



# innova

## CAPTAB

Sector: Pharmaceuticals - Indian - Formulations

Issue Opens - December 21, 2023 to December 26, 2023

**Price Band**  
₹426 to ₹448

**Face Value**  
₹10

**Lot Size**  
33 Shares

**Issue Size**  
₹570.00 Cr

**Issue Type**  
Book Built

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# Important Events

**Issue Size**

12,723,214 shares / ₹570.00 Cr)

**Fresh Issue**

7,142,857 shares / ₹320.00 Cr)

**Offer for Sale**

5,580,357 shares of ₹10 / ₹250.00 Cr)

**Basis of Allotment**

Wednesday, December 27, 2023

**Initiation of Refunds**

Thursday, December 28, 2023

**Credit of Shares to Demat**

Thursday, December 28, 2023

**Innova cap. IPO Listing date**

Friday, December 29, 2023

## Promoters

- **Manoj Kumar Lohariwala (Chairman and Whole-time Director)**
- **Vinay Kumar Lohariwala (Managing Director)**
- **Managing Director (Whole time director)**
- **Archit Aggarwal (Non-Executive Director)**

Promoters collectively hold 66.85% (Pre Issue) of the Equity Share.

Sources: DHRP

# About The Company.



Innova Captab Limited, a major player in the pharmaceutical industry in India, seamlessly integrates research, manufacturing, and market presence both locally and globally. They address various needs with their three main strengths: providing high-ranking Contract Development and Manufacturing Organization (CDMO) services to Indian pharmaceutical companies, growing a collection of branded generics available in the Indian market, and expanding their reach internationally by exporting to 20 countries. With a robust research and development team and cutting-edge facilities, Innova Captab is set for ongoing growth, contributing to a healthier future for patients around the world.

## Description of Their Business

They are a pharmaceutical company in India that does everything from creating new drugs to selling them. They have three main parts of their business: making drugs for other Indian companies, selling their own generic drugs in India, and selling generic drugs internationally. In the nine months ending December 31, 2021, they worked with 164 Indian companies to help make their drugs. Many of the biggest Indian pharmaceutical companies, as identified by CRISIL Research, have used their services.

They make over 400 different generic drugs, and they sell them using their own brand in India. They have a large network of distributors and pharmacies across the country to get their products to customers.

## Objects of The Offer

The Company proposes to utilize the Net Proceeds towards the funding of the following objects:

- Repayment and / or prepayment in part or in full, of certain outstanding loans of the Company;
- Investment in the Subsidiary, UML, for repayment and / or prepayment in part or full of outstanding loans availed by UML;
- Funding the working capital requirements; and
- General corporate purposes



# Track Record Of Financial Performance

financial information in relation to our Company's business for the periods indicated, based on the Restated Consolidated Financial Information and on the Proforma Condensed Consolidated Financial Information.

*(in ₹ million, except percentages, days and ratios)*

Particulars	Proforma Condensed Consolidated Financial Information <sup>(1)</sup>				Restated Consolidated Financials <sup>(2)</sup>			
	Fiscal 2019	Fiscal 2020	Fiscal 2021	Nine months ended December 31, 2021	Fiscal 2019	Fiscal 2020	Fiscal 2021	Nine months ended December 31, 2021
Revenue from operations	4,935.80	5,413.33	6,138.39	6,337.96	3,558.06	3,733.20	4,106.62	5,841.21
Profit for the period /year	349.69	485.89	579.52	629.59	198.76	278.86	345.00	508.84
PAT margin <sup>(3)</sup>	7.08%	8.98%	9.44%	9.93%	5.59%	7.47%	8.40%	8.71%
EBITDA <sup>(4)</sup>	660.33	854.72	918.26	958.37	410.07	522.32	558.57	783.84
EBITDA margin <sup>(5)</sup>	13.38%	15.79%	14.96%	15.12%	11.53%	13.99%	13.60%	13.42%
Capital expenditure <sup>(6)</sup>	125.67	55.51	141.80	724.86	80.68	41.02	110.63	723.23
Working capital days	88	102	99	95	79	88	123	103
Fixed Asset turnover ratio <sup>(7)</sup>	5.75	6.74	6.93	4.09*	4.53	5.14	4.88	3.77*
Return on equity <sup>(8)</sup>	114.61%	63.72%	44.05%	32.20%*	24.10%	25.27%	23.82%	26.02%*
Return on Capital Employed <sup>(9)</sup>	55.65%	59.56%	51.98%	28.23%*	19.71%	25.79%	26.54%	22.89%*
Debt-equity ratio <sup>(10)</sup>	2.78	0.86	0.37	0.73	0.87	0.48	0.31	0.73

\* not annualised



# Statement of Profit and loss

(All amounts in INR millions, unless stated otherwise)

Particulars	Notes	For the period ended 31 December 2021	For the year ended 31 March 2021	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>I Revenue from operations</b>	25	5,841.21	4,106.62	3,733.20	3,558.06
<b>II Other income</b>	26	20.33	13.71	13.00	2.23
<b>III Total income (I + II)</b>		<b>5,861.54</b>	<b>4,120.33</b>	<b>3,746.20</b>	<b>3,560.29</b>
<b>IV Expenses</b>					
Cost of materials consumed	27	4,321.31	3,014.60	2,886.90	2,784.93
Purchase of stock-in-trade	28	238.01	75.99	28.58	49.21
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	(50.18)	16.35	(77.64)	(15.20)
Employee benefits expense	30	271.67	223.34	202.39	181.00
Finance costs	31	31.65	39.27	46.27	55.75
Depreciation and amortization expense	32	48.63	55.86	100.75	106.68
Other expenses	33	296.89	231.48	183.65	150.28
<b>Total expenses (IV)</b>		<b>5,157.98</b>	<b>3,656.89</b>	<b>3,370.90</b>	<b>3,312.65</b>
<b>V Profit before tax (III-IV)</b>		<b>703.56</b>	<b>463.44</b>	<b>375.30</b>	<b>247.64</b>
<b>VI Tax expense:</b>					
(i) Current tax	34	168.29	114.98	92.46	53.49
(ii) Deferred tax charge		26.43	3.46	3.98	(4.61)
<b>Total tax expense</b>		<b>194.72</b>	<b>118.44</b>	<b>96.44</b>	<b>48.88</b>
<b>VII Profit for the period/year (V-VI)</b>		<b>508.84</b>	<b>345.00</b>	<b>278.86</b>	<b>198.76</b>
<b>VIII Other comprehensive income/(loss)</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Remeasurement of defined benefit obligation		(2.34)	(1.03)	(0.26)	0.60
Income tax relating to items that will not be reclassified to profit or loss		0.59	0.26	0.07	(0.15)
<b>Total other comprehensive (loss)/income for the period/year (net of</b>		<b>(1.75)</b>	<b>(0.77)</b>	<b>(0.19)</b>	<b>0.45</b>
<b>IX Total comprehensive income for the period/year (VII+VIII)</b>		<b>507.09</b>	<b>344.23</b>	<b>278.67</b>	<b>199.21</b>
<b>Earnings per equity share</b>					
Basic and diluted [nominal value of INR 10 per share]	35	10.60	7.19	5.81	4.14



# Strengths

- The company has a leading presence and is one of the fastest-growing CDMOs in the Indian pharmaceutical formulations market.
- It has well-established relationships with its marquee CDMO customer base.
- Its options are highly efficient, including its world-class manufacturing facilities and supply chain.
- The company is focused on rapidly growing domestic and international export branded generics businesses.
- Strong R&D focus to build an increasingly complex product portfolio and attract and retain customers.
- Consistent financial performance is a big plus.
- Experienced promoters and management team.

# Risks

- Operates in a highly competitive market.
- It has substantial working capital requirements and working capital expenditure.
- The company is dependent on China, China SEZ and Hong Kong for raw material supplies, exposing it to political, economic and social conditions in greater China.
- Any reforms in the healthcare industry and the uncertainty associated with pharmaceutical pricing can impact the business.
- The pharmaceutical market is subject to extensive regulation.
- The company has a dependency on distributors and stockists for the sale and distribution of products.
- Faces foreign exchange risks.

# Valuation and Outlook

The issue's price range, in terms of valuation, is ₹426 to ₹448 per share. A P/E ratio of Innova Captab Ltd. is 31.63x is based on a price range above INR 448 and FY23 EPS of INR 14.16 with an industry average of 32.17x.

## COMPARISON WITH LISTED INDUSTRY PEERS ( As of Mar 31,2023)

Name of the company	Face value (₹ per share)	Closing price on May 30, 2022 (₹ per share)	Revenue from Operations (in ₹ million)	EPS (₹)		NAV (₹ per share)	P/E	Return on Net Worth (%)
				Basic	Diluted			
Innova Captab Limited	10.00	NA	4,106.62	7.19	7.19	30.16	NA	23.83%
Suven Pharmaceuticals Limited	1.00	511.90	10,097.19	14.23	14.23	46.39	35.97	30.69%
Torrent Pharmaceuticals Limited	5.00	2,887.15	80,048.30	73.98	73.98	344.94	39.03	21.45%
Ajanta Pharma Limited	2.00	1,710.50	28,896.90	75.09	75.09	346.19	22.78	21.83%
Eris Lifesciences Limited	1.00	690.05	12,118.63	26.16	26.14	116.10	26.38	22.53%
Indoco Remedies Limited	2.00	352.00	12,415.28	10.10	10.10	83.45	34.85	12.10%
J. B. Chemicals and Pharmaceuticals Limited	2.00	1,644.05	20,425.22	57.96	57.96	234.65	28.37	24.73%
Laurus Labs Limited	2.00	562.85	48,135.10	18.36	18.28	48.47	30.66	37.83%
NATCO Pharma Limited	2.00	665.70	20,521.00	24.20	24.16	226.14	27.51	10.73%
Windlas Biotech Limited	5.00	225.65	4,276.02	8.70	8.70	155.29	25.94	7.82%

Sources: RHP

Innova Captab is doing well in making generic medicines, especially because it works closely with important clients who need medicines made. This is helping the company to keep growing. They are also getting bigger in selling their own brand of medicines both in India and other countries. Innova Captab runs its operations very efficiently, has a strong research and development team, and has consistently made good profits. But, there is a lot of competition they need to watch out for. The company makes medicines with its own brand for people in India and other countries. Buying Sharon Bio recently is good for their plan to grow together. They are also getting ready to introduce new medicines with a new plant they are building in Jammu. However, the price for the new shares they are offering seems a bit high based on their earnings up to now.

Considering the potential for good listing gains, we recommend **subscribing** to this Initial Public Offering (IPO) and including it in your portfolio for the long term investment.



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