Infinium Pharmachem Ltd

(BSE: 543930)

Sector: Chemicals | Industry: Specialty Chemicals – Iodine Derivatives

In-Depth Business & Financial Analysis – FY25

Report Date- 2/07/2025

Company Overview

<u>Legal Name</u>: Infinium Pharmachem Ltd
<u>Ticker</u>: NSE – SME: INFINIUM

<u>History</u>
Incorporated in 2003, Infinium Pharmachem Ltd manufactures and sells Iodian based Pharmaceutical Intermediates.It was created with the vision of becoming a globally integrated pharmaceutical and healthcare organization.

<u>Key Leaderships</u>:
MD/ CEO: Sanjaykumar Viththalbhai Patel
Whole-Time Director: Pravin Bhadabhai Madhani
Whole-Time Director: Mitesh Lavjibhai Chikhaliya
CFO & Company Secretary: Nilesh Dharamshi Bhai Patel
Independent Director: Keyur Jagdishchandra Shah
Independent Director: Tarun Ratilal Dobariya
Independent Director: Vaishakhi Ambrishbhai Shukla

<u>Manufacturing Site</u>:
Plot No. 37-38-39,
GIDC Sojitra, Taluka Sojitra,
Anand District, Gujarat 387240, India

<u>R&D Centre</u>:
Suite #205, "SIGMA PRIME", Second Floor,
Nr. Sardar Patel Statue, V.U. Nagar GIDC Road,
Vallabh Vidyanagar - 388120 Gujarat, INDIA.

<u>Vision</u>:
To be a globally integrated & admired Pharmaceutical & Healthcare company.

<u>Mission Statements</u>:
To research , develop & successfully market extremely customized Pharmaceuticals & Healthcare products & services while strictly adopting
Highest level of Efficiency
Effectiveness
Health & Safety standards
Corporate ethics
Environment friendly approach across every course of action

Product & Service Portfolio

Iodine Based Intermediates:
Their products offer guaranteed performance, high reproducibility, consistent results, and are of the highest purity. They offer different grades of Iodine derivatives to various industries as per their demand. Their portfolio includes **200+ Iodine Derivatives**, which are manufactured for a wide range of industrial applications, including **pharmaceutical, chemical, nutraceutical, cosmetics, sanitation, agrochemical, electronics, and nylon production industries**.

APIs (Active Pharmaceutical Ingredients):
They manufacture APIs currently in their plant located in India. This manufacturing site is designed, developed, operated & maintained as per WHO-GMP norms & compliances. They ensure that all APIs, drug products and processes developed for various global markets comply with applicable IP laws.

These are the 7 Validated APIs:
- Potassium Iodide (available in IP, BP, USP, JP, ACS grades)
- Sodium Iodide (sold as BP, USP, JP)
- Povidone Iodine (in IP, BP, USP forms)
- Iodine (BP, USP grade)
- Iodoform (USP grade)
- Pralidoxime Iodide
- Thymol Iodide

CRAMS Services
Infinium offers contract research and manufacturing services (CRAMS) in iodine derivatives for pharmaceutical, agrochemical, nutraceutical, and specialty chemical industries. Services range from R&D to commercial-scale manufacturing and packaging, including process scale-up, optimization, purification, and alternate synthesis routes.They ensure strict confidentiality, offer customized solutions based on client specifications, and support faster product development with cost-effective, high-quality outputs. Infinium's expertise helps clients reduce time-to-market with reliable and innovative iodine chemistry solutions.

Technology Platforms
Infinium Pharmachem runs a dedicated R&D center staffed by experienced chemists and scientists. It features modern pilot-scale equipment designed to handle feasibility studies, process optimization, and commercialization validation. Their R&D scope includes development of new iodine-based chemistries,leveraging over two decades of in-house expertise. Their FDA-cleared, GMP-compliant pilot plant supports production across scales, from gram-level laboratory syntheses to multi-tonne commercial batches.

Market & Industry Analysis

Industry Scope

Infinium Pharmachem operates at the intersection of specialty chemicals, pharma intermediates, and CRAMS.Its core focus is iodine chemistry- offering reagents, catalysts, oxidizers, solvents, and antiseptics . CRAMS services range from R&D to commercial production, emphasizing confidentiality, customization, and scale-up flexibility from gram to ton capacities This business model aligns with the broader fine chemicals/fine chemical sector, where contract manufacturing remains capital intensive, R&D-heavy, and driven by outsourcing trends.

Growth Drivers

- Several macro-trends fuel Infinium's growth trajectory.
- Global pharma's "make-or-buy" strategy has intensified outsourcing to niche players like Infinium.
- India's push for API localization enhances competitive position, reducing reliance on China and elevating domestic capacity.
- Iodine's expanding applications, especially in healthcare (38% demand from contrast media), food fortification, animal feed, and hygiene, drive derivatives demand.
- Technological innovations in extraction and drying processes enhance production efficiency and sustainability.

Global Market Context

Globally, iodine derivates are mainly processed by a concentrated group: SQM, Iofina, Nippoh, Cosayach, Calibre, and Infinium. Raw-material supply is heavily dependent on Chile and Japan, accounting for 60% of global iodine production. Supply chain disruptions from geopolitical or environmental factors have affected production in recent years.

Competitor Landscape

Infinium's direct competition includes both global iodine specialists (e.g., Iofina, SQM, Calibre, ISE Chemicals, Ajay-SQM) and regional Indian peers like Shandong. Boyuan and Protochem Iofina stands out in the U.S. due to its vertically integrated approach (IOsorb+derivatives), while SQM and Cryogenic Chilean producers dominate raw iodine extraction. In India, fine chemical players like Nicholas Piramal, Divi's, and Biocon compete in high-value synthesis, but not all offer iodine-focused CRAMS. Infinium's niche lies in providing confidential, customized iodine chemistries at scale, a competitive edge against larger, less specialized peers. Technological innovation and long-term supply contracts are critical differentiators across competitors.

Regulatory Environment

Regulations critically shape this industry, especially in pharmaceuticals and chemicals. Iodine derivatives face stringent controls in production, storage, environmental discharge, worker safety, and product quality Globals standards like GMP, FDA, EMA, and USP govern APIs, while wider industry regulation includes REACH in Europe and SFDA in China . Additionally, chemical sector regulations require eco-friendly extraction, waste reduction, and sustainable practices . Infinium's upcoming Phase 2 plant (GMP-compliant) and ISO 9001 certification reflect its adherence commitment . Robust R&D, supply transparency, and green supply-chain practices are essential to maintain compliance and stay competitive.

Business Model & Operations

Revenue Streams:
Infinium earns revenue primarily through the sale of iodine-based intermediates and active pharmaceutical ingredients (APIs), which form the bulk of its income. These products cater to pharmaceutical, agrochemical, and specialty chemical industries. In addition, the company provides CRAMS (Contract Research and Manufacturing Services), which include custom synthesis and process development under confidentiality agreements. CRAMS allows Infinium to serve niche client needs, offering scalability from R&D to commercial volumes. While exact CRAMS revenue is not disclosed separately, a significant portion of their exports and project-based revenues are likely from these services, enhancing business flexibility and long-term client relationships.

Client Base:
Infinium serves over 250 clients globally, with approximately 80% of its revenue coming from international markets, including the United States, South Korea, and Europe. Its client base primarily includes pharmaceutical companies, specialty chemical firms, agrochemical manufacturers, and nutraceutical businesses. The company operates under both catalog-based and custom agreements, allowing it to work with bulk producers as well as R&D-focused biotech firms. The domestic market also contributes meaningfully, especially for generic pharmaceutical intermediates.

Manufacturing Setup:
Infinium operates its main manufacturing plant at Plot No. 37–39, GIDC Sojitra, Anand District, Gujarat. The facility is spread across approximately 4,100 square meters and is certified by WHO-GMP and ISO. It is equipped with modern reactors and utilities that allow flexible batch sizes, scaling from grams to tons, to support both regular product manufacturing and CRAMS projects.

R&D Setup:
Infinium's R&D facility is located at Suite No. 205, Sigma Prime, Vallabh Vidyanagar, Gujarat. This in-house lab supports feasibility studies, custom synthesis, and process optimization. The team focuses on developing iodine-based intermediates and APIs for therapeutic areas such as thyroid, cardiovascular, and contrast imaging, among others. The lab plays a crucial role in enabling the company's CRAMS model, scaling from pilot batches to commercial volumes. With access to modern analytical instruments and trained chemists, the R&D team also works under confidentiality agreements for client-led innovation. This in-house capability enhances speed, intellectual property protection, and adaptability in product development.

Distribution Channels:
Direct exports to clients under Non-Disclosure Agreements (NDAs) Via distribution partners or JVs where it makes logistical or strategic sense.
Japan: 5-year exclusive distribution agreement with K Sakai & Co., a Japanese chemicals distributor.
China JV: With Shanghai Witofly, the JV called Shanghai Tajilin likely facilitates trading, regulatory approvals, and distribution into the Chinese and broader Asian markets.Infinium formed a 51%-owned JV with Shanghai Witofly Chemical Co. Ltd in 2019, operating as Shanghai Tajilin Industrial Co. Ltd. Its primary purpose is to handle international chemical trade between India and China, including APIs and intermediates.

Cost Structure:

1. Raw Material Costs (Dominant Variable Cost)

Raw materials, mainly iodine and chemical precursors—constituted ₹98.83 Cr of total expenses in FY 2023–24, significantly higher than utilities and labor combined. As a percentage of revenue, raw material costs made up approximately 72.8% (₹98.83 Cr of ₹135.66 Cr revenue).

2. Utilities & Employee Costs

Power & Fuel were negligible at under ₹1 Cr, showing minor impact on cost structure Employee costs totaled around ₹5.9 Cr (~4.3% of revenue), reflecting a lean workforce given high-tech and semi-automated operations.

3. Operating & Regulatory Expenses

Other operating costs (administration, regulatory compliance, QC, maintenance) summed to approximately ₹8–9 Cr in FY24. Given its GMP-certified facility, the company incurs ongoing quality and compliance costs, though these aren't individually itemized, they form part of "Other Expenses".

4. Capital Expenditure (Capex)

The FY24 annual report indicates ongoing capex for facility expansion, including a contrast media API plant, funded in part via the SME IPO proceeds. While exact capex numbers aren't detailed in public filings, the company reports repaying debt and increasing utilities and depreciation, both indicators of recent asset additions.

Financial Performance (Last 3-5 Years)

Revenue & Growth (% YoY):

Financial Year	Revenue	Growth
FY 2022	7,40,377.22	-
FY 2023	10,13,062.15	36.83%
FY 2024	12,23,577.25	20.75%

Profitability Metrics:

Financial Year	Gross Margin	EBITDA	Net Profit Margin
FY 2021-22	26.77%	96,446.31 thousand	7.43%
FY 2022-23	29.40%	1,65,504.78 thousand	9.03%
FY 2023-24	23.42%	1,90,448.15 thousand	9.07%

Earnings per Share (EPS):

Financial Year	Basic Earnings Per Share	Diluted Earning Per Share
FY 2021-22	54.13	54.13
FY 2022-23	7.97	7.97
FY 2023-24	18	18

Financial Year	ROCE	ROE
FY 2021-22	0.72	43.85%
FY 2022-23	0.70	42.16%
FY 2023-24	0.29	19.21%

Leverage:

Financial Year	Debt to Equity Ratio
FY 2021-22	2.91
FY 2022-23	1.78
FY2023-24	0.35

Cashflow:

Financial Year	Operating	Investing	Financing
FY 2022	91,364.76	(71,713.79)	(16,573.60)
FY 2023	73,494.29	(25,819.61)	(29,965.49)
FY 2024	(1,50,336.54)	(32,915.54)	2,31,859.93

Capex Trends: R&D, plant expansion, new technologies

Financial Year	Capex
FY2022	(46,953.50)
FY2023	(46,468.40)
FY2024	(33,132.72)

Shareholding Pattern

Promoter Group

Promoters hold 65.24% of the total equity as of March 2025, slightly down from 73.05% in September 2024. The promoter block comprises family members.
Pravin B. Madhani, Sanjaykumar V. Patel, Bhadabhai K. Madhani, among others, totaling 17 individuals. Locked-in shares represent roughly 27.5% of promoter holdings (around 2.8 million shares).The decline in promoter stake suggests they've offloaded holdings during the latest period.

Institutional Investors

Both Foreign Institutional Investors (FIIs) and Domestic Institutional Investors (DIIs) hold 0% stake, unchanged across recent quarters. This absence indicates no institutional participation in the stock to date.

Retail/Public Shareholding

Non-institutional/public investors account for 34.76% of the equity.
Major individual shareholders include Ashish Kacholia and Ashish Agarwal, each with 4.62%, followed by Dipen B. Dobariya (1.98%) and Vinitkumar M. Dobariya (1.87%). The retail/public segment saw a 7.8 pp increase from 26.95% in Sept 2024, likely absorbing shares sold by promoters.

Recent Trends

Stake Dilution: A material dilution occurred: promoter stake dropped 7.8 pp, reducing their ownership from 73.05% to 65.24%. Public shareholding rose correspondingly. No recent capital raise documented in 2024-25, so dilution seems to result from off-market or open-money market share sales.

Strategic Initiatives & Outlook

Recent Strategic Alliance with Japan

In a major strategic step, Infinium Pharmachem signed a 5-year exclusive distribution arrangement with K Sakai & Company Limited, Japan on June 26, 2025. The alliance is a milestone for the company's global expansion strategy. K Sakai, which was established more than 100 years ago, is a well-known chemical distribution company with about 70 professionals catering to various industries such as semiconductors, solar, electronics, pharmaceuticals, and agrochemicals.

This strategic alliance puts Infinium in a position to take advantage of Japan's increasing demand for iodine derivatives, especially within the semiconductor and electronics markets for high-purity specialty chemicals. The deal gives access to K Sakai's current customer base and distribution network, promising substantial revenue growth opportunities.

Capacity Expansion Projects

The firm continues with its aggressive expansion plans. Construction of the new contrast media raw material manufacturing facility in Plot No. 1, GIDC Sojitra started in July 2024 with an area of 1,114 square meters. The project for the expansion of iodine derivative manufacturing at Plot no 37-39, GIDC Sojitra is also nearing completion, and it will raise the installed capacity to 1,800 MT/annum.

Market Position and Global Reach

Infinium has been able to grow its presence to 15+ countries with a reach of 250+ clients around the world. The portfolio of the company now encompasses over 200+ iodine derivatives and 15+ APIs (earlier mentioned as 7+ APIs), reflecting sustained R&D success and product development strength.

ESG & Sustainability

Infinium Pharmachem has shown an increasing focus on environmental, social, and governance (ESG) standards. Being a relatively small-cap company, it meets global regulatory expectations in its practices, particularly as it forays into regulated global markets.

Environmental Compliance

Certifications: It has ISO 14001:2015 (Environmental Management), WHO-GMP, and FDA approvals-critical for export to regulated pharma markets such as the EU and Japan.
Effluent Management: Infinium channels its hazardous and liquid effluents to licensed Common Effluent Treatment Plants (CETPs) located at Sanand and Nandesari, which reflects a compliant and pollution-free operation.
There have been no reported environmental misdemeanors in FY24–25 filings, which reflects compliance with Indian pollution control regulations.

Health, Safety & Workforce

Although public disclosure of detailed safety statistics is not revealed, management has focused on training initiatives in Board meetings. The GMP environment requires strict compliance with hygiene, worker protection, and contamination control.
The fact that the company posted zero reported workplace accidents for FY24–25 (according to annual reports) implies a fundamental level of operational safety is upheld.

Corporate Governance

Infinium boasts a working Board with autonomous directors and has recruited a fresh internal auditor (Piyush P. Sutariya & Co.) for FY26, which strengthens internal controls.
FY25 financial results were unqualified by the statutory auditor, reflecting correct reporting without material control deficiencies.
No IPO or preferential fund misuse was reported; funds have been utilized precisely as pledged in public disclosures.

CSR Activities

- Total CSR spend increased to ₹17.3 lakh in FY25 (from ₹8.9 lakh in FY24), indicating increasing attention to social responsibility.
- Initiatives encompass rural community development, education/sports initiatives, and infrastructure such as a Jan Seva Kendra at Sojitra, Gujarat.
- Though the absolute value is low (as per regulatory minima), it has been utilized in entirety, showing regulatory compliance and local touch.

SWOT

1. Strengths

Increased Product Range: Now producing 200+ iodine derivatives and 15+ APIs (up from earlier 7+ APIs).
Strategic Access to Markets: Sole 5-year distribution rights with cash-rich K Sakai offering entry into Japan's high-value electronics and semiconductor markets.
Financial Strength: Debt-free position with cash balances of ₹33.29 crores.
Revenue Growth: Steady revenue growth from ₹54.56 crores in FY21 to ₹136.92 crores in FY25.

2. Weaknesses

Working Capital Degradation: High rise in debtor days (79.1) and cash conversion cycle (178 days).
Margin Squeeze: Operating profit margin dropped from 14% in FY24 to 11% in FY25.
No Dividend Policy: Non-payment of even 0% dividend can be disappointing for income-oriented investors.
Pricy Valuation: P/E multiple of 57.6x seems stretched against sector peers.

3. Opportunities

Japan Market Penetration: Entry into Japan's complex chemical and semiconductor markets through partnership with K Sakai.
Demand for Ultra-Pure Specialty Chemicals: Rising semiconductor industry demand for ultra-pure specialty chemicals.
Capacity Utilization: Future contrast media plant and increased iodine capacity to 1,800 MT/annum.
Growth in Asian Market: Excellent growth prospects in Asia-Pacific iodine derivatives market.

4. Threats

Risk of Overvaluation: High P/E multiple of 57.7x provides little room for operating disappointments.
Working Capital Stress: Weakening working capital ratios may affect cash flows
Market Expectations: Recent joint venture announcement may already be reflected in current valuation levels.
Operational Efficiency: Falling margins necessitate cost control and operational efficiencies.

Financial Analysis

P&L Assumptions	Mar-22	Mar-23	Mar-24	Mar-25
Revenue Growth		15.25%	18.68%	14.86%
COGS	77.44%	70.54%	76.06%	75.53%
Gross Margin	22.56%	29.46%	23.94%	24.47%
Employee Costs	#DIV/0!	51.69%	10.07%	25.69%
Other Expenses	0.63	12.23	8.12	14.26
EBITDA	18.35%	14.06%	13.60%	10.55%
Depreciation (Dep / Op. FA Bal)		10.57%	14.19%	16.77%
Finance Costs (FC / Op. Loan Bal)		22.75%	21.78%	47.04%
Taxes	14.11%	24.13%	24.53%	32.21%

Profit & Loss Statement	Mar-22	Mar-23	Mar-24	Mar-25
Revenue	99.11	114.22	135.56	155.71
Less : COGS	76.75	80.57	103.10	117.60
Gross Profit	22.36	33.65	32.46	38.11
Less : Expenses				
Employee Costs	3.54	5.37	5.91	7.43
Other Expenses	0.63	12.23	8.12	14.26
Total Expenses	4.17	17.60	14.03	21.69
EBITDA	18.19	16.05	18.43	16.42
Other Income	0.93	1.35	1.54	2.12
Depreciation	1.70	1.34	2.67	3.29
Finance Costs	3.54	3.10	2.19	3.67
Profit Before Taxes	13.88	12.96	15.11	11.57
Less : Tax Expenses	1.96	3.13	3.71	3.73
Profit After Taxes	**11.92**	**9.84**	**11.40**	**7.84**

Mar-26	Mar-27	Mar-28	Mar-29	Mar-30
18.00%	20.00%	19.00%	21.00%	20.00%
75.03%	74.53%	74.03%	73.53%	73.03%
24.97%	25.47%	25.97%	26.47%	26.97%
21.00%	20.00%	25.00%	24.00%	23.00%
Balance Net Off EBITDA				
18.00%	18.00%	18.00%	18.00%	18.00%
13.84%	14.93%	15.18%	14.65%	14.92%
12.00%	12.00%	12.00%	12.00%	12.00%
25.17%	25.17%	25.17%	25.17%	25.17%

Mar-26	Mar-27	Mar-28	Mar-29	Mar-30
183.74	220.48	262.38	317.48	380.97
137.85	164.32	194.23	233.43	278.21
45.88	56.16	68.15	84.04	102.76
9.00	10.00	12.00	12.26	14.00
3.81	6.48	8.92	14.63	20.18
12.81	16.48	20.92	26.90	34.18
33.07	39.69	47.23	57.15	68.57
2.12	2.12	2.12	2.12	2.12
4.37	4.37	4.37	4.37	4.37
2.99	2.99	2.99	2.99	2.99
	-			
27.84	34.45	41.99	51.91	63.34
7.01	8.67	10.57	13.06	15.94
20.83	**25.78**	**31.42**	**38.84**	**47.40**

VALUATION -DCF

Present V INR Crs		79.11469466
Terminal Value (Part II)		
Perpetual Growth Ra	0.04	
Terminal Value		26.13443789
Present Value of Terminal value (Part II)		12.99343451
Equity Value (Part I + Part II)		92.10812917
Number of Shares		1.5
Value Per share		**61.40541945**
Price as on Valuation Date		**298**
Premium / Discount		**385.30%**

Ratio Analysis of - Infnium Pharmachem

Years	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
SalesGrowth	0.00%	81.59%	40.54%	15.23%	18.75%
EBITDA Growth	0.00%	99.20%	102.22%	59.92%	15.52%
EBIT Growth	0.00%	370.15%	144.44%	50.65%	17.84%
Net Profit Growth	0.00%	603.33%	172.51%	47.13%	17.85%
Dividend Growth	0.00%	0.00%	0.00%	0.00%	0.00%
Gross Margin	14.60%	16.39%	17.72%	23.30%	17.62%
EBITDA Margin	6.41%	7.03%	10.12%	14.04%	13.66%
EBIT Margin	4.92%	6.11%	9.48%	12.87%	11.69%
EBT Margin	1.73%	4.47%	7.77%	10.16%	10.08%
Net Profit Margin	0.77%	2.99%	5.80%	7.41%	7.35%
SalesExpenses%Sales	8.19%	9.36%	7.60%	9.25%	3.96%
Depreciation%Sales	1.49%	0.92%	0.64%	1.17%	1.97%
OperatingIncome%Sales	4.92%	6.11%	9.48%	12.87%	11.69%
Return on Capital Employed	14.57%	24.57%	26.38%	28.38%	22.65%
Retained Earnings%	100.00%	100.00%	100.00%	100.00%	100.00%
Return on Equity%	7.06%	30.01%	43.86%	37.50%	16.96%
Self Sustained Growth Rate	7.06%	30.01%	43.86%	37.50%	16.96%
Interest Coverage Ratio	1.54	3.72	5.53	4.74	7.24
Debtor Turnover Ratio	4.90	6.14	6.44	7.40	6.63
Creditor Turnover Ratio	4.16	4.24	4.24	6.07	8.78
Inventory Turnover	5.63	7.52	6.06	5.79	5.49
Fixed Asset Turnover	9.34	14.94	23.60	6.07	6.91
Capital Turnover Ratio	9.14	10.03	7.56	5.06	2.31

Mar-25	MEAN	MEDIAN
14.80%	18.99%	14.80%
-11.44%	29.49%	0.00%
-30.87%	61.36%	0.00%
-42.63%	88.69%	0.00%
0.00%	0.00%	0.00%
19.70%	10.93%	15.49%
10.54%	6.18%	6.72%
8.43%	5.35%	5.51%
6.07%	4.03%	3.10%
3.67%	2.80%	1.88%
9.16%	4.75%	5.78%
2.11%	0.83%	0.78%
8.43%	5.35%	5.51%
	0	
11.99%	12.85%	13.28%
100.00%	60.00%	100.00%
5.23%	14.06%	6.14%
5.23%	14.06%	6.14%
3.57	2.63	2.56
4.61	3.61	4.76
1.75	2.93	2.96
3.52	3.40	4.51
6.45	6.73	6.26
1.42	3.55	1.87

THANK YOU!

Thank you for reading our detailed analysis on Infinium Pharmachem Ltd. We hope you found valuable insights that help you understand the company's strategic, operational, and financial landscape.

Stay connected with us for more such deep dives and market insights:
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