will definitely ramp up given the huge demand on European side as well as American markets of the diagnostic care.

Harshal Bhayani: Okay. And what would be the EBITDA margin in that product?

Nilesh Patel: Yeah. EBITDA margin across the industry. We have studied is more than the 30%, 29 to 30%.

Harshal Bhayani: Okay. So I think as we like from year 2 year 3 as we increase the revenue of contrast media like can we expect like to our EBITDA margin to increase say 20% 18%

Sanjay Patel: Definitely that is what we are expecting so

Nilesh Patel: Because there will be 2 fold positives, one on the contrast media side and the second will be the raw material which will be sourcing from US. So that will also lead to expansion in margin.



Harshal Bhayani: So how much basis point expansion are we assuming from raw material sourcing from US?

Nilesh Patel: Yeah as we say we will be closing close to 22 to 25 percent that's the long-term target.

Harshal Bhayani: Immediate benefit what would be there like Short term to medium term?

Nilesh Patel: Short term, of course, we will be closing by 20% As we grow further, the blended cost of our product iodine between imported and our own supplies will increase so that the blended cost will decrease and that will lead to expansion in margin.

Harshal Bhayani: So now currently I think our gross margin is 22 to 25 percent.

Nilesh Patel: 25%

Haeshal Bhayani: Can we assume? Yeah, can we assume 30 percent around gross margin because of this US investment?

Nilesh Patel: That's the whole purpose of doing these exercises.

Harshal Bhayani: Understood. And in this Contrast Media, I think BlueJet is the largest player in India, which I think also got recently listed. So how are we like, are we in the same product as BlueJet?

Sanjay Patel: Basically, we wanted to remain in a in a raw material of API. In a raw material of contrast media APIs, currently we don't have intention to enter into contrast media API, rather we wanted to be in contrast media raw material segments. So our segment might be little bit different.

Harshal Bhayani: Okay, understood. So it would be it would be intermediates of Contrast Media API.

Sanjay Patel: Right, right. Absolutely right sir.

Harshal Bhayani: Okay, okay. Yeah. So thank you for all the questions.

Nilesh Patel: Thank you. Thank you.

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

Vandini Tated: Thank you sir. Mr. Prateek Chaudhary sir, you may go ahead and ask your question.

Prateek Chaudhary: So, sir, I wanted to know more on the US JV project. So what broadly I understand is we're investing 44 crores in Infineum Healthcare, which has a subsidiary, which subsequently will form a subsidiary in US or has that subsidiary already been formed?

Nilesh Patel: Yes, so the subsidiary is already formed. It's in the name of IBL Elements Incorporation. It's a Texas based incorporated entity where presently we are owning 50% and 50% is owned by our technology provider, local they are Americans, they own the patent for this process. So from a layman's perspective I can say basically it's a process of extracting iodine from salt water, the water which is left after the processing of oil and gas wells and right now we are owning the 3 patent, sorry 4 patents and 8 are under consideration by US patent and trademark office. So there is a long term supply whatever the iodine is produced by IBL elements, it will be procured by our group Infinium PharmaChem for 30 years and as I said we have adequate land block available for the future expansion there at IBL elements which is again in the US. So this will basically ensure sustainable supplies for our business in Infinium.

Prateek Chaudhary: You are saying IBL elements is the subsidiary where Infinium healthcare is currently owning 30 percent.



Nilesh Patel: 50 percent.

Sanjay Patel: 50 percent

Prateek Chaudhary: 50 percent and balance how much are the Americans owning in total?

Nilesh Patel: They own 50%.

Prateek Chaudhary: 50% is Infinium Healthcare, 50% is the Americans who are also the (inaudible).

Nilesh Patel: It's the joint venture. It's the JD.

Prateek Chaudhary: And going forward, this 44 crore investment or roughly which you apportioned 40 crores out of it will be invested in Infinium Healthcare. So is it like an 80 crore project that is coming up?

Nilesh Patel: Yeah, basically it will be around 70 crore project which will be coming up.

Prateek Chaudhary: 70 crore to be spent on capex.

Nilesh Patel: Yeah and basically it will improve this process will improve you know yield of 99.5 percent of purity of medical grade iodine. So

Prateek Chaudhary: okay and could you explain why is the industry like this? I mean, why is iodine so scarce? And correspondingly, what was the genesis of or How were we able to sort of form this partnership with these technocrats who are there in US? What is so special about them and generally broadly also why is the industry like this? Why only 4 countries make it?

Nilesh Patel: Regarding Genesis, our chairman will brief but to come on your specific question regarding why you know on this part of country or because this product being material, I mean, natural mineral and it's very scarce across the globe. So it's available only in 3 or 4 places across the world and entire market is supply driven. So Chile is one of the source which contribute around 60 to 70 percent of the market, then Japan and few places in Turkmenistan and Azerbaijan and 3 or 4 plants in this Mississippi riverbed which is in Oklahoma and USA. So these are the only places in the world where you know in water or in minerals or sand you find iodine. So it's placed around this place across the world. And there are few suppliers who are controlling this industry. And that's the overall purpose or you know, venturing into this industry because the raw material, iodine is our key raw material, which contributes around you know, 52 to 60% of our total procurement cost. So that's the reason of this.

Sanjay Patel: Thereby we can have a constant and consistent supply source that is our basic raw material. So that is the main reason to invest in this venture. This will give us a big support as far as our supply chain is concerned. This will give us a better stability in supply chain over the long term. When we have our investment in this kind of venture, this will definitely give us a more stabilized supply chain.

Prateek Chaudhary: And how would the costing and you know profitably work out profitability because as we understand 50% is owned by the technocrat Americans here. So they would also want to have a good enough share of the profits to be accrued in that entity, which is IBL elements. Would we experience a significant cost reduction as well? Because maybe the technology that you have or the patents in this case have led to a significant cost reduction. Is it like that? Or I mean, how is everything going to work out ultimately for both the parties?

Nilesh Patel: Yeah, there is definitely a cost reduction attached to it because the technology which is available is the patented which is available in public domain, we can answer this. Basically there is a technology called air desorption technology of which, right now there are a few manufacturers who are manufacturing 86, 87% grade iodine. And to extract



beyond that, it requires certain investments or it's very costly to accept 99 grade iodine from saltwater. So our JV partner has cracked this limitation, barriers And with the air desorption technology, we can easily produce 99.9% purity Iodine with very minimum investment which we have made. So there will be adds definitely in terms of quality output.

- Prateek Chaudhary: So that's another question. Yeah, please go ahead, sir.
- Nilesh Patel: And of course, there are huge margins because the raw material cost as per industry standard is very minimum. The only raw material cost is salt water, which is extracted during the process of purification of oil and gas industry. So there are huge margins, which of course will flow to infinium healthcare because we have invested 50%. So on the top of it, we also will have dividend income coming through from US apart from our supplies which will be strengthened.
- Sanjay Patel: And the payback period is considering the financial part, the payback period is also in a very good state up to 4 years. So in short, all the financials are quite supportive and in line with the growth of the company and considering all this, we have ventured into this investment.
- Prateek Chaudhary: And Just last question on this particular aspect, would we get iodine from this entity at a lower price compared to market price?
- Nilesh Patel: No, our production cost is definitely cheaper. So that's all the margins we are talking about right now. But it will be on arm's length basis. So we are not expecting any, you know
- Sanjay Patel: any special kind of benefit we are not expecting because all the transaction is going to as Nilesh shared on arms length basis.
- Prateek Chaudhary: And with 50% stake in
- Sanjay Patel: Basically, we are looking for basically we are looking for a stable supply and long term supply. So this will be our main purpose for this investment.
- Prateek Chaudhary: Yeah, right. So I'm just trying to finalize on the on what it means financially for us. So we own 57% in Infinium Healthcare, right? And Infinium Healthcare further owns 50 percent in IBL elements.
- Nilesh Patel: Yes.
- Prateek Chaudhary: So, would we be consolidating IBM elements into our profitability or our line item wise financial statements?
- Nilesh Patel: Yes, so for IPL, Infinium Pharmachem will be consolidating IHPL reason being our subsidiary and for further unit investment there in USA basically it will be an associate reason being it has been with a 50% JV. So to that extent there will be consolidation.
- Prateek Chaudhary: Oh, only 50% consolidation or is it only line by line?
- Nilesh Patel: No line by line consolidation will not be done.
- Prateek Chaudhary: Okay, it will come in the last after PBT, Profit from joint venture or associates.
- Nilesh Patel: Yes, associate for accounting purpose you can say.
- Prateek Chaudhary: And is there a possibility that our share in Infinium Healthcare will increase? It's only 57% right now?



Nilesh Patel: Yeah, looking to the future projects, yeah, we can definitely consider it's on our radar. But as of now, we are not committed on that.

Prateek Chaudhary: Any plans to merge this into our listed entity?

Nilesh Patel: No, no, no, such you know, disclosures are in the public domain now.

Prateek Chaudhary: And sir, last you said vision for 2030. If you can share some details on that, please that would be really helpful.

Sanjay Patel: Yes, by 2030 as we said the vision 2030, we would like to reach to the level of consumption of iodine from 800 metric ton to 1000 metric ton.

Prateek Chaudhary: Okay 800 to 1000 metric ton.

Sanjay Patel: Yes.

Prateek Chaudhary: Okay, great sir.

Sanjay Patel: I will add. Yeah,

Prateek Chaudhary: yeah. Please go ahead, sir.

Sanjay Patel: No, no, it's okay. Please, please.

Prateek Chaudhary: You said you were saying end keeping.

Sanjay Patel: Sorry?

Prateek Chaudhary: You said you were just finishing 1 statement you said end keeping and then you were about to say something else.

Sanjay Patel: Keeping in mind our reason of 800 metric ton to 1000 metric ton utilization of iodine by the year 2030, we are making this investment as well as marketing activities investment, different geographies scattering from marketing and sales point of view. So what I mean to say is that keeping in line with our vision 2030 of 800 metric ton to 1000 metric ton iodine utilization, this all strategic investment and collaboration activities we are undertaking. That's what I mean to say.

Prateek Chaudhary: And one last question when we are investing 40 crores in Infinium Healthcare, whoever is holding the balance, you know, balance 43 percent, are they also contributing the proportionate amount because if they have not then our stake in the Infinium healthcare would increase via this 40 crore infusion.

Nilesh Patel: Yeah, so right now the structure is entirely by common directors because this promoter on company is off now and they want the balance 50% will be I mean 43% will be owned by common promoters. So as we progress as we progress right now this is the 20 crores investment which will be 57% And the approvals which we are seeking from shareholders is more than that. So for 40 crores, definitely there will be a dilution of promoters holding and the IPL investment will go up. So the shareholding of infinium pharmachem will definitely go up.

Prateek Chaudhary: It will increase from 57% which is their current.

Nilesh Patel: Yeah, maybe 75 or something like that based on the project progress.

Prateek Chaudhary: Okay. Great sir, I will get back in the queue. Thank you.

Nilesh Patel: Thank you. Thank you for your interest.



Vandini Tated: Thank you, sir. Mr. Heet Parikh, sir, you may go ahead and ask your question.

Heet Parikh: Sir, my first question is on Infineum Green Energy private limited. Sir, what is this company into?

Sanjay Patel: This Infinitum Green Energy private limited. It is into manufacturing of bio coal that is made from farm based agro waste. So it is into a green energy kind of things that Biocoal is used as an industrial fuel in industrial boilers.

Heet Parikh: Sir, what is the current contribution to the top line?

Nilesh Patel: This company, it is just operated during the last year. So their revenue for the last year was around 70 lakhs. So this was just the first beginning year and it has very good prospects in the future.

Heet Parikh: So means what are the plans with this company?

Sanjay Patel: Sorry

Heet Parikh: So what are the plans with this company?

Nilesh Patel: In this company, we are targeting 10,000 metric ton production of Biocoal in next, next next 1 to 2 years. However, considering the size of IPL, this company is a very small company and from this company, we are procuring our energy requirement of our boilers and the balance production of this company is we are selling to other industry members.

Heet Parikh: Okay, sir. Got it. So, sir, before the acquisition of this, I mean before this JV with IBL, sir, how are we procuring, what is the procurement strategy for iodine currently? We are importing 100%?

Sanjay Patel: Currently, we were importing as well as we were buying from local also. So currently, our buying or procurement was on the spot buying something like that as and when it is available with the best price we enter into the purchase.

Heet Parikh: Sir, can you give any percentage terms after this acquisition, what could be the reduction in the procurement cost? Any percentage terms?

Nilesh Patel: Broadly on the margin side, we discussed, you know, the target is to increase margins a bit by 22 to 25%. So you can calculate accordingly. We won't be able to disclose any confidential information or where we are restricted by nondisclosure agreement with our JV partners.

Heet Parikh: Okay, no problem. Sir, one question on What is the current market size of the iodine, means the derivative which you are doing sir.

Sanjay Patel: The current market size of Iodine is approximately 2000 crore in India.

Heet Parikh: 2000 crore. Sir, volume term, metric ton?

Sanjay Patel: It will be roughly accordingly around 2500 metric ton or something like that. Out of that currently we have currently we have currently we have market share of roughly 12%.

Heet Parikh: And sir what are the plans means we aim at reaching any target internal target?

Sanjay Patel: Internal target to reach to our internal target to reach around 25%. 25% by year?

Sanjay Patel: 2030

Heet Parikh: 2030 with a 800 to 1000 metric tonne.



Sanjay Patel: Yes, sir. Yes, sir.

Heet Parikh: Okay, sir. Thank you very much.

Sanjay Patel: Thank you. Thank you so much.

Vandini Tated: Thank you Heet sir, Mr. Deepesh Sancheti. You may go ahead and ask your question.

Deepesh Sancheti: Hi, am I audible?

Vandini Tated: Yes.

Deepesh Sancheti: Yeah. So, I just had a follow up question on the, hello on the Capex for expansion which you have you have a expansion which is left in contrast media as well as the current facility. I believe the current facilities may be done by the warrant money. But what about the...

Sanjay Patel: Excuse me, sorry to interrupt you. The current facility is already going to complete by this month end. So there will be no further investment in current facility.

Deepesh Sancheti: Okay, because it was mentioned that your planned expenditure was around 22 crores and you have incurred around 15 crores. So I thought that maybe it's just 7 crores from the warrant money is going.

Nilesh Patel: No, not the warrant money. It's the bank loans which we have an internal account. So the warrant money will go to 5 crores into Contrast Media and around the 30 to 40 crores to IPL.

Deepesh Sancheti: Okay, regarding this, the Infinium Healthcare which we have, we are going to acquire plus 3-7 percent. Now when is right now we mentioned it's just a trading company when is the JV going to start its commercial operations according to you?

Nilesh Patel: I believe we are targeting by 31st December of this year, 2024.

Deepesh Sancheti: 31st December this year?

Nilesh Patel: Yeah.

Deepesh Sancheti: Okay. And have they done any trial production?

Nilesh Patel: Yeah, trial production has been done on pilot scale for the production of iodine at 99.5 percent purity. So, that production has been done.

Deepesh Sancheti: And if you can just mention that, you know, right now the iodine which you are buying, how much is the percentage which you are buying for the purity percentage?

Nilesh Patel: It depends basically it's available from 86% to 99.5%. 86% to 99.5%. Yeah, we also buy 86% purity as well as 99.5%.

Deepesh Sancheti: Just one more question. What is the ROE which you are expecting from this JV?

Nilesh Patel: Yeah, ROE said you know we are tying in payback of 3 and half to 4 years.

Deepesh Sancheti: No, no I am talking about the ROE return on equity what percentage are you expecting?

Nilesh Patel: I say you know the commercials which will be which are only on the public domain we can I mean we will be comfortable sharing apart from that if you want any specific and keep the proposal and as on we move forward we definitely keep all those commercial figures and the revenue projections when we have our US facility on ground?



- Deepesh Sancheti: No, because our company is doing around an ROE around 15%. Do you think that even the JV will be in similar lines or better?
- Nilesh Patel: No, I would say it's better because you know that the margins are great. I said there is a good amount of EBITDA margin, the raw material is very cheap. So, or if you compare, I would say definitely it would be more.
- Deepesh Sancheti: It would be more. Okay. And, so, basically, I mean, I'm just summing up what you have said, throughout, you have, I mean, you're investing into this company 40 crores and basically we are going to earn by dividend as well as whatever the share of profit, which we have, we have the 50% and that 50% and that company is having a JV of 50% effectively about 25% share will be, we will be getting out of the whatever the revenues are there.
- Nilesh Patel: Yeah.
- Deepesh Sancheti: And the second thing is there will not be any margin expansion in our core company because of the JV if whatever the benefits are there that the JV is going to get and we are going to get a percentage of it because of our holding. Is that the right?
- Nilesh Patel: No, as I said, there is you know, the production cost is very cheap. So we'll be earning on the competitive price advantage definitely will be having with Infinium Pharmachem. So the investment is through IHPL, Infinium Healthcare but definitely there will be a long term contract between directly between the JV venture and Infinium Pharmachem and the production cost is very you know cheap and there will be a cost competitive advantage there.
- Deepesh Sancheti: Okay, so you will have a cost competitive advantage.
- Sanjay Patel: Over and above the cost competitive advantage, over and above there is a support of stability in terms of a supply chain. So the availability of material will be ensured so that accordingly we can plan our production as well as our future growth plan based on fixation of availability of material and everything. So that will give us a good support in terms of supply chain is concerned.
- Deepesh Sancheti: And what is the percentage of iodine which is there in our end product? I mean the raw material whatever we are doing it, power we are doing through biofuel. But the whatever the products we will be using caustic soda I think that is what mentioned in this. But what is the percentage of iodine which we are using?
- Sanjay Patel: Percentage of iodine in our different product the iodine percent will be different. But we are saying is in general, we are going to procure iodine in terms of 240 to 50 metric ton from the, during the years. So, this quantum will give us procurement stability for this procurement side.
- Deepesh Sancheti: okay, And then you are saying that the EBITDA margins will also go beyond 20% because of this stable supply.
- Nilesh Patel: Yeah, that's what as I said earlier, that's the whole purpose of doing this Backward integration program.
- Sanjay Patel: So, not only because of this, but also our activities in terms of marketing activities, new product that is a contrast media that we are contrast media raw material new project. So the product and the raw material both will contribute to the growth and the EBITDA margin improvement and efficiency.
- Deepesh Sancheti: Okay, so looking at the buoyancy, I mean, if everything is, you know, you have a stable supplier of iodine, you'll have a great product and you'll be doing expansion. What are your marketing plans for, you know, supply and defining more clients size? I can see that you're supplying something to Japan also, but that's a very small quantity. How



many customers do you have in Japan and are they regular color clients? Have we got repeat orders because Japan is a big market for this?

- Sanjay Patel: Yes, right. As far as a particular number, I have to look into it, but let me share you the numbers. Last year, we served around 274 customers. Currently, I'm sorry, last to last year, we had a customer increase from 274 customers to 332 customers. So there is a quantum jump of around 65 new customers we added. And as far as these customers are more or less mostly from pharmaceutical industry. So as and when their project upscales our requirement from our side will also be we get very good orders from them and our production accordingly our sales will increase to that extent.
- Deepesh Sancheti: My last question is that what is the revenue contribution of the revenue which is coming from the top 10 clients? Percentage wise.
- Nilesh Patel: Revenue projection?
- Deepesh Sancheti: No, no revenue coming from top 10 clients.
- Nilesh Patel: Top 5 we have is of top 10.
- Deepesh Sancheti: Top 5 is also fine.
- Nilesh Patel: Around 60 percent in top 10, 61.86 percent exactly.
- Deepesh Sancheti: Okay
- Sanjay Patel: And balance 40 percent from rest of the client.
- Deepesh Sancheti: So balance is around from 300 clients, 325 clients you are getting about 40 percent revenue. Can you just let me know that, you know, whatever the clients, how many clients have we retained and how many have we added? Because from 227, I think, or 240 you mentioned, we jumped to 332. How many of them we have retained?
- Sanjay Patel: Actually it depends upon the customer's project. Sometimes for a new project. If customers have some new project, then they might buy this year for the entire year's purchase. The next year, they might have some validity batches and other things. So there might not be a requirement for the next year. But as and when the project progresses from R&D to pilot to commercials, likewise our sales will increase. So as far as in the pharmaceutical industry is concerned, we are not expecting a repeat of at least 30 percent client every year. So retention will be around 70 percent, 30 percent on and off.
- Deepesh Sancheti: And our top 10 clients we have top 10 or top 5 clients we have retained for how many years?
- Sanjay Patel: It's mostly we are doing for almost all of them we are doing business since last 10 years.
- Deepesh Sancheti: Since last 10 years. Okay. So we have retained them. Fine. Because it's a very significant risk because 60% of the business is coming from this. Okay. Yes. Thank you so much.
- Sanjay Patil: Thank you. Thank you.
- Deepesh Sancheti: Just if I can squeeze in one more question about your debt. Net debt you are showing 0. Is there any working capital debt or any term loans which is there in the company?
- Nilesh Patel: The net debt is considering the cash component which is available. So, of course, there is a working capital and the term loan which we have is very minor. Last year, it is a 31st March, it's around 4.8 crores and no further term loans outstanding as of now.



Deepesh Sancheti: And the cash which is there in the books that will be deployed also with the along with the warrant money?

Nilesh Patel: No, no, it's in the business so that's not going to be out of business. It's invested in working capital and other forms of assets.

Deepesh Sancheti: Okay, okay, okay. Fine. And are we planning any further fundraising in future?

Nilesh Patel: No, no, not at all. These are the only projects which we have as of now and we will be stabilizing with those projects and then we can look forward. As of now, we don't have any fundraising plan.

Deepesh Sancheti: No, because actually there was just one thing which I was wondering. You have raised warrants. Now the warrant money will come 75% will come about in I think about a year or 18 months and you are saying that you are going to invest 40 crores into this new acquisition of Infineum Healthcare. Now, this is where the dichotomy was and if you're having the production coming in December, that means that you'll have to rush in the money right now. Where is that money going to come from? Because the warrant money 25% only will come, right?

Nilesh Patel: No, we are taking right now upfront 50%.

Deepesh Sancheti: 50% okay. Okay, so about 22 crores is coming right now.

Nilesh Patel: And so to you know, brief you we already mentioned in our projections, it is not that you know, the projects is up to stretch. We already invested in some of the amount that the projects, machineries has been procured, a lot many investment has been done. So, the activities are ongoing at site and we are targeting a completion date of December.

Deepesh Sancheti:: Okay. Complete. So completion date is this. And since this is a related party, acquisition, what is the, I mean, are the funds going to the company or are the funds going to the acquisition? I mean, the shareholders of the company?

Nilesh Patel: No, no, it is directly the new issue which will be made by Infinitum Healthcare.

Deepesh Sancheti: Okay, so it's a new issue. So the money is going to the company. Perfect. Thank you so much.

Nilesh Patel: Thank you.

Deepesh Sancheti: That was very, very good. Thank you.

Sanjay Patel: Thank you.

Vandini Tated: We are running a short on time. We have just 3 minutes left for the meeting. Mr. Manan Patil, sir, you may go ahead and ask your question. Sir we cannot hear you. So we cannot hear you. Hello.

Manan Patil: Hello, am I audible now?

Vandini Tated: Yes

Nilesh Patel: Yeah.

Manan Patil: So sorry for that. Just wanted to understand the genesis behind investment in your new contrast media segment. How is the competitive intensity and how easy it is for any new player to enter into this segment? Also, if you mentioned that BlueJet is not our competitor. So would a product be like, would BlueJet be a customer?



Sanjay Patel: Hello, no, no, it's not like that. As far as Contrast Media Raw material is concerned, of course, the genesis is that we are going to have the efficient procurement of iodine then after we will our self manufacture iodine based derivatives which are going to use in a further processing of contrast media raw materials. And that will give us a competitive advantage, because we will be doing 2 to 3 steps backwards of contrast media raw materials. So we will be in an efficient position to maintain our competitiveness as far as contrast media raw material is concerned. So that will give us an added advantage. And other things related to whether it's into competition or into a customer, it will depends upon the product which we start with so that the particular name that you said it might be a competitor or it might be a customer in that case.

Manan Patil: Okay, thank you. Thank you so much for that. Most of my questions were answered earlier. Thank you for your time.

Nilesh Patel: Thank you.

Sanjay Patel: Thank you. Thank you.

Vandini Tated: Thank you so much. Prateek sir and Harshil sir You can email us your queries. We are running short of time as of now.

Prateek Chaudhary: Sir, is it possible to just have 1, just last 5 minutes because it's, I mean, it's just the call happens only quarterly and it would request if you could spare last 5 minutes.

Vandini Tated: We can take it offline. So we are really short on time. Meeting would end then. Nilesh sir any closing remarks

Nilesh Patel: Thanks everyone for joining the call today. We trust we have addressed all your inquiries to a satisfaction. If you have any questions which are remaining unanswered, please do not hesitate to contact our Investor Relations Agency, Go India advisor. They will be more than happy to assist you further. You can connect them. Thank you. Thanks to all of you.

Sanjay Patel: Thank you. Thank you so much. Thanks to everybody. I wish you a good day to everybody.