“Influx Healthtech Limited

H1 FY27 Earnings Conference Call”

November 05, 2026

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Moderator: Ladies and gentlemen, good day and welcome to Influx Healthtech Limited Q2 and H1 FY27 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Munir Chandniwala:. Thank you, and over to you, sir.

Munir Chandniwala: Yes, good afternoon everyone. Thank you for joining us for H1 FY27 earning call for Influx Healthtech Limited. I hope you had a chance to go through the latest financial results and investor presentation which are available on the stock exchange. Joining me today are Mr. Ashish Shah, our CFO, and Mr. Hrishit Jhaveri from Capital Bridge Advisors, our Investor Relations Consultant.

I would like to begin with a brief overview of Influx Healthtech and what defines us as an organization. Influx is a contract development and manufacturing organization specialization in nutraceuticals, cosmetics, pet care, home care, and Ayurveda.

Our integrated capabilities provide end-to-end solutions from product development and manufacturing to regulatory support, allowing our client to focus on their core strength such as innovation, brand building, and commercialization.

We work with diverse customer base including multinational corporations, high-growth D2C brands, and niche healthcare providers across domestic and global markets. We operate through four manufacturing facilities located in Palghar, Maharashtra. These facilities meet global standards and hold certifications such as GMP, HACCP, Halal, ISO 22000, ISO 14000, along with accreditation from NSF and the US FDA registration.

We also hold regulatory approvals for Tanzania and Nigeria as we continue to expand our international compliance footprints. Innovation continues to be the integral part of our operation helping us respond to changing market requirement while maintaining consistent standard of quality and compliance.

Moving to our operational highlights, we continue to strengthen our manufacturing capability and execute strategic initiative across our key business vertical during the first half of FY27. Our most significant ongoing initiative is the new 75,000 -- approximately 75,000 square feet ground plus 4 structure manufacturing facility.

We have successfully completed the installation of additional automated bar lines enabling the production of multi-layer wafer bars and have completed machine installation of our newly RTD blister shot machines. The civil construction is almost done with the internal work underway. The site is expected to be fully operational in couple of months' time.

The expanded capacity is expected to increase machinery capacity by approximately 2.5 times, reduce production bottlenecks, and improve lead times and throughputs. Alongside this, our subsidiary Olahey Wellness, we have submitted our FSSI manufacturing license application for the new unit.

This facility will feature a daily shift production capacity of over 5 lakh tablets, which translates around 15,000 bottles of 30 units each daily, along with the additional 15,000 bar production capacity. Upon receipt of the FSSI license, we are positioned to launch an innovative line of wellness products leveraging advanced aseptic packaging and retort manufacturing processes

Packaging innovation remains our key differentiator. We are among the only handful of companies in India to offer easy snap type technology. We call it as Quick Snap, a pocket-friendly single dose nutraceutical format which can be used in cosmetic and nutra, for which initial orders have been already acquired.

In pet nutrition, we are expanding production capacity from 16 to 18 tons per month towards 25 tons per month to meet the increasing customer demand. We have also received a high-capacity pet food extrusion line that will enhance the production capacity from 100, 150 kg per hour to 1,000 kg per hour, providing a scalable platform for future growth.

Fabrication and installation are currently underway, with this facility expected to be operational over a couple of months' time. In addition, we expanded our pet healthcare portfolio through development of innovative and palatable pet chew formulations. On the client front, we have served a base of 500 plus clients with retention of 88%, reflecting the strength of our long-term relationship and consistency of the product quality.

On the product development front, our portfolio have now expanded to more than 2,300 SKUs, enabling us to provide high customized manufacturing solutions across healthcare and wellness categories. On the export front, we have made further progress in expanding our international presence through customer product registration following regulatory approvals in Tanzania, supporting continued expansion across Nigeria, Kenya, and other international markets.

Moving to our financial highlights, revenue from operations stood at around INR85.4 crores in H1 FY27, registering a strong 27.9% year-on-year growth. Nutraceutical remained our largest contributor at around INR75.3 crores, cosmetic contributed around INR6.9 crores, ayurvedic product contributed INR2.1 crores, the other segment comprising veterinary and home care reported to be INR1.1 crores.

EBITDA stood at around INR18.3 crores, up by 25.2% year-on-year, with margins standing at a healthy of 21.5%, seeing a slight moderation of 50 basis points from H1 FY26. Our PAT stood at around INR12 crores up by 20% year- on- year, with margin at 14.1%, contracting by 90 basis points.

During the period, we incurred INR19.9 crores in capital expenditure towards PPE and intangible assets, reflecting our continuous investment in future infrastructure and capabilities. Our balance sheet remained robust with cash and cash equivalent surplus of around INR9.6 crores and net cash generated from operations stood around INR7.2 crores in H1 FY27.

Going ahead, we anticipate strong performance with a growth target of 25% in FY27 backed by consistent profitability margin. The progress we have achieved during the half reflects the dedication and discipline of our team. As we move ahead, we remain focused on the disciplined execution and making the most of the immense opportunities ahead.

Thank you for your continuous trust and support. We can now open the floor for questions and answers.

Moderator: Thank you very much, sir. We will now begin the question-and-answer session. First question is from the line of Taher Hydrabadwala from Grobizfund. Please go ahead.

Taher Hydrabadwala: Good afternoon sir, thank you for the opportunity and congrats on the good set of numbers. Sir, I have two, three questions. First, on the new capacity commissioning, by when we are expecting the new facility, Nutra and Veterinary Foods facility coming live? And what will be our target of utilization for, let's say, FY28, and what is the potential of revenue there?

Management: Yes, hi. See, the new facility, the civil work is complete, internal work is going on. So the partitions and the flooring work is going on. So we should be ready in December. So we have applied for partial OC also. So maybe by December we should get the OC and we can start for the licensing procedure. So capacity for the -- see, complete capacity what we are inputting is 2.5x of current machinery capacity we are talking.

We have to understand that when we had applied -- when we had asked for the capacity expansion, we were doing around 35,000 square feet only. But right now we have around 70,000, 75,000 square feet plant ready. So that's why it has taken a couple of more months' time which we understand that it's a slight delay, but we'll cover it up because we have the order surplus. And capacity usage in the last quarter, I think we should do it maybe around, we should do around 20%, 25% approximately of the previous quarter extra.

Taher Hydrabadwala: If we run the plant around 100% utilization what is the potential of revenue there?

Management: See revenue in 2028 we are expecting around INR450 crores to INR500 crores. But that is at the 2.5, 3 years down the time.

Taher Hydrabadwala: Okay. So the second question was.

Management: And one more thing I want to add, see, the capacity of the plant has increased, so like 35,000 or 40,000 square feet is only going to get utilized for this plant. The remaining still we have more chance to expand if we get the chance, like if the orders -- order books are good. So we don't need another unit right now, so we will be expanding in this unit only.

Taher Hydrabadwala: Okay. So what is the order book currently for the existing plant? And have we received any OC or any signals for the orders from the new plant?

Management: See, generally we don't have as such order books in our business, but the demand is there. See, the machinery also has come, so we have right now secured the production in the old facility also. That's why our capacity of production has increased and we have been able to give you a little bit of more -- the growth is there.

What the growth you can see is through that only, because last year we were 90% using the capacity, but now we have increased the machineries also. So we are trying to adjust the machinery and that 2, 3 months gap we want to fill. Hope I have answered your question?

Taher Hydrabadwala: Yes. Sir, one last question on the margins. Our gross margins has moderated in H1 around 44% to 40% compared to H1 FY26 to H1 FY27. So was there a product mix change in there or anything?

Management: We do multiple products, sir, so minor changes will always will be there. Because our portfolio has a lot of products and variety of things. So minor changes will be there because we don't work on one product, fixed products, fixed lines. So it depends on the parties also, and we were able to acquire a good number of new customers also, valuable customer. D2C brands have also joined us. So the difference will be there always in quarter- to- quarter, but our PAT, we should be around 14% approximately every time. We'll try to maintain that.

Taher Hydrabadwala: Okay. And one last question, sir. Any new customer acquisition in H1?

Management: Yes, yes. So you can see, one of the good D2C brands, Fast&Up, has already been enrolled, and there are many other customers also who are well known. Purple is there. One of the good names, the D2C brand. And then I think a lot of medium-scale players also have been come to join. So these are two major customers we can identify or name in the market.

Taher Hydrabadwala: Okay, sir. Thank you. Thank you for that and congrats once again.

Management: Thank you so much sir.

Moderator: Thank you. Next question is from the line of Ankit Babel from Subhkam Ventures. P lease go ahead.

Ankit Babel: Yes, sir, good afternoon. A couple of questions. So you mentioned that the size of the new capacity you increased from 35,000 to 70,000, and that was the reason for delay in the plant. Is it right?

Management: Yes. One of the reasons I can say, sir, but plant has been expanded. It's initial what we have thought we have done. That's why we have diverted some funds from the veterinary to this segment. If you see the earlier, the communication what we have done, so that is one of the reasons, because double the capacity we have done civil-wise.

So machinery installation, we are going to keep whatever we had decided, but civil-wise we are bigger than what we had initially planned. So that's why the approval, collective approval, there are a lot of things which are required for the plant. So that's why that was one of the reasons.

Ankit Babel: So beyond INR500 crores, if whenever you plan to expand, it would be just a brownfield expansion now, is that right?

Management: Yes. So we will be having around, maybe around 12,000 to 24,000 square feet of space which we can expand further.

Ankit Babel: So with the current capacity, whatever you would be starting in the next couple of months, that total peak revenue size would be how much?

Management: We had instructed that we will do around 20%, 25% more from the existing, let's say we do around INR100, so we'll try to do INR125 in the next quarter. So that, like 20, 25 will come from the new plant.

Ankit Babel: No, no, that is for this year, right? I'm asking at peak utilization from the expanded capacity, you can take your revenue to what level?

Management: Currently, our machine will -- so 2.5x is our capacity. We can do around 400 to 500 in next couple of years' time. If we are still -- if the capacity is complete, let's say we reach around 100% capacity utilization, so we have space to expand in the same factory. So we can add extra machines anytime.

Ankit Babel: Exactly, so that I understood.

Management: So that we have not still planned because we are working on the IPO thing only what we have done. And once required, whenever required we'll expand that way. Let's say we require a tablet expansion we will do that way. If we require a liquid expansion we can do that way.

Ankit Babel: That I understood. So based on the existing machining capacity whatever you are installing you can do a INR400 crores to INR500 crores of revenue by which year FY2 9 or…?

Management: '28, '29.

Ankit Babel: FY 9.

Management: 3 years down the line.

Ankit Babel: 2 years down the line. Means, this year is FY27.

Management: For 3 years.

Ankit Babel: Okay, the FY30.

Management: I will say '28, '29.

Ankit Babel: FY29, okay. Beyond that whenever you need expansion you will just install machineries and it will be brownfield expansion?

Management: Yes.

Ankit Babel: Okay. So for this year you mentioned that there would be a couple of months of availability of the new capacity?

Management: Yes, we will do that.

Ankit Babel: So this year can we cross INR200 crores of revenue?

Management: We should. We will try our best to do it. And with the current run rate we are on track.

Ankit Babel: Because we need at least INR120 crores of revenue in the second half to cross INR200 crores. So that's what I was asking. Can we do 120?

Management: With the current run rate we will try our best to reach there.

Ankit Babel: Okay. And sir, next is that since now you would be having a lot of capacities post this expansion, so how is the customer acquisition part? I mean, what will help you to ramp up this capacity? I mean, the business from the existing customers or new customers also you're looking at?

Management: It's a mixed one. So existing customers also we will target more lines, because there are people like our side Fast&Up and all, these are company who have now given orders in liquid fill and all. So they are also waiting for our capacity expansion. They also seen our plant, new plants and everything.

And one of the companies like them are planning to expand. Like Carbamide Forte our top client, already have given us the vision that they require 3 times ramp-up capacity. So already existing clients we are doing, and yes, new acquisitions also will do. The new plant will be a much better classified plant where we can target up still bigger customers, I think. So like multinationals or more well-known clientele because they will require that plant. So we will target 21 CFR, that is the target for this plant. Only when we achieve this, I think we should be able to have more better clientele or large clients.

Ankit Babel: Okay, and do you need any regulatory approvals before starting this plant? Any customer approval or any, say, FSSAI or FDA?

Management: FSSAI license we need to have sir.

Ankit Babel: So when it will come, sir? I mean, have you applied for it?

Management: It takes around – see, after the plant is ready there are generally in one month's time or 15 to 20 days' time it comes. So it will take one month, because it depends on that time.

Ankit Babel: Okay.

Management: So let's say we have applied for our new plant for beverage we have already applied 10 days back. So we are expecting in the coming month. Maybe the month end it will come, I think, if there are no queries. If there are some queries we have to solve that.

Ankit Babel: What I'm trying to understand is that can you start commercial production from January, February, March? Which month you are targeting?

Management: Approximately Jan we should do. December is a target to at least give it for license and then by how fast we can get the license, because licensing is not in my hand actually, but approximately it will take around 3 to 4 weeks' time, because this is a general time FSSAI takes, that's a standard procedure. And then we can come. But by that time we can do R&D trials or installation capacity, everything will be done because we require that time also. So that will be utilized.

Ankit Babel: FDA approval is not required?

Management: Sir, we don't have FDA, we have FSSAI. By the way, it's a FSSAI license.

Ankit Babel: Okay. And no customer approval is required?

Management: Customer, they require, they can visit the plant, sir. So it's not that way. See, current customers, I don't think they will require any approvals. New customers, yes, they can come and see the plant, but we have couple of plants to show them our capabilities and all. And yes, if someone wants that plant to be seen, then we have to show them.

Ankit Babel: Okay, yes.

Management: Because audits also going to happen. They can go for audits. So there are a lot of things as a big customer can do. All customers are different, sir. Some will require, some will not require.

Ankit Babel: Understood.

Management: That is selective process.

Ankit Babel: Yes. Thank you so much, sir.

Management: Thank you, Ankit-ji.

Moderator: Thank you. Next question is from the line of Pratiti Khara from Param Capital. Please go ahead.

Pratiti Khara: Hello?

Management: Yes, hi ma'am.

Pratiti Khara: Hi, thank you so much for taking my question. I wanted to understand on the new capacity that is coming up. You mentioned that we can do additional revenue from there probably in Q4. So if you can help us understand how much revenue will come from there? Considering we've done 85 in H1, so H2 on 25% growth rate, we would at least assume 100 there. So how much do we expect additionally from the new capacity?

Management: So new capacity, see, we'll get around approximately one quarter. So we feel that it should contribute around like 20% approximately. Let's see how fast we can do it, ma'am. So we are in the pace of going fast. Our machinery has -- everything is there. Now the licensing and everything is done, we'll do it.

Pratiti Khara: Sorry, you mentioned 20%.

Management: Approximately, yes.

Pratiti Khara: 20% of the facilities total.

Management: This quarter.

Pratiti Khara: No, no, 20% of what?

Management: This half.

Pratiti Khara: Okay, all right. And how are we looking at cosmetics growing? Because cosmetics has been pretty flat since last year and we were pretty bullish?

Management: No, no. We did double the sales, ma'am. If you see our sales in cosmetic, from 3.2, it has gone to INR6 crores plus. We have very few companies, maybe a couple of one or two companies which have this technology now. So we are in the verge of importing our actuators and the pumps and all from China.

So when it comes, it will give us a very good revenue, ma'am. So, revenue in the sense, it will give us a lot of limelight also in the market, because very few companies have this technology. It's an Aerosol technology, it's called BoV. So it's something unique, and I think in India, I think two, three people also must be not having.

Pratiti Khara: Okay, sure.

Management: So that we have that interest too. Then we got a Boba technology which is there, so Boba creams and all that machine also has come. So a couple of parties have already started to do this. So cosmetic, I feel, is growing well. It will slowly catch up more. Because we have got now 1,300 plus approvals in cosmetics.

So as a company, we have matured a lot of in production, R&D, and like the stabilization of the product, what we say. So that way it is going well. I feel I'm satisfied. Maybe it's still better we can do, but overall growth is good percentage wise.

Pratiti Khara: Okay. I have a question on inventory days, it has gone up to 124 from 99?

Management: So we have a lot of orders, ma'am. If you see our order, see, I don't have anything as such to order book as such, but the demand for the orders are there. So that is the inventory only.

Pratiti Khara: Are you suggesting only a 25% growth historically we've done so much higher?

Management: So basically see, machine -- see what happens lead time also is there. So the new factory will improve in the lead time that will help us to grow very well. This is how I take it because it's very difficult question for us that have much you can give. Because multiple products, multiple parties, but overall we will do good. We have good unsold order book I say. I don't have anything in much writing as such, but the vibes are there which are there, so we are accumulated a lot.

Pratiti Khara: Have you faced any margin pressure sir?

Management: No.

Pratiti Khara: Okay. All right.

Management: We are maintaining a margin, we are taking clients which are abiding our set of this. So we want to stick to that, ma'am. It will take little bit of maybe couple of months more time, but I think it will keep us healthy.

Pratiti Khara: Okay. Sounds good. All the best. Thank you.

Management: Thank you so much, ma'am.

Moderator: Thank you. Next question is from the line of Siva from ithought PMS. Please go ahead.

Siva: Hi, sir. Good afternoon. I've got a couple of questions. So firstly, on the client count, I think it was roughly 718 for previous year and it fell to 523, but still we are at similar revenue. So just wanted to understand, why there was a churn of this smaller clients that we have?

Management: No.

Siva: And for the new plant -- yes, sir. Go ahead.

Management: No. Sorry, you complete your question. I thought you completed your question.

Siva: Yes. And for the new plant, I was just wondering how the mix is going to be. Is it going to be more of like the bigger clients, or is it going to be like spread across around smaller clients?

Management: See, for the first question, the client -- so this is a quarter result. We have 700 plus clients. We are also now in a phase where -- like in my last call also I said, we are trimming our things and putting more focus on bigger clients. So this is one of the results you can see, how we are trying to improve. So operational efficiency-wise, we want to improve. That is our target.

So that is one of the reasons why you can see the result of 500 clients, and still it will do better. Lesser client and more it will do. So we are in that phase only. So the new plant also, see, capacity -- I think you asked that, what sort of clients will be there, right?

Siva: Yes.

Management: So we will have mixed clients sir, mixed clients. So see, this capacity, what we are doing is more of auto, machinery and all. So yes, the bigger client will be more inclined towards this new facility, I feel. But keeping in mind, we don't want to lose our medium-scale clients also, because one 5 or 10 medium-scale clients becomes one big client also.

So the old plant is already operational, so we will keep our old plant for maybe the medium-scale, and for the larger clients, for the new. This is what we have thought. So let's see how it comes, how our capacity is utilized. So that time we'll take the decision, but we are open for both. Like, it's not that way we want to like put in a case that we want to do only for bigger clients, we will not do small clients.

It is not that way. We'll take the mix. It depends on the product also, what product, which client is giving how much profit or margins. So it's a mixture of everything. So we'll be open for it, sir. It's not that we want to fix something, rules.

Siva: Got it. Also I was just wondering, if we are getting like multiple larger clients And you also mentioned Carbamide is looking for 3x of current capacity.

Management: Yes.

Siva: So what sort of -- will there be a margin compression when a client is looking for such kind of expansion?

Management: No, sir. We will balance it out with everything. So this see, already Carbamide Forte in last 3 years, 4 years, they are multiplying, they are doing good. Similarly, other clients also say, it's not about Carbamide Forte, the other clients, if you see the Octavius, what we are exporting to Sudan and all, they also increased a lot.

Their production capacity -- like we turn over if you see. So overall, we will not try to compress, but we'll balance it out with the medium scale, small scale, new technology. Because we have liquid fill technology, we have quick snap technology where clients will not able to compare the rates because very few people are there.

Like I said B.O.V. technology, very few people are there. There's no benchmark in the market. It's only optimized discussion we can do and so it will help us, sir. So it's not that overall the margin will be compressed. We'll try to maintain the PAT and the EBITDA healthy by balancing with the medium-scale, small-scale clients.

Siva: Right. Understood. And sir, have we seen any churn in our Top 10 customers in maybe last 3 years, 4 years? Since, I'm asking this question because we don't have any long-term contract with any of our customers.

Management: So majority of them, see if I say Top 10 – there might be some here and there, but if you see the Top 50, that's only sir because let's say they -- there was a Medchain there was a company who was seventh right now it is come out to the second number, so they have increased the same, but the second number is become third, so it is that way.

So overall, I think the people are same but new members like Medchain is the last year only company. So if you see on the Internet, they are trending right now on the Amazon and all on the e-commerce site. So they are doing very good. So it's our number 2 company right now. Suddenly it was, I think, in not even 10, I think.

So it jumped up, but the second become third. So that way it is going to go here and there. It's not that, it will be fixed every time, but good thing is that we have not lost clients of Top 50 or something like that. It's not major any abruptness in the things. So clients are that only, but due to their sales, someone's sales increases, so they have come in Top 10. Some have gone to 11, 12, like that is going.

Siva: Right. Got it. Understood. And one last question, sir. So what share of revenue would be coming from exports for this half? And did we win any clients who are like majorly export focused?

Management: Yes. If you see, there are a lot of clients who are there with our UAE registration also in progress. We expect a lot of thing happening there also. Maybe in next quarter, I will able to tell you more about this because registration process is going on. See, export-wise on figure because we do through merchant exporter.

So for us is a local sale, but if you see overall export has increased at present. So right now, 37 plus countries you can see. We are present and I feel the share is around, it was 15% to 5%, 7% would have increases. I don't have exact figure right now, but if you want, I can mail you the exact figure how much it is.

But overall, export is better doing so -- because our top clients like Nucrest, Octavius, AGO, these are all in Top 20. So they have done very well and new registrations are in progress. So Nigeria approval has helped us a lot, I think, because that was one of the good things what we did. Because it was a lot of things, and I think the Nigerian FDA people also are, I think, supporting us very well in registration and all.

Siva: Got it. This helps, sir. And is there a margin difference between domestic clients and export?

Management: No. For us it is same only, sir, because generally we do domestic sale only for them. Hardly we do direct sales, so for us it is the same client, but only thing in export it goes in bulk, that's the only thing, it goes in container and here it is broken in local sale. For us it is same sir, there is not much difference.

Siva: Yes, sir. Understood. Thank you for this sir.

Management: Thank you, Siva ji.

Moderator: Thank you. Next question is from the line of Shreyansh Gattani from SG Securities. Please go ahead.

Shreyans Gattani: Hi. Good afternoon, Munir sir. I have a couple of questions. So the new plant 21 CFR that we have, so would that be also coming in in January, or there's like a separate application that we need?

Management: No. See, it has to be a 6-month operational. So it cannot be on the day 1 because we have to show records also of the past production and everything. So minimum 6 months is there before that they will not take the audit.

Shreyans Gattani: Okay. I see. Okay. And are we talking to like larger clients? If you give some picture on the sales front with our new plant, because it's already you said beginning production into?

Management: Already we have signed agreement with Aristo, one of the big clients. Bad luck is that there is an issue in the fish oil in the market. There's a short supply of fish oil in the market, so they are waiting for the right time to launch. Our agreement is done, our sampling is complete, and we expect a good order from Aristo. That is a multinational company.

Shreyans Gattani: Okay.

Management: And there are many companies who have -- purple is there, I think, one of the things. So you can see some products on their purple site now, maybe after Diwali. We have made gummies and all. So there are clients, the visibility is better. Even IPO has helped us. I think the visibility is better after becoming a listed company. Yes.

Shreyans Gattani: I see. Okay. So are we targeting like direct international clients? Because currently you said domestic and export pricing is the same for you because it's through the domestic partner. Are we looking to have like direct export kind of clients where our margins could be better.

Management: See, I feel it's not going to help that much because it requires a lot of marketing also for the new clients in export, then you have to employ marketing team, we have to search for the client, it happens. Right now at this stage, I feel what we are doing is good because for that 2%, 5% extra margin, to deploy a complete marketing team will not be right and that time will be a lot of given to that. So I think this is a good way to do and we are getting the margin which we expect. So there's no issue in that.

Shreyans Gattani: Okay. And last question, sir, what is the current exit run rate that we are having, like monthly run rate? So you said you'll be able to achieve that with the 20% growth?

Management: So right now, see, I think I will bar myself from this figure because I think I will not able to give you the insights. I'm sorry for that.

Shreyans Gattani: In September also you can't give?

Management: I don't know I can give you, but I can -- what I can say more.

Shreyans Gattani: Okay. All right.

Management: But it is good sir, don't worry. What target we had set of 200, 210, we could achieve easily from the current run rate.

Shreyans Gattani: Okay. That's very useful.

Management: Yes.

Shreyans Gattani: Thank you. That's all from my end. All the best.

Management: Yes. Thank you.

Moderator: Thank you. Next question is from the line of Rishabh Aggarwal from Suraag Capital. Please go ahead.

Rishabh Aggarwal: Yes. Hi. Good afternoon, sir. Actually my question is also on the October run rate, but so is it possible at all to help us understand for the existing facility, at how much capacity are you running it? And will addition of machines in the -- is addition of machines in existing capacity at all possible right now? Or do you have to put all the new machines in the new facility which comes online only after January?

Management: See, one thing I'd like to highlight is, see we had 85%, 90% capacity earlier, so we did a growth of around 25%, 27% right now. So the reason is that we are -- see, whatever the machinery we have installed, we got new machinery for IPO, we have started using it also in a way. So that's why we are able to get the revenue.

We can always improve our capacity in the machineries. We can discard our old machineries and add new high machineries, high output machineries. It's possible in the current plant also. So it's not -- only space issue is there. See, certain machineries like tablet punching or maybe like capsule machine, it does not require space.

So sometimes our modern machine is occupying less space than the old machine. So this also happens. So the current factory also can give you more output if we revamp the machineries whenever we can do. So it's possible.

Rishabh Aggarwal: Got it. And physically, is it possible to add more machines in this existing system?

Management: Yes, Rishabh. Yes. We can do. But looking at the operational, we have to make a decision, sir, because there has to be a working condition also. See in FSSAI like in the regulatory aspects, government does not define anything. So it's up to us how we can plan a factory inside. So that way we can always expand, we can always do it. But there are limitations also, because I cannot say that I can do whatever I want, because we have to see to safety hazards, everything also.

Rishabh Aggarwal: No. Absolutely. You have to be like practical and you have to ensure that.

Management: Okay. So we can do so and immediately our new facility of what we said, Olahey. So our tablet machinery, what was planned for the new plant, we have installed there also. So Olahey also, we are planning beverage, so we have added tablet section there. So hopefully, it will give us revenue also from there, because we will not lose on much revenue though, even though our new plant has been delayed by a couple of months.

We'll try to cope up with the machinery and the inputs in the existing plant, whatever we have. And that's what we are doing. That's why that growth is there, 90% capacity, 10% growth, but we were able to give you more.

Rishabh Aggarwal: Yes. And just last question, March 2027 and not asking for a guidance, just a very high-level number. Where do you expect that monthly run rate of March 2027 to be? Like, leave January, let's give ourselves margin of safety even on new facilities starting. Where do you expect...

Management: Our growth is 25% to 30%. We'll definitely try to deliver that.

Rishabh Aggarwal: Okay. Understood. Thank you for your time.

Management: Yes. Thank you, sir.

Moderator: Thank you. Next question is from the line of Niraj Thakkar from Profit Tantra Financial Services LLP. Please go ahead.

Niraj Thacker: Sir, thank you for taking my question.

Management: Yes, Niraj ji, yes.

Niraj Thacker: Thank you, sir. One question is, sir, if you see in the past also, sometimes what happens is, once the capacity is laid, correct? So we are expanding our building, ordering our machines, licensing

procedure is there. Approvals are there, trial runs are there. So sometimes what happens is there is a delay actually.

So assuming there is a conservative delay of say 1 month or 2 months in commissioning the new capacity or getting the approvals, what kind of revenue we can expect the second half next year, sir, say September '27, sir?

Management: So I feel, if you are able to start the factories by December-Jan, for example.

Niraj Thacker: Conservatively sir, suppose there is a delay.

Management: So we should improve our run rate by approximately 20% every month. So I don't know – I have given a very long answer but now – the run rate I'm having that will contribute in that initially first phase because we have orders in hand where I feel it will release because we are also eagerly waiting that it will start so that our like pressure of delivery times will improve a lot I feel.

So your product cycle increases, so for every client if cycles increases to 1 to 2 cycle so 20% cycle of parties increases. So that way I can give you an answer, but I am not advised to give you exactly the figures or something maybe, so -- but this is -- the current run rate so I will give you 15%, 20% extra in that. That will be added in that.

Niraj Thacker: For example September '25, INR67 crores for that, INR26 crores, INR85 crores. So next year, like, maybe somewhere around 20% means.

Management: That will be higher.

Niraj Thacker: Sorry?

Management: We'll try our best, sir, because I think, let me speak less and I'll try to deliver, sir.

Niraj Thacker: Yes. So, sir, 20% we can expect on, like, on this we can expect another 20%, 30%.

Management: We are doing year- on- year sir. That we will give.

Niraj Thacker: Okay. And sir, one more question is like, we have deployed some amount from IPO. How much is left to be deployed from that?

Management: Sorry, I didn't get. What is the deploy?

Niraj Thacker: From IPO, how much amount is still left to be deployed?

Management: So till September, I think approximately, I think INR7 crores we have to use it, September end.

Niraj Thacker: Okay. So then?

Management: So that is all in shimmering only.

Niraj Thacker: Okay. So it will be fully deployed and still want to use from IPO proceeds?

Management: No. Everything will get deployed, in fact this month, we done. So see, ultimately civil wise pending machinery wise everything we have -- everything is in our door, in our godown, in our door, machinery wise nothing is left now. Civil wise, that work is pending, so that payment is remaining. Once that's completed I'll pay.

So now interior partitions and I think electricity is almost getting complete. Partition is main, so that is the payment. Civil is complete. Civil package is all ready, but inside partition --because in pharma factories I think that is more important, the layouts and partitions, that which we'll say that's only remaining, sir. So that is getting, that is underway right now.

That will take time. The couple of months that I'm saying, that is the main thing. The factory is package is ready, the box is ready complete.

Niraj Thacker: Okay. Got it. Sir, one last question, sir. Sir, is this like a broad question? Sir, if you can just give some idea, like what we see is as companies grow -- what happens is that, that slowly they prioritize larger customers and higher volume contracts over smaller customers. So how do you see the customer mix evolving as you grow, sir?

Because -- and could this shift put pressure on realization or operating margin over the long run? Because as we grow, generally as you grow, you don't want to focus on very, very small claims. You want to think about volumes. You think about okay, why to waste time on small, small customers.

Let's do big volumes, and then slowly the pressure comes on margin actually. So how do you see this expanding? Because last I know that you have like small batches, we have higher margins and all. But this is what we see in that.

Management: Yes. I understood your question, sir. See, whatever you are saying -- we have increased the batch sizes because we have -- our BD team is now trained to give some other batch sizes to new customers. We will now leave old too early. But we have our -- we have to increase our capacity, sir.

Then, only I can give you because see major time what happens then changeover is the biggest challenge for us. because having multiple products – I want to reduce the changeover time. So from that, I suppose give you 5%, 7% growth. So this we have realized and this we will focus on. So my margin is dropping, sir, because my -- we say like, effectiveness of the production is better now.

It will still get better. This all things, smaller clients, is not like we take larger margins but we have technologies where big clients will also not ask you. So liquid fill technology, we have Boba cream. We are talking about B.O.V. We have not talked about beverage restock and aseptic, when it will start. So aseptic grade in 30 ml we have brought new pack, first in India to have this pack you have to understand that.

So I don't think that someone will negotiate me in margin because we have this machinery and capacity, yes, in calcium tablet will say that will get in cheaper because in the markets rates,

there's rate available, if you compare you will not get. That is an advantage of Influx that we have some portfolio that new competitors don't have, very few have.

So we'll try to maintain that margin. The pressure you are saying is civil in nature that if big client's see they'll squeeze, yes. But we'll balance it out with medium scale clients. We will not stop medium scale clients because medium scale client have growth potential, sir. All your top clients, came from medium only. Carbamide Forte was our sixth customers, and after 4 years-5 years came on first. So there are potential customers like this.

So we will try that will keep a watch on that our margin will not break. So we have a lot of mix products. There are companies, the large companies who are already making liquid film and all, we are taking our margin, sir, because they don't have comparison. In future, lot companies will not come because it is very expensive machine and I don't say that we will 10 out of 100, new companies will bring new company.

Since every time the company will bring one or two. This is not easier. And couple of new machines we have ordered that is a Korean jelly type nowadays. So that R&D, our R&D was successful in doing that, so we have ordered that machine with internal approval, that all things come, so didn't come to know. So we will take margin in that. Sir, we will keep in mind your verdict and always remember that.

Niraj Thacker: Sir, actually my friend also visited your factory actually and he really saw how things are going on so.

Management: So there is no storage space there, and there is no space to move around. So we require space for finished goods, and that is also what we realized. Because containers, like in the current war crisis, may not be available easily. So there is a delay of 5 days-10 days, 15 days, and we need a storage area for that. So we realized all this through experience.

Neeraj Thacker: Okay, okay. Thank you sir.

Management: Because export is growing, that's why.

Niraj Thacker: Yes, just one question, sir. Like, as we are growing now, so how we are standing our leadership teams? Like, because as we scale, we need some good people to take this to the next level.

Management: Yes, so every department head has been employed since I think December 12th. There is one more new, at the CFO level, COO level, sorry, who is going to come in and sit full time in the factory. So I have increased my COO team, and now I have three members with me who are assisting.

So we are revamping. I understand your point, and I also understand that this is necessary because if three new factories come in, controlling them will be difficult. I realize that. We are slowly building the team internally. You will see there are many recruiters, there are clients, there are, sorry, employees who have been employed for 30 years now. You will see cosmetic.

In cosmetics, we have recently hired someone who has around 25 years to 30 years of experience. Even in the beverage plant that we are going to start, the people for it have been hired, and its plant manager, who is a very experienced guy, has been employed. So all these things are going on. Still, I feel that we have to learn delegation.

Niraj Thacker: So sir, these people are coming.

Moderator: Sorry to interrupt, Mr. Niraj, may I please request you to rejoin the queue sir? Thank you.

Niraj Thacker: Yes. Sure. Okay. Thank you.

Moderator: Next question is from the line of Piyush Jain from Nivriddhi Wealth. Please go ahead.

Piyush Jain: Hello. Am I audible?

Moderator: Yes. Go ahead.

Piyush Jain: Yes, sir. Thank you for allowing me. Sir, I have a couple of questions, this is larger question, not in a short term. What is the -- where we are moving from the nutraceutical to other products like other veterinary and beauty cosmetic or something. And will in a longer period of 2 years, 3 years, our mix will change and will it have any impact on the margin profile because currently, let's say, our 20% type of EBITDA we are generating from nutraceutical business, if the mix will change, we still continue to make similar EBITDA margin? Or it could be a lower side or upside of the different mix? This is my first question.

Management: Okay. So, see, we are expanding in pet products, and we are betting a lot on pet production. I personally foresee this market growing very well. We have recently installed machines these are new machines, and they are in the approval stage. So, orders for those have started coming in as well. So, the pet segment is going to grow very well.

Regarding cosmetics, the EBITDA and margins for pet products are going to be similar to nutraceuticals. Cosmetic EBITDA is still a little better, I feel, compared to nutraceuticals right now. So, I feel we should expand in cosmetics as well. The more we expand, the healthier it will keep the company. So, ideally, we should expand in cosmetics very well. This is our focus for the future, and we will keep working on this.

Piyush Jain: So, sir, our gross margin is 40%, 41% and the EBITDA margin is around 20%. In the next two to three years, whatever the mix becomes, will we continue to maintain it or will we be able to exceed it? Can we move towards say 40%, 42%, 45% or an EBITDA margin of around 21%, 22%? Any...

Management: We will try to maintain it, sir. Right now, this is all I can say at this stage. Everyone wants to do better, and I want to do better too. There is no other way around it. But I do not want to give any specific figures, like this will happen, that will happen. I do not want to make big claims. Let me deliver quarter by quarter.

Piyush Jain: Okay. Sir, second thing, in your business, what is the biggest moat or right to win that is helping us grow, and why do we believe we will continue to grow to meet the target we have set, let's

say, of INR500 crores in the next two to three years? Even though we do not have a brand presence, we are manufacturing for other brands our EBITDA margin and return profile are still very, very superior and good. So, what is our moat and right to win that is helping us continue to win clients, programs, and molecules? And how...

Management: You should visit us at an exhibition like CPHI sometime. You will see our product portfolio. We have one of the largest portfolios in nutraceuticals. Over the years, I think the work we have done in R&D formulation development has been very good, and our portfolio is very big. So, we have a very large basket to offer. When a client comes, we have cosmetics to offer, which is in nutra all are connected. Even in nutraceuticals, we have multiple lines, sir.

We have around 11 lines right now, for different things. We manufacture various products. So, I feel that as a company, we have grown our portfolio very well as a basket, which would be difficult for a new company to replicate. Even companies larger than us, like Tirupati, do not have such a portfolio because they are mostly doing powder, tablets, and capsules, so their capacity might be higher than ours.

But if you look at the formats, that is our win because we are doing a lot of formats, sir. I think it's like having a Virat Kohli in your team; that's how I feel. So, we will do amazingly well.

Piyush Jain: I think I want to ask a follow-up on this: do we also help in developing products? Meaning, do we help with formulations, mixes, or something, and provide that to companies saying, This is a product we have developed or is it a formulation for a medicine or something that the company provides, and we just manufacture it?

Management: No, we do both, sir. In our F&D, for example, we are talking about Boba creams; we have created them and are now marketing them. So, we have this to offer to the market. Similarly, we have made some edible jellies, for example, which we see a lot in Korea and on Instagram. We have created this product, and now we are ready to offer it. So, we do both sides. The project can come to us, but we also have lots of projects that we have created. We have done a lot in cosmetics, sir. If you ever visit our plant, I will show you.

Piyush Jain: I have requested your IR team and also emailed them for a plant visit, but I got to know there is a new plant coming up in a short time, so we will be arranging a plant visit then.

Management: Yes. We are going to arrange it, and we will definitely show you what we are doing as a company when you come. We have introduced short formats.

Piyush Jain: One more thing. Can we get some data on our clients, which client we are doing what type of business with, and the total share?

Management: No, sir. I will not be able to give that. No, no, I cannot make it public, sir. It's not possible.

Moderator: Sorry, to interrupt Mr. Jain please I may request you to rejoin the queue for the follow-up question?

Moderator: There are several participants waiting for their turn, sir. Thank you so much. Next question is from the line of Rishi Chawla from Shaan Patel Asset Management. Please go ahead.

Rishi Chawla: Hi. Thank you for the opportunity. So, we talked about the lead time for order completion in this call. I just wanted to understand what the average order size is for our orders and what the expected lead time is as of now for them. And can you guide us on the expected reduction in lead time once the new capacity is commissioned in January?

Management: See, our general lead time is around 45 to 60 days, sir. This is generally what happens. We should come down to approximately 30 days. This is our internal goal. As a company, I feel that if we can deliver goods in 25, 30 days, it would be great. I am talking about production, because there are a lot of things involved in production, like packaging, etcetera. If we reduce this, I think we will increase the cycle for many companies.

So, this is going to help us a lot. As I mentioned regarding top clients like FAST&UP or Carbamide Forte, they are waiting to see how much we can supply because they are marketing based on our capacity. So, it works the other way around. If we increase capacity, they will market more and spend more on e-commerce sites.

Rishi Chawla: Also, regarding the lead time reduction, do we expect that the company's EBITDA margin can be improved? And also, yes, that will be all.

Management: Margin, I do not think it will change that much, but efficiency-wise, it will be better, sir. Because ultimately, we are making the same product. I do not think our margin will increase just because we are delivering faster. Yes, the turnover time will be better, sir. Perhaps my recovery and all that will be better. And the valuation of your raw material will be much better.

Rishi Chawla: All right. So, we have witnessed EBITDA margin contraction in this half of the financial year. You mentioned that there is no raw material pressure on our end. So, can you throw some light on what the primary reason behind this was?

Management: It is because of the product mix. See, it is very difficult to maintain it point-to-point. Next time, it might be a bit higher. It will keep fluctuating slightly because the product mix is very vast, sir. It depends on what we are making on that day or what we have produced more of in that quarter. So, that is how it is, sir, because our business relies on multiple products, brands, and multiple clients. The margin is different for every client. So, there will be some variation, sir.

You have to give a little bit of benefit of the doubt here. Because it is very difficult to maintain it exactly point-to-point, as we are not making a fixed product—it's not like we are making and selling only one product. So, it changes due to the product mix. Sometimes it will increase, sometimes it will decrease slightly.

Rishi Chawla: So, is there any range we can expect the company to maintain for the EBITDA margin?

Management: It will be the same, sir. It will stay around the range we are currently maintaining.

Rishi Chawla: Okay. So, the OPM is currently 21%. Can we expect 18% to 20% as a conservative range for the EBITDA?

Management: Yes, you can take that as conservative, but our target is to maintain the EBITDA around 21%.

Rishi Chawla: Okay. Understood. Thank you.

Management: Thank you, sir.

Moderator: Thank you. Next question is from the line of Kaushal Kedia from Wallfort PMS. Please go ahead.

Kaushal Kedia: Hi, sir. Thank you for answering all the questions. Just one question: which exhibition did you mention that we can come to and see the product portfolio?

Management: We are exhibiting at CPHI Delhi right now. It's one of the big exhibitions. It's in Delhi, at Yashobhoomi. It's around the third week of November. I think it's the 25th or something like that. Then we are exhibiting at Cosmoprof, which is in December in Mumbai. It is for cosmetic items. It is only for cosmetics. CPHI is for general, so we will display everything there. But Cosmoprof is only for cosmetics, so you can see our cosmetic items at Jio World. It's around the 7th of December.

Kaushal Kedia: Okay. And when can we do the plant visit and meet you as well?

Management: We are planning for November and December, sir, because once the finishing work at the plant is done, we will drop a message because a lot of queries have come and many people want to visit. So, we will coordinate with everyone, fix a date, and definitely let you know. I wish for you all to come and see it. It will also build some confidence.

Kaushal Kedia: Sure, sure. Thank you, sir. Thank you so much.

Management: Thank you, Kaushal ji.

Moderator: Thank you. Next follow-up question is from the line of Tahir Hyderabadwala from Grobis Fund. Please go ahead.

Tahir Hyderabadwala: Hi, sir. Thank you once again for the opportunity. Sir, I have two or three questions. Can you share what the monthly run rate is and how that will change after the new plant?

Management: I am not advised to give any figures right now, but our monthly run rate is healthy enough to achieve our target for the coming quarter. So, I won't be able to tell you exactly, sir. I have been advised not to do so.

Tahir Hyderabadwala: And sir, we have plans for cosmetics for which we have set up or rented two or three facilities. How will that shift to the new plant? How much time will it take to get transferred to the new plant?

Management: I didn't understand, sir. A new plant for cosmetics? I didn't understand. I am sorry.

Tahir Hyderabadwala: Sir, the production for cosmetics, we had rented two or three plants for that?

Management: No, no, we haven't taken them for cosmetics, sir. We took them for nutraceuticals. Cosmetics is on rental, but we are not going to shift anywhere. It's a single plant.

Tahir Hyderabadwala: Okay. And sir, you mentioned that you have already received approval in Tanzania, Africa. How is the ramp-up going there? Have trial orders or batch orders come in? How is it there?

Management: Right now, I think, if I am not wrong, 18 to 20 product registrations are going on. See, exports are always a bit slow because it takes a lot of time for registration in the parent country. So, the dossiers and everything have been sent from our side to the party. I think Aquatech, Jio these are a couple of parties who have done it. So, they have registered, and as soon as they get it, it will start. They are existing parties.

So, maybe in the coming months, a couple of months, we should start production for Tanzania. We are already doing it for a couple of countries in Tanzania. But this is through the approval system; as we say, the broader companies will market it there in the same way.

Tahir Hyderabadwala: Okay. And sir, one last question on dependency. What is the percentage of revenue coming from our top three clients? And are we seeing any customer or client mix changing?

Management: So, I think I may touch 30-40, sir, approximately. I figure the top 30-40 clients contribute around 50%. And for the top 3, I have somewhere around 25%. It's 25 to 30%.

Tahir Hyderabadwala: Okay. Thank you, thank you, sir.

Moderator: Thank you. Next question is from the line of Shreyansh Gattani from SG Security. Please go ahead.

Shreyansh Gattani: Hi, thanks for the follow-up. I had a question on the employee build-up for the new plant. How much have we already baked in for expenses regarding training and hiring? How much should we expect that to go up once we have our new facility, at least for the next year and before the full ramp-up?

Management: The skilled workers, the machine operators, and the chemists have been employed, sir, since the last two or three months. The people who are going to play key roles have been hired because they should also understand our system of working, and since we have some ERPs, they have to learn that. So, that has already been done. Just like we are ready for Ola, even for this plant, the key people are ready.

So, expense-wise, if you want, I can tell you—, do not have a ready figure for how much we have spent on new people, but I think there are around 10-15 key employees who have been employed. If you want, I can get you the figure, sir, because I am sorry, I don't have it ready at hand right now.

Shreyansh Gattani: No, no, I was more asking in terms of the additional labour force you will need.

Management: Labour is we will do it as per the scale-up, sir. We won't just hire 200 people at once; it won't be like that. Labour is quite easy to get. Yes, we will divide our team, that is for sure, because it's not about new members. We have old members also who are there. For example, in the store, we will have an experienced person from here and a new person, and so on. We will do that so the flow doesn't change; otherwise, if we bring in all new people, we will be back to zero.

So, the RM store, PM store, and key chemists I think our team will be divided so that we are ready to start. And key roles where there is high dependency, like operators, tablet operators will be employed, and many are going to join after Diwali, I think. So, there are four or five people who are skilled to run our 45-station machine, for coating, etcetera. They have already been appointed. Some are going to join, some have already joined.

Shreyansh Gattani: Got it.

Management: So, from an HR angle, as a company, as a CEO, I am not worried about what will happen when the machines arrive. We are sorted in that. It has already been conveyed to the existing people as well, regarding who will do what and what we will do next. We have talked about this internally many times. So, I don't think that way. The only thing is that the civil work should be finished; that is my personal challenge, that the partition work inside is finished so that I can start the new factory easily.

Shreyansh Gattani: And typically, when do we give the pay hike for the year?

Management: Diwali, I think. So, the next salary, the November salary, will include the hike. So, yes, we generally do it around Diwali.

Shreyansh Gattani Okay, got it. Perfect.

Management: And for those who have joined, we do calculations; it's not necessary that everyone who joined new gets a pay hike, but we will calculate it month-wise.

Shreyansh Gattani: Right. Okay. Got it. Thank you so much.

Moderator: Ladies and gentlemen, as there are no further questions from the participants, I now hand the conference over to Dr. Munir for the closing comments.

Management: Yes, first of all, I thank everyone for joining this call, and I hope I have been able to address all your questions satisfactorily. For any queries or questions, please contact our IR partner, Capital Bridge Advisor or you can contact our CFO also. So, hope I have answered well and anything is there, please let us know. Thank you so much for joining.

Moderator: Thank you very much, sir. On behalf of Influx Healthtech Limited, that concludes this conference. Thank you all for joining us and you may now disconnect your lines.