Influx Healthtech

Operator: Ladies and gentlemen, good day and welcome to Influx Healthtech Limited H2 and FY26 Earnings Conference Call. This conference call may contain forward-looking statements about the company which are based on the beliefs, opinions, and expectations of the company as on the date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

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 '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Dr. Munir Chandniwala, MD and Chairman. Thank you and over to you, Mr. Chandniwala.

Management: Thank you for joining us for the FY26 earnings call of Influx Healthtech Limited. I hope you have had a chance to go through our latest financial results and investor presentation which are available on the stock exchange. Joining me today are Mr. Ashish Shah, our CFO; Mr. Rishabh Zaveri; and Ms. Isha from Capital Via Advisors, our investor relationship consultants. I would like to thank all the stakeholders for their continuous support in this journey so far.

Let me begin by sharing a brief overview of Influx Healthtech and what defines us as an organization. Influx Healthtech is a contract development and manufacturing organization specialized across nutraceutical, cosmetic, pet care, home care, and ayurveda. Our integrated model provides end-to-end solutions from product development and manufacturing to regulatory support, enabling our clients to focus on their core strengths such as innovation, brand building, and commercialization. Our clientele includes many multinational corporates, high-growth D2C brands, and niche healthcare providers across domestic and global markets.

Our operations are supported by four manufacturing facilities located in Palghar, Maharashtra. These facilities meet global standards and hold certifications such as GMP, HACCP, Halal, NSF, ISO 22000, and ISO 14000, along with various regulatory approvals from Tanzania and Nigeria, as we have continued to expand our international compliance footprint. Innovation is at the center of our operations, enabling us to adopt market changes while consistently maintaining high quality and compliance standards.

Moving to our operational highlights, we undertook several capacity expansion initiatives and strategic developments across our business segments during the second half of the year. Our most significant ongoing initiative is the development of a new facility of approximately 75,000 square feet, a ground plus four-floor structure, expected to become operational by July or August 2026. Upon commissioning, this expansion is anticipated to increase our overall installed capacity by approximately 2.5 times our existing capacity.

Within our nutraceutical division, we have commissioned a new granulation line for tablet manufacturing with a processing capacity of approximately 480 kg per day, enabling an output of 24,000 bottles per day. The protein and snack bar line subsegment also witnessed strong growth, with demand more than doubling. In our beverage segment, we incorporated a fully owned subsidiary named Olahe Wellness Private Limited with a 1 lakh cash investment to manufacture

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ready-to-drink wellness beverages. We are building out a canning facility and a carbonated beverage line, with a Tetra Pak line already booked. Planned installed capacity is approximately 10,000 bottles per hour. Our product focus is on functional and ready-to-drink formats, including retort-based liquid nutrition products.

Packaging innovation remains a key differentiator. We are among only a handful of companies in India to offer easy snap-type technology; we have named it QuickSnap. This is a pocket-friendly, single-dose nutraceutical format which can be used in cosmetics, and we have already secured initial orders for this format.

In pet care, our current output stands at around 16 to 18 tons per month, with near-term capacity expected to reach 25 tons per month within the next 2-3 months. We have also ordered a high-capacity pet food extrusion line, upgrading from our 100-150 kg per hour capacity to 1,000 kg per hour to support long-term growth demand. On the client front, we have served a base of over 718 clients with a retention rate of 98%, reflecting the strength of our long-term relationships and consistency of product quality.

On the export front, we have received regulatory approvals for Tanzania and Nigeria, with Kenya currently under consideration. We have also established a new office in the UAE focused on high-margin opportunities in this region. Export growth continues at 10-15% annually, and we expect international markets to be an increasingly meaningful contributor going forward.

Speaking on the IPO proceeds and capital allocations, I would also like to take a moment to address the proposed variation in the utilization of the IPO proceeds, which we communicated to the exchanges. As of March 31, 2026, out of the total IPO proceeds allocated, capex of 13 crores has been utilized. The board has approved a reallocation of 10 crores, primarily from surplus amounts across the veterinary facility and the home care and cosmetic division, towards the enhanced construction cost for the nutraceutical CDMO facility.

This reallocation reflects our strategic decision to scale up that facility from 35,000 to 75,000 square feet with a GMP-compliant design, upgraded HVAC, and an enhanced material flow system. This scale-up directly aligns with the strong demand visibility we are experiencing, enabling us to establish a scalable, ready platform for nutraceuticals. The surplus funds that facilitate this move were generated strategically through effective vendor negotiations and a phased, demand-aligned construction approach for our veterinary division, which optimized upfront costs without compromising our capacity commitments. This reallocation remains within the scope of our original capital expenditure objectives to secure long-term sustainable growth.

Coming to the financial highlights, revenue from operations stood at 80.1 crores in H2 FY26, registering 41% year-on-year growth, bringing full-year FY26 revenue to around 146 crores. Segment-wise, nutraceuticals contributed around 131 crores, with 40.3% year-on-year growth. Cosmetics contributed around 7.4 crores, which is 15.8% year-on-year growth. Ayurvedic products contributed around 6.1 crores, up by 88.9% year-on-year. The other segment, comprising veterinary and home care, reported 1.4 crores, reflecting 18.7% growth year-on-year.

EBITDA stood at around 15.2 crores for H2 FY26, up by 32% year-on-year, resulting in full-year FY26 EBITDA of around 29.9 crores, with the full-year EBITDA margin expanding by 72 basis points

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to 20.3%. PAT stood at around 10.5 crores for H2 FY26, up by 38% year-on-year, bringing full-year FY26 PAT to 20.5 crores, with the full-year PAT margin expanding by 129 basis points to 14%.

Regarding employee expenses, there was an addition to the workforce for the upcoming R&D and nutraceutical units. As we speak, the additional workforce is under training. There was also an annual salary increment for employees in October, resulting in a significant increase in employee costs by 31% in H2 FY26 compared to H1 FY26. This brought the full-year FY26 employee cost to 11.8 crores, a 34% increase compared to 8.8 crores in FY25.

During the year, we incurred 25 crores in capital expenditure, reflecting our continuous investment in infrastructure and capabilities. Our balance sheet remains robust with a cash surplus of 25.2 crores as of March 31, 2026. Cash flow from operations stood at 3.9 crores. The FY26 cash conversion cycle stood at 64 days, with debtor days improving to 84 days from 113 days in FY25. Inventory days also improved to 99 days from 112 days in FY25. Payable days improved to 119 days from 248 days in FY25. Return on equity stood at 20%, reflecting efficient capital allocation. Asset turnover stood at 5.3x, reflecting strong operational productivity.

Regarding growth guidance, the growth trajectory is expected to continue and improve going ahead. We aim to grow by a minimum of 25-30% in FY27 with similar margins. The progress we have made in this half reflects the commitment and discipline of our team. We remain focused on execution and growth opportunities ahead. Thank you for your continuous trust and support. We will now be open for questions and answers.

Operator: Thank you. We will now begin the question and answer session. The first question comes from the line of Deepesh Gorsia with Chipcom Ventures. Please go ahead.

Deepesh Gorsia - Chipcom Ventures: Hi, sir. Thank you for the opportunity. Firstly, I wanted to ask when our new facility will be commissioned and what is the peak revenue we can generate from it?

Management: Hi, Deepesh. As I stated in my statement, the new facility should be ready by July or August. We will apply for licensing at that time. The beverage plant, Olahe Wellness, will also take around 2 months; you can expect a similar August period for us to apply for the license. We have actually expanded the size of the plant. It was originally planned at 35,000 square feet, but we were able to build it larger by adding floors. It is now approximately 75,000 square feet, and this will help us achieve a long-term revenue target of approximately 500 crores by FY29.

Deepesh Gorsia - Chipcom Ventures: Okay. And sir, what can be our peak revenue after all of these plants are commissioned? Is 500 crores where peak utilization will occur?

Management: Yes. When we mentioned 2.5x, that refers to the commissioned machinery. We were able to make the factory a little larger than expected. While we initially expected 35,000 square feet and machinery to provide 2.5x capacity, we have reallocated IPO funds for the expansion of the nutraceutical facility. This means we still have the scope to add more machinery in the future. To start with, we don't want to change our machinery planning.

When we start, we will be commissioning 2.5x of our current capacity, which can take us to 450-500 crores in a couple of years. This is our expectation. We will still have space if required. It is

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a dynamic industry, so if a new technology emerges, we have the space to react. That is a good strategic development that will contribute well.

Deepesh Gorsia – Chipcom Ventures: Okay. You said the new plant will start from August. How much revenue can it contribute in FY27?

Management: We should start operations in H2 as we will be applying for licenses and following procedures. I believe it can contribute around 40-50 crores if we perform well.

Deepesh Gorsia – Chipcom Ventures: Okay. Finally, sir, what would be our margin guidance for FY27? Revenue growth is 30-35%.

Management: We will be maintaining a PAT of approximately 14-15%. That is quite fair for this industry. Our margins may have gone down slightly in this last H2 because we employed a lot of people. We want to start operations directly once the factory is ready rather than searching for people then, which would take a lot of training time since this is a technical field. These people are already employed. We only have to divide the team to take the new plant forward. This will help us reduce the lead time. We realized that employees are very important, so we took action a couple of months ago and started building the team.

Deepesh Gorsia – Chipcom Ventures: So, 20-22% EBITDA margin is a correct assumption?

Management: Overall, the company will grow by a minimum of 30-40%. This is our target. We will definitely provide the contribution from the new plant.

Management: And yes, the EBITDA margin will be approximately 20-22%.

Deepesh Gorsia – Chipcom Ventures: Thank you so much.

Operator: Thank you. Next question comes from the line of Pratiti Khara with Param Capital. Please go ahead.

Pratiti Khara – Param Capital: Hi, sir. Am I audible? Congratulations on a great set of numbers. I just wanted to check with you on the gross margins. They have gone down from H1 to H2 and even from last year's H2 to this year's H2. It was at 44% in H1 and is now at 39%. Is there a change in product mix, because that seems to have flown down to EBITDA as well?

Management: Being in a CDMO format of manufacturing, we will have these minor challenges. We have a mix of high-end clients and medium-scale clients. Generally, when we are producing more for the top clients, the EBITDA might go down. We realized that, and we have a great mix of parties who can balance the act. This will happen, but we are confident that we can maintain the EBITDA well. Our production efficiency will also improve once the new facility starts, which will help us build better EBITDA and gross margins.

Pratiti Khara – Param Capital: Sure. And how is the H1 pipeline looking alongside the order book?

Management: We will have regular growth of around 25-30% until the commissioning of the new facility. We are on track, and our average monthly cycle is consistent with what we have done previously. I think we should keep maintaining these margins and the growth.

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Pratiti Khara – Param Capital: So, this 25–30% growth guidance is after accounting for the new facility commissioning?

Management: We should achieve that year-on-year. Even in a worst-case scenario where the facility does not come in, this would be the growth guidance. The new facility will contribute on its own. We are expecting around 20–30% more from the new facility.

Pratiti Khara – Param Capital: Okay. If we are seeing a 2.5x capacity increase, we should see that reflected in revenue, especially since we grew 40% H2 to H2.

Management: To be very honest, it is not possible to consume all that capacity in one year. We will build it slowly. It is a 3-year plan for the future. The revenue of 450–500 crores is a projection for FY29. But the regular growth is there. We have good orders and a good client base. A lot of new companies have joined us with good names like Nykaa, Adistro, and others. The track looks good, and we hope to maintain it for the expected growth.

Pratiti Khara – Param Capital: Sure. Just one last question. What is the current utilization of our facilities?

Management: Different segments have different utilization levels. First of all, utilization is not an issue because we have always grown this way. We want to grow steadily. We don't want to make massive investments in machinery and then search for clients. Right now, nutraceutical utilization is around 72%, cosmetics is approximately 55%, and pet supplements are around 75%. With so much variation in products, it can fluctuate by 2–3% depending on what is happening in production that day. That is a factor for capacity utilization, but it is not a worry.

Pratiti Khara – Param Capital: Okay. Thank you so much. All the best.

Operator: Thank you. Next question comes from the line of Shruti Malpani with Art AIF. Please go ahead.

Shruti Malpani – Art AIF: Good afternoon, sir. Congratulations on the great set of numbers. Continuing with the previous question about gross profit margins falling, has the pricing for raw materials changed? Has that affected the margins?

Management: In the last couple of months, yes, due to the war crisis, there has been a rise in packaging materials, laminates, and such. We follow a cost-plus basis, but there is always going to be a lag. When prices go down, there will also be a lag that increases the margin. This is the trend because we cannot change the price of in-process material immediately.

Prices have gone up slowly; no material has spiked by 30% directly. It has grown by 2–3% slowly. That lag exists, but it will be covered. I am very confident about the gross margin. This 2% difference is something where we can increase and make up the difference. It also depends on the product mix. Sometimes larger companies provide lower margins; that is a fact. We have seen those figures and are confident we can improve this in the coming quarters.

Shruti Malpani – Art AIF: So, were the price increases mainly for packaging materials?

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Management: Both. Raw material costs also rose because solvents like IPA increased significantly. However, those are now returning to normal. We have also increased our inventory to play it safe. We have built up stocks of PVC and foil so that we don't face a shock where we don't have the materials to produce finished products. Overall, the gross margin will be better, even if it fluctuates a bit.

Shruti Malpani – Art AIF: Okay. Were you able to export anything to Tanzania in FY26? Are those orders B2G or B2B?

Management: We have shipped some material to Tanzania previously. Now, after achieving official GMP status, the registration process for major clients like Aquatech is ongoing. A couple of shipments of regular products have already gone, but now it will be more compliant with the regulatory authorities in Tanzania. Export registrations take time for dossiers and other requirements. About 14-15 products are currently being registered there, which you will see in a couple of months.

Shruti Malpani – Art AIF: But it will be completely B2B? No B2G segment?

Management: We are not doing government business; it is B2B only.

Operator: Thank you. Next question comes from the line of Tarun Kushna with I-Thought PMS. Please go ahead.

Tarun Kushna – I-Thought PMS: Thank you for the opportunity. Regarding the new capacity, do we have enough clients to reach optimum utilization, and how long are these contracts for?

Management: In our field, we don't typically have long-term contracts. However, some companies provide one-year plans, like Optus, who is currently our second-largest client. Even our top client, Novus, provides three-month projections. This is an industry pattern, not specific to Influx.

Regarding utilization, the industry is growing and we anticipate further growth. There are large clients we feel we can tap. The new facility will have many automated lines to cater to larger clients, while our current facility can continue to serve medium and small-scale clients. This is our strategy. Capacity buildup will happen steadily. We also have additional space to expand machinery further in the future if needed.

Tarun Kushna – I-Thought PMS: Will incremental sales come from new clients or existing clients scaling up?

Management: We are fortunate that our existing clients are growing. Our top 50-100 clients have remained mostly consistent, and as they grow, we grow. It will be a mix of both. Existing clients already trust us and many have their own expansion plans. For example, Novus Life Sciences has plans to explore international markets and is waiting for our new facility to start. We won't be empty, but it will take time to fill such a large capacity.

Operator: Thank you. Next question comes from the line of Shriyansh Katani with SG Securities. Please go ahead.

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Shriyansh Katani – SG Securities: Good afternoon. I have a question on client concentration. Although we have over 700 clients, half the revenue comes from 10 clients. What is the strategy to diversify that base?

Management: Our top 10-20 clients provide approximately 30-40% of our revenue. You have to understand that every company in the CDMO model has its own life cycle. We don't want to be dependent on a single client. Clients grow over time; Novus was ranked much lower in 2018 but is now our top client. This concentration balances our margins. Larger clients often squeeze margins due to volume, but small and medium-scale clients provide better margins. This strategy keeps us safe as a manufacturer because if we lost a few clients, we wouldn't have a massive gap.

Shriyansh Katani – SG Securities: My point was that 49% of revenue comes from only 10 clients.

Management: We have many clients with similar products. For example, similar protein bar formulas are given to multiple people. It is more secure to have a broad client base. Many of the companies currently in our top 100 or 150 will likely see their concentration increase as they grow, which will increase our revenue. We need to maintain a large clientele because the industry is growing. Even with new clients, we have a specific ticket size strategy. We want to grow with the clients who are already listed with us.

Operator: Thank you. Next question comes from the line of Javed Ansari with Manish Mudrada and Associates. Please go ahead.

Javed Ansari – Manish Mudrada and Associates: Congratulations on a good set of numbers. Why did you decide to create Olahe Wellness Private Limited as a wholly owned subsidiary instead of keeping it within Influx?

Management: It is a 100% subsidiary. Our strategy is that we should not have everything tied to one single brand name because these are regulated markets. Having another company helps us with opportunities in international markets. For instance, many companies want a co-manufacturing unit. If we have a distributor for Influx in a certain city in Nigeria, I cannot give a No Objection Certificate (NOC) to another distributor there under the same name. Using the subsidiary allows us to give another NOC to a different distributor. Also, if anything happens to one name, it won't necessarily reflect on the other. It protects the business.

Javed Ansari – Manish Mudrada and Associates: Can you give a segment-wise margin breakdown?

Management: Nutraceutical margins are approximately 30-35%. Cosmetics is slightly higher, around 40% plus. Veterinary, ayurvedic, and others are also around 30-35%.

Javed Ansari – Manish Mudrada and Associates: Are you developing products based on plant-based proteins?

Management: We are already making them. Brands like Plantigo and others on Amazon are made by us. We want to make a plant protein drink in Olahe Wellness. This is a challenge because plant protein is often not stable in a ready-to-drink liquid format. We are installing a retort facility in the new beverage plant specifically for this, so we can offer a liquid-based product rather than just powder. Very few people are doing this.

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Operator: Thank you. Next question comes from the line of Krish Parekh with Parekh Family Office. Please go ahead.

Krish Parekh – Parekh Family Office: Munir sir, I thought veterinary was our next big frontier. Why did you relocate 10 crores back to the nutraceutical facility? Has demand for veterinary products slowed down?

Management: The veterinary business is currently small, but I still believe it will be a major segment worth investing in. The reallocation is because we can build the veterinary side slowly through internal growth. However, the core 1,000 kg plant for that segment is already on order and the facility is getting ready. We are simply postponing some allied investments to focus on nutraceuticals where we have 100% confidence in even higher utilization. It is not that we are losing focus on veterinary; I still expect that market to be amazing by 2029-2030. We are reallocating some infrastructure funds, but the core machinery remains on track.

Krish Parekh – Parekh Family Office: So, you are prioritizing nutraceuticals for now?

Management: We see more demand in nutraceuticals. There is demand in veterinary, but the orders are smaller. In nutraceuticals, the demand is vast. We plan to achieve 21 CFR compliance, which is like WHO certification for nutraceuticals. This will allow us to tap into multinational companies and markets in the US and UK. Since nutraceuticals are growing faster, it made strategic sense to allocate the funds there.

Operator: Thank you. Next question comes from the line of Nishant Gupta with Minerva Capital Research Solutions. Please go ahead.

Nishant Gupta – Minerva Capital Research Solutions: You mentioned growth of 25-30% and then 35-40%. What is the confirmed growth rate for FY27?

Management: A conservative or humble estimate is 25-30%, which is what we have achieved previously. We will look forward to doing that at a minimum, but we hope to do better.

Nishant Gupta – Minerva Capital Research Solutions: Can you quantify the expanded capacity in kilograms per day for each segment?

Management: It is difficult for me to provide the figure in kilograms right now because we generally speak in units and bottles. I can email those details to you. On average, the capacity will increase by 2.5x.

Nishant Gupta – Minerva Capital Research Solutions: Is a 2.5x increase applicable across all segments?

Management: The machinery we have planned provides that capacity. I think of capacity in terms of machinery rather than just space. We have built a larger nutraceutical facility which will be beneficial 2-3 years down the line when we need to expand further. The core machinery remains the same as planned; only the civil infrastructure capex was reallocated.

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Operator: Thank you. Next question comes from the line of Surendra Reddy with Chartered Investor Community. Please go ahead.

Surendra Reddy – Chartered Investor Community: Regarding the Tanzania opportunity, how much revenue do you expect from that?

Management: Tanzania is moving in a regulated direction similar to Nigeria. The African market is very large. We are already sending goods to Kenya but haven't sought company registration there yet. In Tanzania, clients have already started registrations. It will take time to build up since exports are documentation-heavy, but eventually, Tanzania could contribute 10-20% of our export revenue.

Surendra Reddy – Chartered Investor Community: You mentioned 1,000 kg per hour capacity. Is the 25-30% guidance conservative?

Management: Our current capacity is 150 kg per hour. We won't utilize 1,000 kg per hour immediately. This larger plant will improve our margins because larger machines are more efficient. With our current medium-scale plant, we lose about 20-30% of operational time to cleaning and calibration. The 1,200 kg plant will give us a consistent 1,000 kg output. We will build that capacity over time; I cannot fill it on day one.

Surendra Reddy – Chartered Investor Community: So, the 35-40% growth mentioned earlier is a fair guidance?

Management: It is a regular guidance; I would not say it is very high or very low.

Operator: Thank you. Next question comes from the line of Kumar Saurabh with Scientific Investing. Please go ahead.

Kumar Saurabh – Scientific Investing: Top 10 customers contribute 50% of sales. From an SKU perspective, what percentage of SKUs give 80% of sales? We manage 3,400 SKUs, so how is that supply chain managed so well?

Management: In nutraceuticals, we are doing around 160-170 SKUs. I don't have the exact figure for everything, but perhaps 15-20% of SKUs from our large clients contribute the bulk of revenue. I can write back with exact figures. Our strength in the CDMO model is that we grow with our parties. Someone might start with a small order of protein bars and grow into a top client over three years. We support them because we get good margins and they eventually reach scale. This is our strength. It is difficult for others to do this easily, but we have built this infrastructure over 25 years. I don't want to lose that strength.

Operator: Thank you. Next question is from the line of Ashish Soni. Please go ahead.

Ashish Soni: Regarding the employee increase, can you provide a breakdown between the new plant and senior management?

Management: I am building a leadership team. I now have three people below me. My CFO and COO also have teams in place to handle daily operations so that we can focus on top-level strategy when the plants are ready. We have increased staff in Quality Control and R&D. Many are currently

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in training and will be shifted to their respective units. For example, we have employed three people for the Olahe Wellness business development team who are currently training in R&D to make the transition smooth.

Ashish Soni: How much revenue can exports contribute in 2-3 years? Also, how much growth can we expect in cosmetics since you mentioned Nykaa as a customer?

Management: For Nykaa, we made nutraceutical products. Getting an entry there is a good sign. We are also in touch with companies like Amazon and Swiggy who are trying to build their own brands. Another client is MyBeauty, for whom we make Omega-3. Exports are growing slowly. We just completed a second NSF audit in May. Right now, exports are 15-20% of revenue, but we can increase that by 5-7% year-on-year.

Operator: Thank you. Next question comes from the line of Shruti Malpani with Art AIF. Please go ahead.

Shruti Malpani - Art AIF: Under non-current assets, long-term loans and advances increased from 62 lakhs to 9.19 crores. What is this for?

Management: These are machine advances for the expansion and the new plant.

Shruti Malpani - Art AIF: Shouldn't that be under Capital Work-in-Progress (CWIP)?

Management: I am not entirely sure, but generally, once you receive the machine, it moves to that account. Right now, it is recorded as an advance.

Operator: Thank you. Next question comes from the line of Dheeraj Thakur with Profitantra Financial Services LLP. Please go ahead.

Dheeraj Thakur - Profitantra Financial Services: What is your competitive strength compared to others in the industry?

Management: We cater to a large number of clients with the widest range of portfolio in nutraceuticals and cosmetics. We work as a 360-degree CDMO, providing in-house regulatory services and design services. We even have a backend printing unit. When a party comes to us, they don't have to run around. We can handle both large and small batch sizes, which makes clients very comfortable.

Dheeraj Thakur - Profitantra Financial Services: You previously mentioned challenges with the packaging unit. How is that progressing?

Management: We have expanded the product packaging unit. Just yesterday, we took delivery of an auto-coater machine which will be installed next week. It will increase our coating efficiency and quality. One machine will do the work of three, reducing manpower requirements. This is a continuous process. When capacity gets tight, we procure more machinery and increase automation.

Operator: Thank you. Next question comes from the line of Shiva with I-Thought PMS. Please go ahead.

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Shiva – iThought PMS: Within nutraceuticals, which products contribute the most revenue?

Management: Main revenue comes from tablets, capsules, and powders. Tablets and powders provide about 30%, capsules about 15–20%, and gummies also about 15–20%. While whey protein was big at one point, it is very costly now, so plant protein has taken over.

Shiva – iThought PMS: Is the increase in raw material costs entirely passed on to customers?

Management: Yes, it is a pass-through. There can be a small lag. Since we don't do much whey protein now due to the low margins in that price-oriented market, we have shifted to plant and pea protein. We use cost-plus margin calculations. The only time it is tricky is during in-process production, where we cannot increase the rate immediately.

Operator: Thank you. Next question comes from the line of Tarun Kushna with I-Thought PMS. Please go ahead.

Tarun Kushna – I-Thought PMS: You mentioned Novus helps with working capital. How much benefit do you expect from other big customers?

Management: Novus supplies some of their own raw materials, and thanks to them, our payables cycle was reduced drastically. They listen to us because they like to sell us the raw materials. Our payable days have decreased significantly, mainly due to Novus. Their inventory levels are lower now than previously.

Tarun Kushna – I-Thought PMS: Since you are a B2B company entering B2C, will marketing be a hurdle?

Management: We are not entering the B2C category. We are a pure B2B company.

Operator: Thank you. Next question comes from the line of Atharva, an individual investor. Please go ahead.

Atharva: How big is the veterinary market in India and what is the expected growth?

Management: The market is growing every year. You can see pet shops coming up in tier-1 and tier-2 cities. It is a market that is still maturing. Major players like Reliance and Alana have entered the pet care market. Alana has booked a machine for 5,000 kg per hour, which shows the immense scale. Everyone anticipates growth as nuclear families become more common and the companionship market expands.

Atharva: What is your current market share?

Management: It is contributing only about 1.5% of our revenue, so our share of the total market is likely very small. Drools is currently the biggest Indian player and sets the benchmark we look up to. We have booked a new machine for pet chews that should arrive in 15–20 days. This is a great market because normal tablets are not very palatable for pets, whereas chews or compressed tablets are much better. We have a significant opportunity to grow as we are currently very small.

Operator: Thank you. Next question comes from the line of Ashish Soni. Please go ahead.

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Ashish Soni: Any reason for not pursuing a larger share of the cosmetics market since the margins are better?

Management: We are definitely trying. If you see the sales from the last few months, it has increased. For example, we manufacture a brand called Skin Inspired, which is currently number one on Amazon. That brand alone contributes 20–30 lakhs per month. We are also using innovative machines that have a unique visual appeal for cosmetic creams. I saw these at an exhibition in China and booked them. Cosmetics is only 3–4 years old for us, but it will build up. In the coming years, I am sure it will compete with Nivea because the science is amazing.

Operator: Thank you. Next question comes from the line of Kumar Saurabh with Times Capital Investment. Please go ahead.

Kumar Saurabh – Times Capital Investment: How much money is needed for growth capex over the next 2–3 years, and what is the plan for debt versus equity?

Management: We have sufficient funds from our IPO proceeds. We do not currently look forward to taking on debt. This year, we also put in 4.5 crores from internal accruals. We have enough funds to operate and take the business forward without intending to have any debt right now.

Operator: Thank you. Ladies and gentlemen, due to time constraints, we have reached the end of the question and answer session. I now hand the conference over to the management for closing comments.

Management: Thank you so much. I thank everyone for joining and truly appreciate your questions. I hope I have been able to address them satisfactorily. In case there is any aspect I was unable to explain or if you need more clarity, please reach out to our IR partners, Capital Via Advisors. Thank you again for your patience.

Operator: Thank you. On behalf of Influx Healthtech Limited, that concludes this conference. Thank you for joining us. You may now disconnect your lines.

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