



IPO Details

Opening Date	Mar 31, 2023
Closing Date	Apr 5, 2023
Stock Exchange	NSE SME
Lot Size	1000 shares
Issue Price	₹ 135 per share
Issue Size	18,75,000 Equity Shares
Application Amount	₹ 1,35,000

IPO Objective

1. Marketing and branding expenses (including registration in reach - Europe, and other marketing expenses)
2. Repayment of some of the existing loans and expansion of units
3. To meet incremental working capital requirements.
4. To meet public issue expenses.

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	89,52,800	99.20%
Public	72,200	0.80%

Promoter of the Company

- 1 Mr. Sanjaykumar Vithalbhair Patel
- 2 Mr. Pravin Bhadabhai Madhan
- 3 Mr. Mitesh Lavjibhai Chikhaliya

Competitive Strengths

- 1 Expertise of the Company in Research and Development
- 2 State of the art latest machinery and processes
- 3 Competitive marketing Strategy garnering consistent growth in revenue.
- 4 Company has a good quantity of competent raw material suppliers, which allows it to bypass many supply chain bottlenecks.

Company Background

- Company was incorporated in the year 2003 as “M/s Infinium Pharmachem Private Limited”.
- The Company was incorporated with the objective of manufacturing and supplying of various pharma related chemicals, bulk drugs, pharma intermediates etc.
- The Company currently provides the widest range of Iodine derivatives in the market, with more than 250+ intermediates and 15+ APIs.
- The Company has a good quantity of competent raw material suppliers, which allows it to bypass many supply chain bottlenecks.
- Professional and experience team including in-house R&D and Quality Assurance departments.

Financial Summary

For the Period Ended	Mar-21	Mar-22	(In Lacs)
			Sep-22
Total Assets	3,418.27	5,899.95	7,075.71
Net Assets	702.32	1,310.22	1,855.77
Total Borrowings	1051.21	2252.06	2475.70
Total Revenue	7,115.37	10,005.25	7,985.39
Profit After Tax	272.48	610.64	551.01

Tentative Timeline

Opening Date	Mar 31, 2023
Closing Date	Apr 5, 2023
Basis of Allotment	Apr 11, 2023
Initiation of Refunds	Apr 12, 2023
Credit of Shares to Demat	Apr 13, 2023
Listing Date	Apr 17, 2023



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Company Overview

Company was originally incorporated as Private Limited, under the Companies Act, 1956 (“Companies Act”) in the name and style of “M/s Infinium Pharmachem Private Limited” on November 21st, 2003. Later on August 12th, 2022, company was converted into public limited company, the name of the Company was changed to “Infinium Pharmachem Limited”. The Company was incorporated with the objective of manufacturing and supplying of various pharma related chemicals, bulk drugs, pharma intermediates etc. currently provides the widest range of Iodine derivatives in the market, with more than 250+ intermediates and 15+ APIs. The Company has a good quantity of competent raw material suppliers, which allows it to bypass many supply chain bottlenecks. Professional and experience team including in-house R&D and Quality Assurance departments.

Analysis

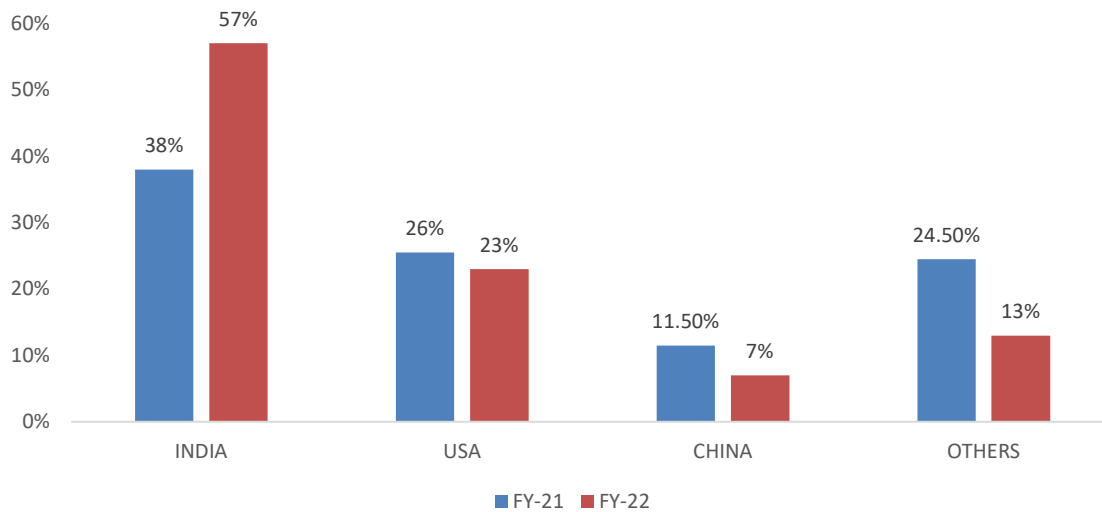
Infinium Pharmachem Limited manufactures & supplies Iodine Derivatives, APIs, and Iodination reaction-based bulk drugs. Infinium is an integrated Pharma and Healthcare segment company with niche products. Company manufactures and supplies various pharma-related chemicals, bulk drugs, pharma intermediates, etc.

Company formed a Subsidiary called Infinium Green Energy Private Limited on June 06th, 2022. Company also formed a foreign Subsidiary as a Joint Venture (JV) with Shanghai Witofly Chemical Co. Ltd., in the name of Shanghai Tajilin Industrial Co Ltd., in People's Republic of China in 2019.

The company has sold most of its products in India followed by USA. A comparison of its geographical revenue for FY 22 vis-à-vis FY 21 is given in the table below –

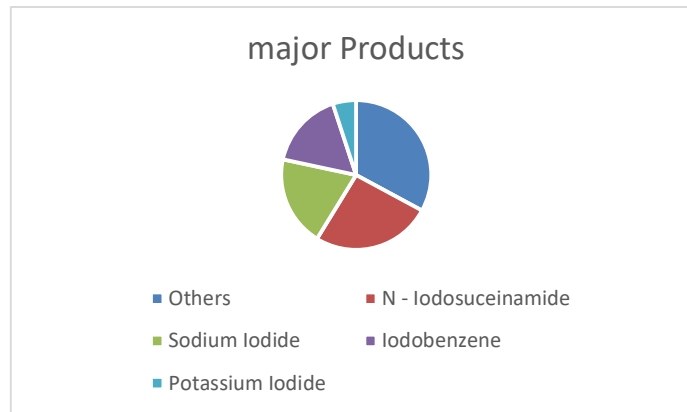
Geographical revenue:

Country	FY-21	FY-22
INDIA	38%	57%
USA	26%	23%
CHINA	11.50%	7%
OTHERS	24.50%	13%



Revenue in India is increasing y-o-y but revenue in other countries like USA, China and other countries reduced drastically. They are expanding their business all over the world.

Major Products	Percentage
N – Iodosuceinamide	24.2
Sodium Iodide	18.27
Iodobenzene	15.52
Potassium Iodide	4.73
Others	30.74



N-Iodosuceinamide, Sodium iodide, Iodobenzene, Potassium Iodide these four are major products in this company they almost contribute 65% revenue for the company.

Iodine is commonly used as an antiseptic for minor cuts and abrasions, preventing infections that may result from contaminated wounds. Additionally, iodine has been studied in the treatment of fibrocystic disease and breast cancer and also used in diagnosis and management of thyroid. Since Infinium company produces products which is daily basic need for most of the people.

Industry Charts

Exhibit 1: Indian Pharmaceutical Market

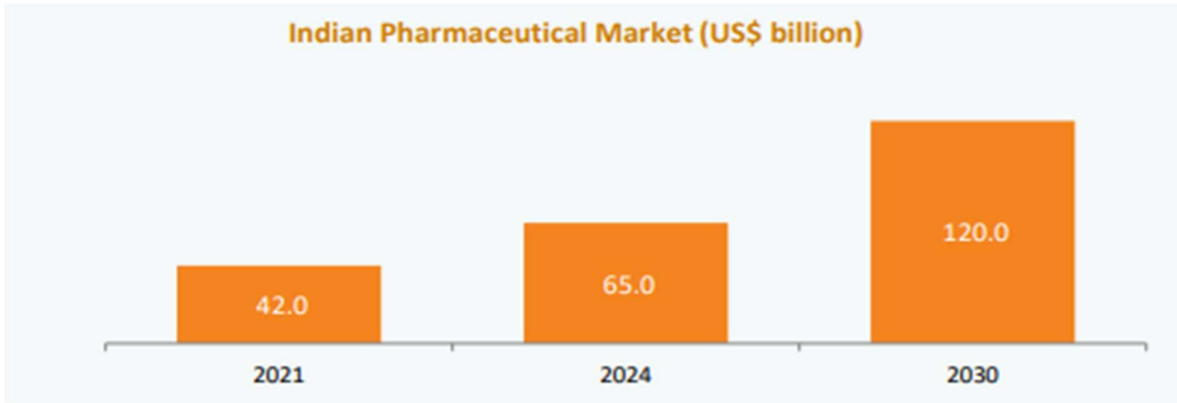


Exhibit 2: R&D Investment by Indian Pharma Companies

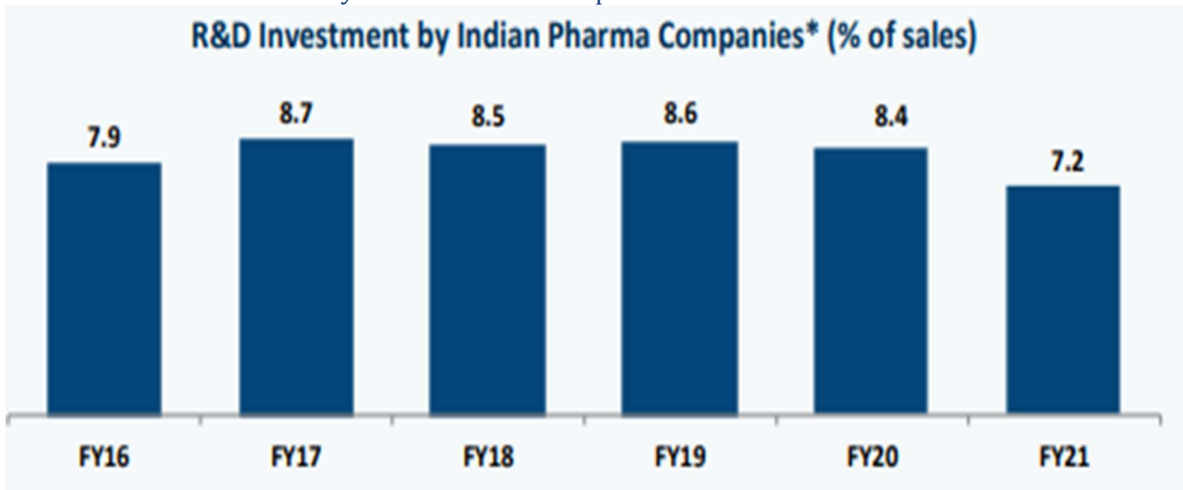
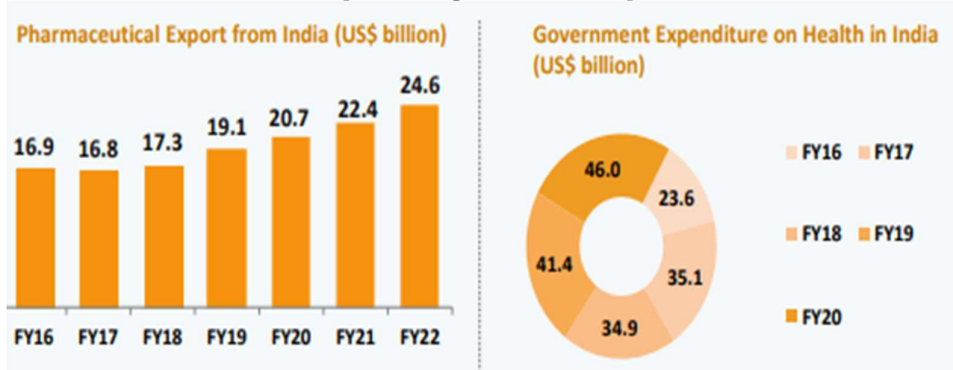


Exhibit 3: Pharmaceutical export and government expenditure on health in india



(Source: ibef.org)



Investment Overview

India is the largest provider of generic drugs globally and is known for its affordable vaccines and generic medications. The Indian Pharmaceutical industry is currently ranked third in pharmaceutical production by volume after evolving over time into a thriving industry growing at a CAGR of 9.43% since the past nine years. Generic drugs, over-the-counter medications, bulk drugs, vaccines, contract research & manufacturing, biosimilars, and biologics are some of the major segments of the Indian pharma industry. India has the most number of pharmaceutical manufacturing facilities that are in compliance with the US Food and Drug Administration (USFDA) and has 500 API producers that make for around 8% of the worldwide API market.

Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units. India enjoys an important position in the global pharmaceuticals sector. The country also has a large pool of scientists and engineers with a potential to steer the industry ahead to greater heights. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms. India is rightfully known as the "pharmacy of the world" due to the low cost and high quality of its medicines.

Market Size

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3x in the next decade. India's domestic pharmaceutical market stood at US\$ 42 billion in 2021 and is likely to reach US\$ 65 billion by 2024 and further expand to reach US\$ 120-130 billion by 2030. India's biotechnology industry comprises biopharmaceuticals, bio-services, bio-agriculture, bio-industry, and bioinformatics. The Indian biotechnology industry was valued at US\$ 70.2 billion in 2020 and is expected to reach US\$ 150 billion by 2025. India's medical devices market stood at US\$ 10.36 billion in FY20. The market is expected to increase at a CAGR of 37% from 2020 to 2025 to reach US\$ 50 billion. As of August 2021, CARE Ratings expect India's pharmaceutical business to develop at an annual rate of ~11% over the next two years to reach more than US\$ 60 billion in value.



In the global pharmaceuticals sector, India is a significant and rising player. India is the world's largest supplier of generic medications, accounting for 20% of the worldwide supply by volume and supplying about 60% of the global vaccination demand. The Indian pharmaceutical sector is worth US\$ 42 billion worldwide. In August 2021, the Indian pharmaceutical market increased at 17.7% annually, up from 13.7% in July 2020. According to India Ratings & Research, the Indian pharmaceutical market revenue is expected to be over 12% Y-o-Y in FY22.

Exports:

India is the 12th largest exporter of medical goods in the world. Indian drugs are exported to more than 200 countries in the world, with US being the key market. Generic drugs account for 20% of the global export in terms of volume, making the country the largest provider of generic medicines globally. Indian drug & pharmaceutical exports stood at US\$ 24.60 billion in FY22 and US\$ 24.44 billion in FY21. Indian drug & pharmaceutical exports stood at US\$ 2,196.32 million in September 2022.

(Source: ibef.org)

Addressable market for Infinium Pharma LTD

Almost 60% of the company's revenue is from India and 40% is from other countries. Domestically in three states they are generating good revenue. Telangana 29.5%, Gujrat 12.91% and Maharashtra 11.08% remaining 50% is from other states. The Company is very aggressive in promoting its range of products in domestic & international market through participating in national & international trade fairs & exhibitions, frequent visit to customers, digital marketing & advertisement at relevant platforms. In future, company will narrowly focus to expand its geographical reach in maximum countries by exploring unexplored potential & assured promotional venues.

Competition

Company is saying that it has well organised distribution network and may be in future if the same distribution network continues it might perform better than its competitors but it is very difficult for Infinium pharma to compete with established competitors. Its R&D research has to be succeeded in future to give competition to its competitors.



The Competitors of the company as given in the prospectus are: -

1. Samrat Pharmachem Limited
2. G. Amphray Laboratories
3. Eskay Iodine Private Limited
4. Calibre Chemicals Private Limited

Peer Analysis

Company	Infinium Pharmachem limited	Samrat Pharmachem Limited
Net Profit (INR Cr)	6.11	17.0
EBITDA (INR Cr)	10.03	24.00
Return on Capital Employed	34.13%	52.00%
Return on Equity	46.61%	19.80%
EPS (INR)#	15.84	55.6
Leading P/E* (Times)	8.52	24.95

***Leading PE Post IPO shares**

#EPS is on Post IPO Basis

Promoters' Profile and Management Analysis
Mr. Sanjay Viththalbhai Patel


- Mr. Sanjay Viththalbhai Patel, holds position of Chairman and Managing Director
- He holds degree Master's in Business Management and he has experience around 20years.
- He was appointed as a Chairman and Managing Director of the Company for the Period of five (5) years w.e.f. October 14th, 2022 to October 13th, 2027

Mr. Pravin Bhadabhai Madhani


- Mr. Pravin Bhadabhai Madhani has been on the Board of Directors of the Company since its incorporation
- He holds LLB, Master of Commerce and He looks after all the production related activities & regulatory matters of the Company. He has total experience of 20 years.
- Holds office from August 14th, 2014, liable for retire by rotations.

Mr. Mitesh Lavjibhai Chikhaliya


- Mr. Mitesh Lavjibhai Chikhaliya is involved in the international business of the Company as well as Finance & Accounting affairs of the Company.
- He holds Master's in Business Management Mr. Chikhaliya joined the Board of Directors of the Company with effect from November 27th, 2010. Collectively, he has 14 years of rich experience.



Analysis on the Company's Promoter and Board of Directors

Mr. Sanjaykumar Viththalbhai Patel holds a Master Degree from Gujarat University, Ahmedabad, Gujarat, with thorough understanding of Pharmaceutical Industry. He has been on the Board of Directors of the Company since its incorporation and was appointed as Director and currently he holds position of Chairman and Managing Director with effect from October 14th, 2022. He is primarily involved in the sales & marketing activities of the Company in global and domestic markets with sound business sense during last almost 20 years.

Mr. Pravin Bhadabhai Madhani is a graduate from Saurashtra University, Rajkot, post graduate from M. S. University, Vadodara and L.L.B from Gujarat University, Ahmedabad. He has been on the Board of Directors of the Company since its incorporation. He looks after all the production related activities & regulatory matters of the Company. He has total experience of 20 years. He has earned credit of star performer during his three & a half year tenure with Government of Gujarat as a Mamlatdar.

Mr. Mitesh Lavjibhai Chikhaliya holds master degree in International Business from Savitribai Phule, Pune University, Maharashtra. He is involved in the international business of the Company as well as Finance & Accounting affairs of the Company. He is having rich experience in global pharmaceutical industry. Mr. Chikhaliya joined the Board of Directors of the Company with effect from November 27th, 2010. Collectively, he has 14 years of rich experience.

All the three chairman and managing director and executive director has good education qualification and independent directors are also experienced people and also well educated as well. None of Promoters or Directors of Company are a fugitive economic offender and none of them are defaulters and fraudulent borrowers.



Financial Snapshot

(Amount in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2022	As at 30th Sept, 2022
Profit and Loss			
Revenue from operations	7,053.07	9,911.93	7,927.59
Other income	62.30	93.32	57.80
Total Revenue	7,115.37	10,005.25	7,985.39
Expenses	6,557.76	8,908.65	7,074.10
Depreciation and Amortisation Cost	65.11	63.12	29.72
Finance Cost	115.60	170.25	113.31
Total Expenses	6,738.47	9,142.02	7,217.13
PBT	376.90	863.23	768.26
PBT Margin	5.34%	8.71%	9.69%
EBITDA	495.31	1,003.28	853.49
EBITDA Margin	7.02%	10.12%	10.77%
Net Profit	272.48	610.64	551.01
Net Profit Margin	3.86%	6.16%	6.95%
Balance Sheet			
Total Borrowings	1,051.21	2,252.06	2,475.70
Net Worth	702.32	1,310.22	1,855.77
Fixed Assets	858.34	1,267.91	1,566.92
Net Working Capital	430.04	1,222.99	1,904.89
Financial Measures			(Annualised)
Inventory Turnover Ratio	7.52	6.06	9.75
Receivables Turnover Ratio	14.95	11.14	18.42
Payables Turnover Ratio	3.86	5.30	8.91
Fixed Assets Turnover Ratio	8.22	7.82	10.52
Return on Capital Employed	33.07%	34.13%	39.60%
Return on Equity	38.80%	46.61%	32.35%
Debt-Equity Ratio	1.50	1.72	0.47

**Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)**

The EBITDA of the company has increased from Rs. 495.31 lacs in 2021 to Rs. 1,003.28 lacs in 2022 and on 30th Sept 2022 it was Rs. 853.49 lacs and if we annualise the same it would be around Rs. 1,706.98 lacs. The EBITDA on annualised basis has grown at a CAGR of 85.64%. The EBITDA margin in 2021 was 7.02%, 10.12% in 2022 and 10.77% up to 30th Sept 2022. CAGR is very high.

Net Profit

The net profit of the company has grown from Rs 272.48 lacs in 2021 to Rs. 610.64 lacs in 2022 and as on 30th Sept 2022 it was Rs. 551.01 lacs and if we annualise the same it would be around Rs. 1,102.02 lacs growing at a CAGR of 101.11 %. The net profit margin in 2021 was 3.86%, 6.16% in 2022 and 6.95% up to 30th Sept 2022. The Net Profit Margin of the company has increased over the years.

Finance Cost.

The company's finance cost is mainly due to short terms borrowings and long-term borrowings availed by the company.

Financial Measures/Ratios

RoCE of the company up to 30th Sept 2022 is 22.83% vs 34.13 % in 2022 and 33.07% in 2021. If we annualise the ROCE of FY 2022-2023, the ROCE is expected to be around 39.60%.

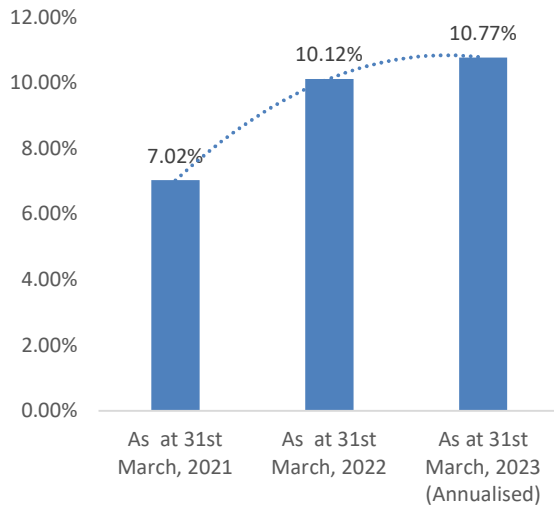
ROE of the company in 2021 was 38.80%, 46.61% in 2022 and 29.69% up to Sept 2022, if annualised, ROE would be around 32.35%. The ROE likewise RoCE has seen a decrease. With increase of equity base, the ROE is expected to come further down on annualised basis resulting in an estimated CAGR of -8.69%.

The company has a debt-equity ratio of 1.33 which shows the company is leveraged properly. The debt-equity ratio is going to go down to around 0.47 times post IPO.

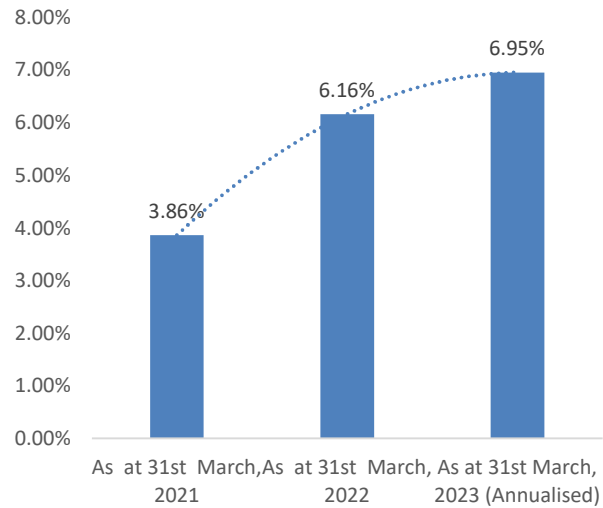


Financial Charts

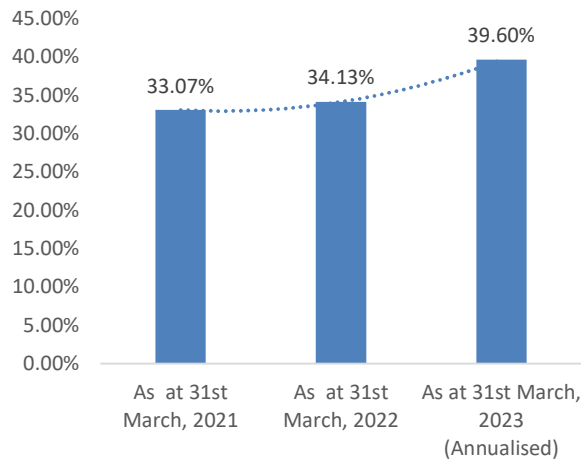
EBITDA Margin



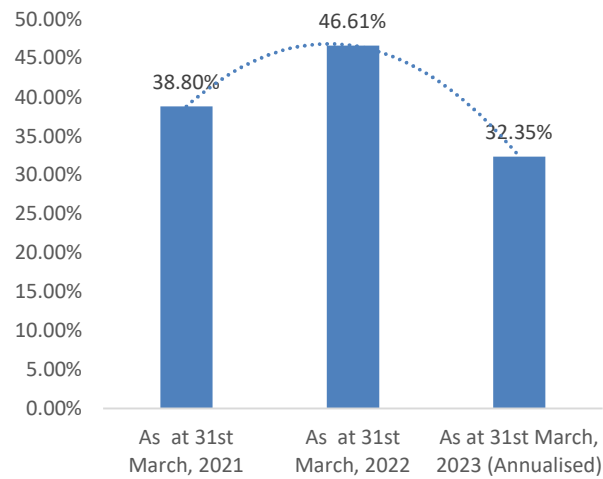
Net Profit Margin



Return on Capital Employed



Return on Equity





Key Risk Factors

1. The property used by the Company for the purpose of its operations and storage is not owned by us. Any termination of the relevant lease agreement or rent agreement in connection with such property or failure to renew the same could adversely affect operations.
2. Operations are dependent on some of the customer requirements and there is a risk of acceptance of products by the customers.
3. Domestic Sales are dependent on the Top 5 States including Telangana, Andhra Pradesh, Gujarat, Maharashtra and Karnataka. Company generate almost 91.90%, 87.75%, 92.04% and 93.56% of the Total Domestic Sales generated as on 30th September, 2022, 31st March, 2022, 2021, 2020 respectively. Domestic sales are depending on the above states and in future if they are not able to sale products to this state revenue will impact majorly.
4. Export sales are majorly dependent on the China.It generates almost 72.32%, 44.16%, 65.63% and 21.65% of the Total Export Sales generated as on 30th September, 2022, 31st March, 2022, 2021, 2020 respectively. Export sales are depending on the china and in future if they are not able to sale products to China revenue will impact majorly.
5. Company is dependent on few numbers of suppliers for purchase of product. Loss of any of this large Suppliers may affect business operations.

**Track Record of Lead Manager**

The lead manager to the issue is Swastika Investment Limited. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP# (INR)
1.	Cyber Media Research & Services Ltd	14.04	180.00	October 10, 2022	155.50
2.	Sonu Infratech Limited	8.64	36.00	May 13, 2022	49.85
3.	Evoq Remedies Limited	9.72	27.00	March 30, 2022	14.85
4.	Richa Info Systems	10	125.00	Feb 21, 2022	113.65
5.	Aartech Solonics Limited	7.21	34.00	March 27, 2019	58.55
6.	Synergy Green Industries Limited	26.46	70.00	Sep 21, 2018	122.95
7.	Bright Solar Limited	19.44	36.00	July 09, 2018	6.05
8.	Megastar Foods Limited	8.04	30.00	May 24, 2018	236.70
9.	Indo US Bio-Tech Limited	7.29	51.00	May 11, 2018	234.90
10.	Ridings Consulting Engineers India Ltd	6.22	18.00	March 26, 2018	7.83

CMP is taken as on 19th April 2023

This is the 5th mandate from Swastika Investmart in the last three fiscals (including the ongoing one). Out of the last 4 listings, 1 opened at discount, 1 at par and the rest at premiums ranging from 4.17% to 36.25% on the listing date.



Recommendation

Company was incorporated in the year 2003 as public limited company. The Company was incorporated with the objective of manufacturing and supplying of various pharma related chemicals, bulk drugs, pharma intermediates etc. The Company currently provides the widest range of Iodine derivatives in the market, with more than 250+ intermediates and 15+ APIs. Professional and experience team including in-house R&D and Quality Assurance departments.

The company has shown good strength in its top line as well as bottom line but the growth is not expected to sustain in the coming times. Company's P/E is good when compared to its peers and ROCE and ROE is also good but the revenue is same and net profit has increased.

But there are many risk factors which mentioned in key risk factors column please go through it to know the challenges faced by the company and compared to its peer company Samrat Pharma Limited this company performance is not that good.

In conclusion, given that increase in company's net profit margin with not much increase in revenue, which makes it hard to sustain the growth going forward. attractive for long term growth it seems to be a good bet and therefore one should **apply** in the IPO.



Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.