



PI Industries Limited
Analysts and Investors Conference Call
May 03, 2023

Moderator: Ladies and gentlemen, good day, and welcome to the PI Industries Limited Conference Call for Analysts and Investors. 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 call is being recorded and the call will be for a duration of 30 minutes.

I now hand the conference over to Mr. Nishid Solanki from CDR India. Thank you and over to you.

Nishid Solanki: Thank you. Good morning, everyone, and thank you for joining us on PI Industries conference call to discuss acquisitions announced into Pharma API & CDMO space. Today, we are joined by senior members of the management team including Mr. Mayank Singhal, Executive Vice Chairman and Managing Director; Mr. Rajnish Sarna, Joint Managing Director; and Mr. Manikantan Viswanathan, Chief Financial Officer. We also have with us Mr. Anil Jain Managing Director at PI Health Sciences Limited. We will begin the call with comments from Mr. Singhal and thereafter, Mr. Jain. After that, the forum will be open for question-and-answer session.

This call is being posted to facilitate a discussion around the announced acquisitions. Being in silent period, the management will be constrained not to respond to queries on any other aspects, including financial performance. Participants are therefore requested to limit their questions only to the announced acquisitions.



Before we begin, I would like to underline that certain statements made on the conference call today may be forward-looking and the disclaimer to this effect has been included in the conference call invite shared with you earlier and is also available on stock exchange website.

I will now hand over the call to Mr. Singhal. Thank you, and over to you, sir.

Mayank Singhal: Yes. Once again, good morning, everyone, and thank you for joining the call today. We have circulated the relevant documents pertaining to the acquisition on April 27, 2023. And these are also available on the website of the stock exchange. Hope you have had a chance to go through the same. Thanks.

So now I would like to quickly summarize the same for you. PI Health Sciences Limited is a wholly owned subsidiary of PI Industries has executed the definitive documents with 1. Therachem Research Medilab i.e. TRM US and its promoters and Therachem Medilab India Private Limited i.e. TRM India for acquiring 100% shareholding of TRM India, which is an Indian subsidiary of TRM US. And with TRM US and promoters and Solis Pharmachem Private Limited to acquire 100% shareholding of Solis Pharmachem, which is again an Indian subsidiary of TRM US. Further, PI Health Sciences Netherlands B.V. is a wholly owned subsidiary of PI Health Sciences, entered into a share purchase agreement with Plahoma Twelve GmbH, which is an existing sole shareholder of Archimica S.p.A. for acquiring 100% stake in Archimica S.p.A.

Also, PI Health Sciences USA, LLC is a wholly owned subsidiary of PI Health Sciences Netherlands B.V. and has entered into asset purchase agreement with TRM US, and its promoters for acquiring certain identified assets of TRM US. These announcements are in line with PI's long-term strategic vision of building a differentiated CDMO offering across the pharma value chain.

We're excited about these acquisition as this marks accelerated beginning of the PI journey into the pharma space, a unique ability to build concrete

offerings from abstract, situations and leveraging our capabilities across complex chemistries and business build up capabilities in the value chain, once again, helping create a differentiated value proposition to our stakeholders. These acquisitions are also aligned with PI's approach of working with global innovators at the forefront of innovation, science, technology and human ingenuity to create transformative solutions in the life sciences for the purpose of reimagining a healthier planet.

Further, the purchase considerations will comprise for TRM, \$50 million and an additional \$25 million on performance-linked pay-outs over the next six years. For Archimica, with EURO 34.2 million, upon closing. These purchase considerations will be paid in cash and funded from the completed qualified QIP placements proceeds and internal accruals. Both acquisitions are expected to be earning accretive with immediate effect. I would like to add that the consummation of these transactions and integration into the corporate structure of PI is expected to be completed in Q1FY24, subject to fulfillment of customary closing conditions and regulatory approvals.

With this, I would now like to conclude the opening remarks, and hand it to Mr. Anil Jain, the Managing Director, PI Health Sciences, to give you further inputs on these. Thank you, all. Over to you, Anil.

Anil Jain:

Thank you, Mayank. Good morning, and a warm welcome to everyone on the call today. Let me briefly explain the differentiated business model that we intend to build in PI Health Sciences. As a long-term strategy, we are building a niche and integrated business model, starting from R&D, starting materials, APIs as a one stop solution. We are building a world-class integrated pharma research centre in IKP Hyderabad, which is in Genome Valley for CRO and CDMO offerings. This will notably widen the set of target customers across the entire pharma value chain by helping us to leverage the expertise of the acquired entities' R&D capabilities.

Let me tell you briefly. TRM is an innovative chemistry driven solution provider in medicinal chemistry research, process research and

development specialising in the rare disease area, which ultimately connects to the rare disease platform in the advanced markets. It provides services and products to pharmaceutical and biopharmaceutical companies in the preclinical and clinical stages. It has manufacturing facilities in India and R&D facilities in India and US. TRM R&D team works closely with the marquee publicly listed US biotech companies and big pharma companies based in Asia Pacific in developing their product pipeline. TRM had consolidated revenue of \$33 million, with a normalized EBITDA of \$14 million for the year ended 31 March 2022.

About the other transaction, Archimica is a Italy based, highly reputable small-scale API manufacturer and contract development and manufacturing organization, servicing over 60 marquee customers in more than 30 countries. Currently, Archimica owns 24 US DMFs, GMP manufacturing facility for the niche APIs and intermediates across wide therapeutic and substance classes such as oncology, anti-ulcer, and anti-rheumatics. And all these therapies are right now –are growing more than the average rate. Archimica manufacturing facility, near Milan is certified by the major regulators like US and the local regulator like AIFA. Archimica had revenue of \$45 million and EBITDA of \$7 million in the year ended 31 December 2022.

While the acquisition of the Archimica has been completed with effect from 27 April 2023, and therefore Archimica has become subsidiary of PI Healthcare Sciences Netherlands B.V. We expect to close the acquisition of TRM and Solis by end of the May 2023. Our object is to build a unique position for ourselves in the high potential space of pharma API and CDMO by leveraging our inherent competencies in complex chemistry, process development, operational excellence, technology platforms and global reach through collaborations with prominent innovators.

This concludes my initial comments. I will now request moderator to open the forum for question-and-answer. Thank you very much.

Moderator: Thank you very much. We have a first question from the line of Aditya Jhavar from Investec. Please go ahead.

Aditya Jhavar: Hi, thanks for the opportunity and congratulations to the team for a wonderful acquisition. My first question is, what is the capacity utilization of Archimica? And what are the capex plans for the company for the next couple of years? And just to add to that, if you can also highlight that what are the growth drivers considering we had 11 to 12 active products. And -- but still, we have about a 24 DMFs. If you can just speak about this?

Anil Jain: Okay. Let me give you some background. Archimica is a 75-year-old company and these 24 DMFs have been filed over a period of time. Out of that, 12 products are right now active. As far as the capacity is concerned, around 50% of the capacity is currently employed in manufacturing niche API and 50% capacity is available for CDMO activities, which we to use over there. I hope it answers your question.

Aditya Jhavar: Yes. And the capex plan, sir?

Anil Jain: So it's a very much running asset and -- so there are normal capex which are required to be done. There are no specific requirement for any particular capex. And some strategic capex, we might do it in the coming years based on our business development activities.

Aditya Jhavar: And sir, last question. I mean, the management retention plans of Archimica, and we clearly have staggered payment in TRM?

Mayank Singhal: Come again? You asked management retention plan of Archimica?

Aditya Jhavar: Yes.

Anil Jain: So Archimica was owned by a fund and we have taken over the Company including its complete leadership team...

Mayank Singhal: And we don't see challenges of any talent retention there. There's good leadership there which will continue to work and grow the organization.

Aditya Jhavar: Perfect. All the best I'll join back in queue. Thank you.

Mayank Singhal: Thank you.

Moderator: Thank you. We have a next question from the line of Rohit Nagraj from Centrum Broking. Please go ahead.

Rohit Nagraj: Yes, thanks for the opportunity and congratulations. Sir, my question is we have been telling that on the pharma side, we have done a lot of trials in the R&D as well as pilot stage. So, what is the commercialization schedule that we are looking at across the three geographies over the next maybe one to three years? Thank you.

Anil Jain: So currently, both these companies which we acquired, they are all running and they are producing and selling products in the market. And I think you are referring to research centre, which we are building up new?

Rohit Nagraj: So, I understand that we have done pharma-related trials at our R&D and pilot and those products were supposed to be commercialized, but since we did not have any facility. This is the facilities which we will be using for commercializing these products. I was just asking from that perspective.

Mayank Singhal: As you know, from the PI perspective, we have worked on certain initiatives in the non-GMP space. So, these two are not related to be very frank. This is -- the CRO, CDMO play that we are doing, that's more on the intermediate chemistry-based capabilities.

Rohit Nagraj: Okay. Thank you.

Moderator: Thank you. We have our next question from the line of Vivek Rajamani from Morgan Stanley. Please go ahead.

Vivek Rajamani: Hi, sir. Thank you so much for the question. And congratulations for this acquisition. Sir, you earlier highlighted in the past that you've been looking for pharma assets that could complement your existing portfolio. So just wondering from these assets that you've acquired, are you looking to extract any kind of synergies with respect to the facilities that you have that

could help in your own product development and our customer acquisition?
Thank you so much.

Mayank Singhal: The pharma space is a bit different than the agri space. The only synergy that could be a potential, would be to look at value accretion from backward integration and non-GMP intermediates from the PI existing assets. The other key complementary capabilities will be in the area of complex chemistry business processes, operational excellence and understanding global customer management. And those are the capabilities, which could be quickly leveraged to create integrated play and a differentiated value offering to our customers.

Anil Jain: On the TRM front, there is one more area which we are also looking. Currently, the one company is working the pre-clinical and clinical side of it. They have been working in this space for the last eight to 10 years. Now many of the programs have moved to the Phase 2 and Phase 3. So now these all programs would complement for the GMP asset which we have bought into Europe. So, that's the strategic fit which will happen.

Vivek Rajamani: Got it, sir. Thank you so much.

Moderator: Thank you. We have our next question from the line of Rachit Ganatra from Max Life Insurance. Please go ahead.

Rachit Ganatra: Hello. Sir, could you spell out the client concentration for both of these companies for TRM as well as for Archimica?

Anil Jain: So, client concentration, right now, both -- like Archimica has more than 60 clients right now for the revenue of about \$40 million. And similarly, TRM has more than 10 clients where we are working with. So, we are in touch with many clients with which we are doing the business development activity. So that we are setting up a new full-fledged business development capability within this organization to leverage further.

Rachit Ganatra: Okay. And then what will be the split of under patent products versus generic products for TRM and for Archimica?

Anil Jain So TRM is right now dealing with all the under-patent products only. There are no generic products that in the TRM platform.

Rachit Ganatra: Okay. And for Archimica?

Anil Jain: Archimica, currently, we are have the niche APIs. So, majority of the API, are post patent.

Rachit Ganatra; They are all generic. Okay. And then sir, what would be the sort of targets that you would have set for these companies, the kind of revenue potential that you see over the next few years? Could you spell out something on this one?

Mayank Singhal: Yes, we are looking at the whole integrated business model and the process of building that up. Obviously, we look at the current growth rates, the key activity we are going to do for the next three years internally is actually built a strong platform for the rest of the growth going forward.

Rachit Ganatra: And sir, I guess this question was asked earlier also, but lastly, could you please spell out to what is the kind of capex or investment that you would look at for the pharma vertical for the next few years?

Mayank Singhal: We look at about \$10 million to \$15 million capex for now. And obviously, as we get into these assets, and we've seen larger opportunity and we look at what we need to build. The capex will be optimized by the team, and that's what Anil and the team will be taking up in the next couple of quarters.

Rachit Ganatra: So, \$10 million to \$15 million per year for the next few years, both TRM and Archimica combined?

Mayank Singhal: Right.

Rachit Ganatra: Okay. And this will exclude the capex that you will do in India to build-up the capacity for production?

Rajnish Sarna: No. This is all inclusive for all three centres, the R&D centre, TRM and Archimica, all three put together, it will be kind of investment plan we have as of now. But as you can imagine, that as we get into these companies assess, the current capacities and utilization and also the pipelines of the molecules at our end and their end, then we will have a firmer plan on the capex.

Mayank Singhal: So fundamentally, One is looking at capacity based on pipelines. The other is we are just looking at business capability build-out. And the third investment will be going into asset quality upgradations.

Moderator: Thank you. We have a next question from the line of Vishnu Kumar from Spark Capital. Please go ahead.

Vishnu Kumar: Thanks and congrats for the acquisition, sir. Part of my question was answered, but I wanted to understand that the size of the pie in terms of opportunity that we are looking with these two businesses, and over a three years, five years, how much can we target out of that pie in these two acquisitions, if you could help us on that?

Mayank Singhal: Vishnu, that would be best answered by you. Size of the pie is several billion dollars. It is too early to estimate, but I think the pie is big enough for us to build aggressive plans. Global pharma is more than \$1 trillion industry in the future.

Anil Jain: So, this is a solid runway, we have built in right now.

Vishnu Kumar: Understood. Also, one question is that from a point where we were trying to look at assets which are very, very costly and now we have kind of quoted at relatively substantially very good pricing. Just to understand, is there anything -- there is a general question in the market that how are we able to help these at a much lower pricing just to help us understand on this?

Mayank Singhal: To be fair. I mean, we look, as you know, we've been evaluating. I mean, that's the trick of the trade. We look at opportunities and actually look at the

capabilities to bring them together to pay the value. That's the way I would take that for now.

Vishnu Kumar: Got it. Thanks and all the best.

Rajnish Sarna: Vishnu, valuations have different perspectives, different ways of looking at it, and now there is also scalability, there is also investment for scalability on these assets. So, all these aspects need to be looked into. You can't look at valuations with respect to last year's performance only.

Vishnu Kumar: Understood, sir.

Moderator: Thank you. We have our next question from the line of Abhijit Akella from Kotak Securities. Please go ahead.

Abhijit Akella: Yes, good morning. And thank you so much. Sir, I have two points. I try to squeeze them into 1 question, if you permit. One is just for correcting, is it possible to share with us the -- actually the preliminary numbers for FY '23 in terms of revenues and EBITDA?

Second, why are there two entities within Therachem? What exactly is the business that Solis is involved into? I guess it doesn't really generate any revenues at this point in time. And the last part is just with regard to the financial aspects of the transaction. If you could help us with the breakdown between, say, the goodwill, fixed assets, working capital and also any debt that you might be acquiring as part of the transaction? Thank you so much.

Rajnish Sarna: Thanks, Abhijit. First of all, March 2023 financials are still in preparation. So obviously, we cannot right now share with you. In any case, TRM closing is yet to happen and hence these numbers, etc, will have to be available after the closing.

Your second question about the breakup. Obviously, in our stock exchange intimation, we have already mentioned the net worth of these targeted companies. So, it is not really difficult for anyone to work out what is the goodwill part of this, okay? Obviously, the working capital part is one. But in



case of TRM that is close to \$5 million and rest is all goodwill and the customer contract value, that is what majorly there.

In case of Archimica also, I mean we have very clearly articulated the -- we mentioned number of net worth in our press release, the stock exchange release. So, the remaining part is -- will be goodwill.

Abhijit Akella: Got it. Sir, that's helpful. Just one last clarification. The pharma industry in general has seen a very difficult FY '23 after a much better FY '22 and the aftermath of COVID. So, is it possible that TRM might also have adjusted a little bit of a decline in sales in the preceding year?

Rajnish Sarna: The product portfolio of TRM and Archimica are not COVID -- specific, but I will still ask Anil to elaborate more on that.

Anil Jain: Right now, if you see this data, there are more than 20,000 drugs which are in various pipeline of the development and out of that, majority of the candidates are in the pre-clinical Phase 1, Phase 2, Phase 3 space. So, this market has put immense opportunity right now. So, there is ample scope to continue. And I do believe this is something which is going to persist for years to come. So actually, we have not seen any sort of impact coming in because of the COVID on this pipeline.

Moderator: Thank you. We have a next question from the line of Saurabh Kapadia from Sundaram Mutual Funds. Please go ahead.

Saurabh Kapadia: Yes, thank you for the opportunity. TRM, if you look at FY '22 has a sharp jump in revenue. So, was there any one-off, or is it because of some new commercialization? And secondly, if you can talk about pipeline in long-term contracts for TRM?

Anil Jain: So, this particular observation, what you said is correct. One of the programs got advanced in the clinical phase. And hence, the need for supply of the quantities were higher. And therefore, you have seen the spike going in the particular year. As such, there are many programs coming in and sometimes some programs get advanced, some programs

get delayed. So, we are very hopeful based on our understanding that this program will be continuing, and there are certain programs which are also going to add during the course of the year. So, we are very hopeful on continuing the strength.

Saurabh Kapadia: And any long-term contracts and your comment on pipeline of the products?

Anil Jain: Yes. So, there are certain contracts in place right now with some of the customers, and they are for one to three years.

Saurabh Kapadia: Okay. Thank you.

Moderator: Thank you. We have a next question from the line of Rajesh Aynor from ITI Limited. Please go ahead.

Rajesh Aynor: Yes, thanks for the opportunity. Congrats on acquisition. Sir, my question was on the R&D spend of these companies versus what we also have in India? And what kind of synergies or because the -- basically my say is that companies which are operating in developed market, they operate, they have a different financial metric versus similar jobs in India, where the financial metrics are improved or mainly because of the Ph. D hiring costs and -- so from a capability point of view as well as from the financial point of view, what are the future synergies possible? And what is the current status of the R&D spend at these entities and in India?

Anil Jain: There are three research centres. One is in US, one is in India, one is in Europe.. And there are certain customers, they want development within the US, certain customers, they want to develop in the Europe, certain customers want to develop in India. So, for each area, there are specific centres which are available. And the centre we are building up in Hyderabad is going to be complementary for all the three platforms. And this centre is going to be GMP compatible in nature and for this centre also, we have many people who are right now willing to work with us. So, I don't

see cost structure is giving us any kind of challenge in these services that we are offering right now. In fact, we have a lot of variability.

Mayank Singhal: We have various capabilities, cost leverages and these combinations will come together to create a unique value offering to the customer to give them the flexibility in terms of capability, knowledge, service, and cost.

Rajesh Aynor: Okay. And sir, in terms of understanding the product profile, you mentioned that biologics and complex. So, can you please throw some more light on which are more probable areas, which will also be in the gamut where will be targeting?

Anil Jain: Let me tell you that TRM is working with the customers who are dealing in the biologic process. We are supplying building blocks to them. The TRM portfolio as such is not having any biologic process.

Moderator: Thank you. We have a next question from the line of Rohan Gupta from Nuvama. Please go ahead.

Rohan Gupta: Yes, hi sir. Good morning and congratulations on this acquisitions. Questions on the utilization will be of TRM right now. And we have the facilities in India and also have lab facilities in the US. So, what are the current utilization? And you mentioned that TRM is mainly focused more on the under-development products. So, if you can give some kind of revenue visibility which you may have some few molecules, which are working on with the pipeline and what can be expected over the next couple of years on this?

Anil Jain: TRM is currently, operating at ~50% capacity utilization. Right now, there are many programs running in and we are in discussions with many customers that are coming. So, I don't see capacity as a constraint for us to take the further revenue development.

Rohan Gupta: And sir, you made some arrangement with the further US in terms of the under the consideration where it is the performance-linked \$25 million for that to be paid over the next six years. If you can just throw some light on

that, what is the performance-linked incentives you're talking about? And what are the benefits you people are expecting.

Rajnish Sarna: Yes, performance is linked to the pipeline products and their commercialization and the kind of revenue we can generate out of the pipeline. So basically, the part of overall valuation is linked to the pipeline and its commercialization and revenue generation out of it.

Rohan Gupta: So, under what circumstances, I mean, if you can give some line that over the next six years, this is the revenue guaranteed for which we will be paying for \$25 million, something can, on some sort of those lines, can you give some numbers?

So, we are saying that over next six years, we will be paying them \$25 million depending on some performance link there, if they are able to deliver on those products, deliveries and all. If they are able to deliver and \$25 million will be paid to them, can you give some quantification or quantify these numbers that will be added to the revenues or top lines of the company over next five to six years?

Rajnish Sarna: I obviously cannot divulge too much details here. But certain percentage of this revenue creation will be shared as the additional valuation to the seller. That is the understanding.

Moderator: We have a next question from the line of Sumant Kumar from Motilal Oswal. Please go ahead.

Sumant Kumar: Sir, the current utilization of TRM is 40%, and the margin of TRM is already high in the range of 50%. So, can we expect the efficiency improvement and the margin profile of the company is going to improve from here?

Mayank Singhal: Well, it's a double-edged question. Obviously, we are looking to scale up and build the business, right? So, you will know typically what is the kind of margin in this business. So, we are in that range. And there are spikes and spurts, which will take place in the initial phase of investment build up capabilities to take it to the next phase. That's the way I would answer.

Rajnish Sarna: The focus will be on scaling up the business from the current level rather than focusing too much on the margin improvement of the existing products.

Sumant Kumar: Okay. And what kind of growth we are expecting from this business, acquired company?

Rajnish Sarna: What kind of?

Sumant Kumar: Growth we are expecting in the next three years, four years from this company?

Rajnish Sarna: We are expecting to more than double this in the next three years to four years. This is where the combined teams and the management team that we are also investing, will work towards the aggressive business development.

Anil Jain: CDMO market is growing around 8% to 10%. I can tell you we will be better than the market. That's what I can tell you, right.

Sumant Kumar: Okay. Thank you so much, sir.

Moderator: Thank you. We have a next question from the line of Krishan Parwani from JM Financial. Please go ahead.

Krishan Parwani: Yes. Hi. Thank you for the opportunity. Congrats on the acquisition. So just two clarifications from my side. So, of the Therachem's current product pipeline, how many are going for Phase 1, to Phase 3 drugs and how many are going for commercialization -- commercialized drugs? And the second clarification is like, what sort of timeline do you envisage for this commercialization of the drugs, which are in clinical trials?

Mayank Singhal: we are not sure right now we can answer that because we do have certain confidentiality commitments in those contracts. We need to do further study before responding.

Krishan Parwani: Okay. That's okay. Just if I can slide one on the Archimica front. So Archimica has been around EUR10 million kind of capex over the last three years. So how do you see that benefiting for the Archimica's turnover over the next three years, let's say?

Rajnish Sarna: Yes. This investment is already reflecting in their current performance over the last few years, they have improved their performance. And going forward also, combining the various opportunities that will emerge from our CRO and also starting materials business in TRM. Many opportunities we expect from API business coming out of those areas. So yes, there are good opportunities. And these investments already made and which are also now planned going forward in the next couple of years will obviously help us scale this business.

Krishan Parwani: Understood. Thank you so much and all the best.

Mayank Singhal: Thank you.

Moderator: Thank you. We have our next question from the line of S. Ramesh from Nirmal Bang Equities. Please go ahead.

S. Ramesh: Good morning and thank you very much. So, if you can share what is the kind of R&D expenditure as a percentage of sales in TRM US consolidated and Archimica. And second is, can we get some split for all the acquired entities together between CDMO and API?

Mayank Singhal: TRM has R&D driven expenses.

Anil Jain: And this time, this capex is high because we are building a research centre in Hyderabad -- that investment we are making in research centre right now.

Rajnish Sarna: Does this answer your question or if you can please rearticulate your question.

S. Ramesh: Yes. So, I just wanted to get a sense in terms of what is the thinking in terms of R&D expenses as a percentage of revenue over the next two

years for the pharma business? And secondly, if you can give us some split in terms of the CDMO and API revenues either for TRM consolidated and Archimica separately or on a ballpark basis, all that entities are that you have.

Rajnish Sarna: You see this business model is of CRO and CDMO, where, the R&D spend will all depend on what kind of business we are able to generate in these areas because this is not a basic innovation/ research kind of business. This is a services business. So, the current level of R&D spend is already there, but how this will grow will also depend on what kind of pipeline we are able to build and what kind of new businesses we are able to build over next few years.

S. Ramesh: Okay. And can we get some thoughts on the split between CDMO and API?

Anil Jain: Archimica is 80%-20% of the current revenue of niche API and CDMO. That's what the current split is.

Rajnish Sarna: TRM is all CDMO and in case of Archimica, more than 20%, 25% is CDMO and rest is the niche APIs.

Moderator: Thank you. We have a next question from the line of Yogesh Tiwari from Arihant Capital Markets. Please go ahead.

Yogesh Tiwari: Thank you sir for the opportunity. I had 1 question on Archimica. So, I understand that they did a capex of expansion last year in September. And for the last two years, they had revenues of EUR38 million and EUR42 million. And we have bought the company at EUR34 million. So, it looks like a wonderful acquisition. So, sir, can you discuss something on the valuation, which we had? And is it profitable at the net level?

Rajnish Sarna: Thank you. Thank you for your compliment. But I hope you'll appreciate that on this topic, we cannot discuss what is the rationale for the seller and for the buyer for a particular valuation at this forum. But as I said earlier, the valuations are not only purely based on the revenue of last year and the profitability of last year. There is also future growth prospects there is scale

up opportunity, then the investment -- further investment needed and all that.

So, keeping in account all these aspects we found this to be a great opportunity for us to combine Archimica with other assets that we are building and also acquired in terms of TRM to be able to create this differentiated business model, whereby we can scale up this whole model in a much faster pace than what we would have done by building all this. So, in that sense, yes, this is a smart acquisition. But of course, time will tell as to how we are able to scale it up over a period of time.

Yogesh Tiwari: Thank you, sir. So just a number, like I think of the EBITDA is about 7 million. What would be the net profit for Archimica?

Rajnish Sarna: This was a private equity owned company. They had their own capital charges and the last reported net profit is close to 3 million Euro.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. I now hand the conference over to management for closing comments. Over to you, sir.

Mayank Singhal: So once again, thank you, everybody, for coming on to this call. And I wish the PI team good luck and the great work the team done for a big start at the beginning, and thanks for all your support. Thank you.

Anil Jain: Thanks, Mayank. Thanks, everyone.

Moderator: Thank you. On behalf of PI Industries Limited, that concludes the conference call. Thank you for joining us, and you may now disconnect your lines.

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