



IPO DETAILS

#IPOology

# INNOVA CAPTAB LIMITED



 **ISSUE OPEN**

21st December 2023

 **ISSUE CLOSE**

26th December 2023

Min. Lot Size  
**33 Shares**

Issue Price Band  
**₹426 - ₹448**

### Issue Size

Fresh Issue:  
7.14 mn Eq shares  
(₹3,200mn)

OFS:  
5.58 mn Eq shares  
(₹2,500mn)

Face Value  
₹10

Industry  
Pharmaceuticals & Drugs

Listing at  
NSE, BSE

RATING

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#### Marwadi Shares and Finance Limited

**Corporate Office:** Marwadi Financial Plaza, Nana Mava Main Road, Off 150ft Ring Road, Rajkot - 360001, Gujarat.

**Registered Office:** X-Change Plaza, Office No. 1201 to 1205, 12th Floor, Building No. - 53E, Zone - 5, Road 5E, Gift City, Gandhinagar - 382355, Gujarat  
0281 7174 100/0281 6192 100 **CIN of MSFL:** U65910GJ1992PLC017544

SEBI Reg. No. of MSFL for NSE, BSE, MCX, NCDEX: INZ000174730 | Membership No.: NSE:08760, BSE:0910, MCX:56410, NCDEX:1280 | SEBI Regn.No. of DP: IN-DP-476-2020 (NSDL DPID:IN300974) (CDSL DPID:12035100) | Research Analyst: INH 000002186 AMFI: ARN-42506 | PFRDA: POP07082018

**Disclaimer:** 'Investment in securities market are subject to market risks, read all the related documents carefully before investing'.

[For Facts & Figures](#)



## INNOVA CAPTAB LIMITED

### Rationale

Considering the FY23/FY24-Annualized EPS of Rs 11.87/12.30 on a post-issue basis, the company is going to list at a P/E of 37.73x/36.43x with a market cap of Rs. 25,637 mn, whereas its peers namely Torrent Pharmaceuticals Ltd, Laurus Labs Ltd, Ajanta Pharma Ltd, J.B. Chemicals and Pharmaceuticals Ltd, NATCO Pharma Ltd, Eris Lifesciences Ltd, Indoco Remedies Ltd, Suven Pharmaceuticals Ltd, Windlas Biotech Ltd are trading at a P/E of 54.1x, 59.7x, 35.9x, 46.8x, 12.4x, 31.8x, 33.3x, 41.0x, 18.5x.

We assign "Subscribe" rating to this IPO as the company has a leading presence and one of the fastest-growing CDMOs in the Indian pharmaceutical formulations market along with consistent financial performance. Also, it is available at a reasonable valuation as compared to its peers.

### Objectives of the issue

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

## Company Overview

The company is an integrated pharmaceutical company in India with a presence across the pharmaceutical value chain including research and development, manufacturing, drug distribution and marketing and exports.

Their business includes (i) a contract development and manufacturing organization ("CDMO") business providing manufacturing services to Indian pharmaceutical companies (73% of Revenue), (ii) a domestic branded generics business, and (18% of Revenue) (iii) an international branded generics business (9% of Revenue).

The company's product portfolio includes tablets, capsules, dry syrups, dry powder injections, ointments, and liquid medicines.

They have two manufacturing facilities in Baddi, Himachal Pradesh. According to CRISIL Research, they were ranked third among their peers in terms of their finished tablet and capsule manufacturing capacity in India.

Some of their key customers include Cipla Limited, Glenmark Pharmaceuticals Limited, Wockhardt Limited, Corona Remedies Private Limited, Emcure Pharmaceuticals Limited, Lupin Limited, Intas Pharmaceuticals Limited, etc.

In addition, during Fiscal 2023 and the three months ended June 30, 2023, they exported branded generic products to 20 and 16 countries, respectively.



### Market Domination in India: Unveiling Fiscal 2023's 600-Product Portfolio

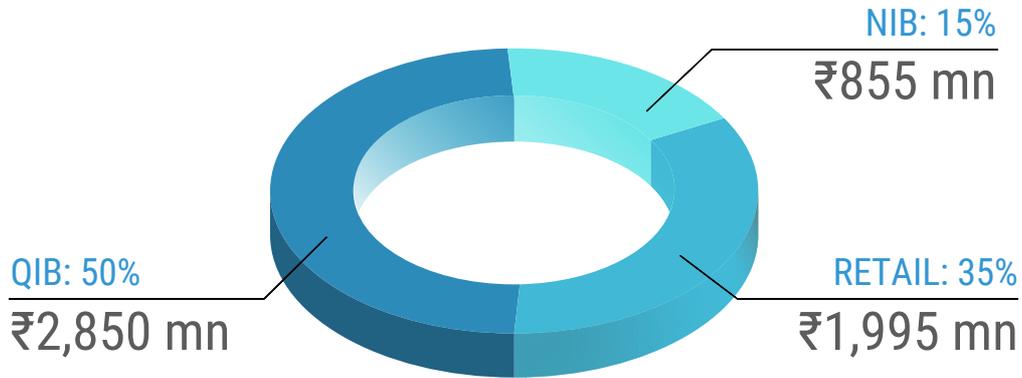
In Fiscal 2023 and in the three months ended June 30, 2023, they manufactured over 600 products and marketed them under their brands in the Indian market through a developed network of approximately 5,000 distributors and stockists and over 150,000 retail pharmacies.



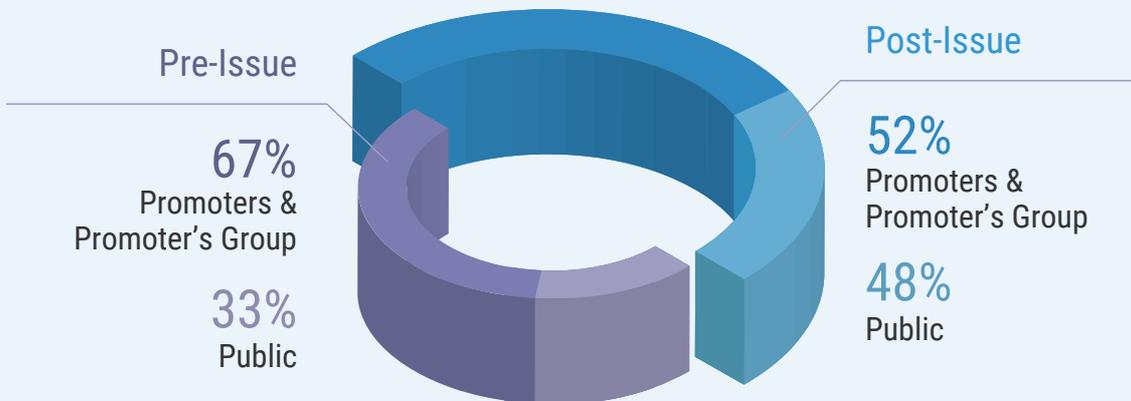
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# Issue Details

## Issue Break-Up



## Shareholding Pattern



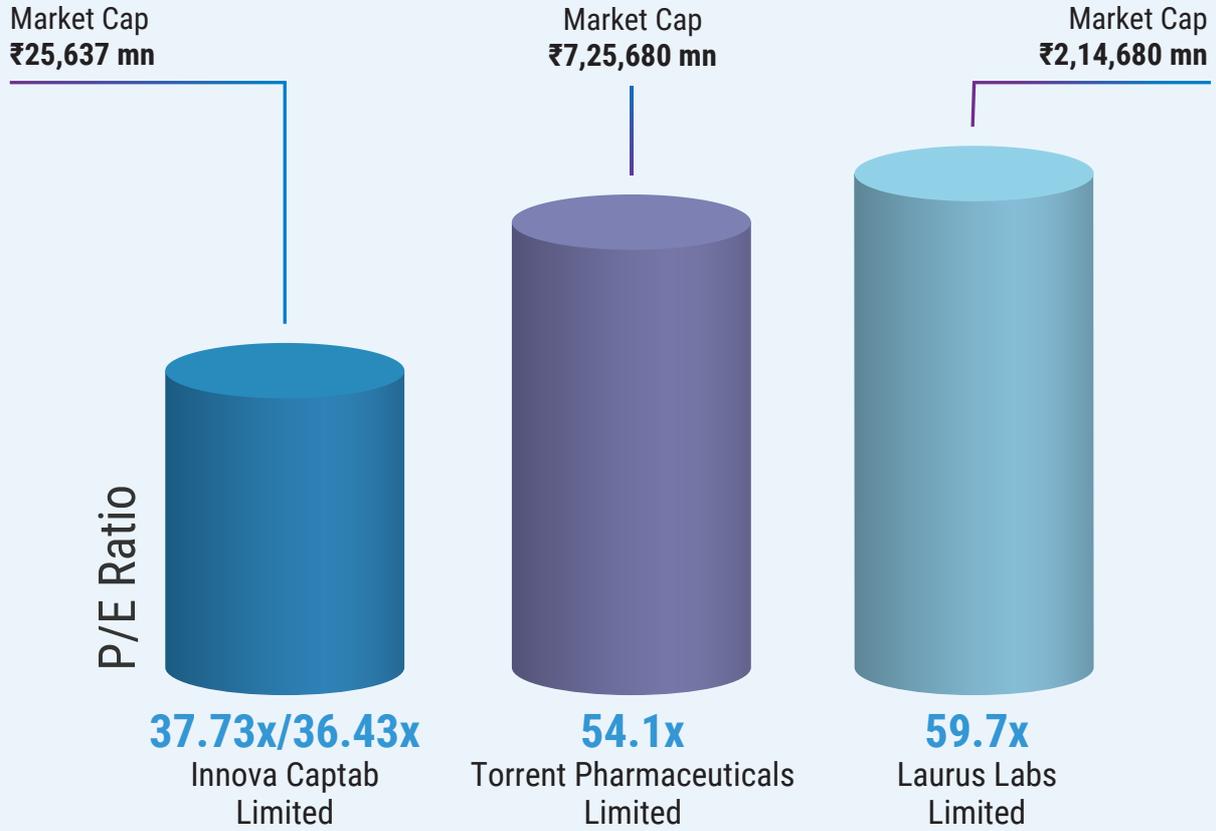
## Capital Structure (in ₹)





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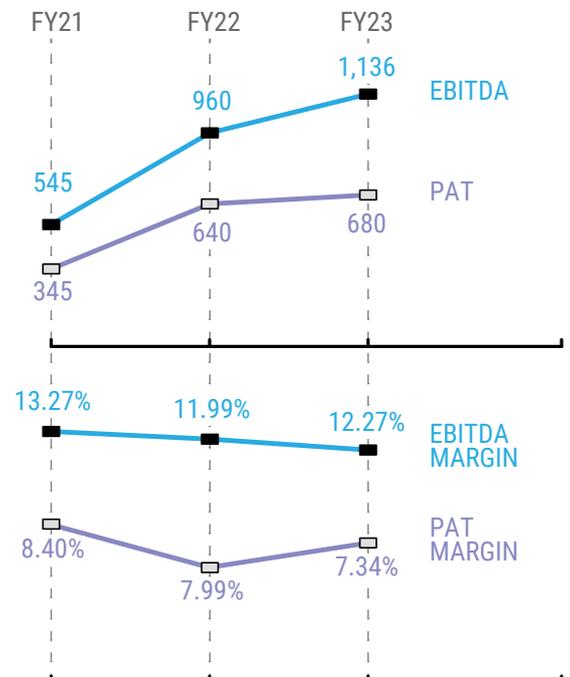
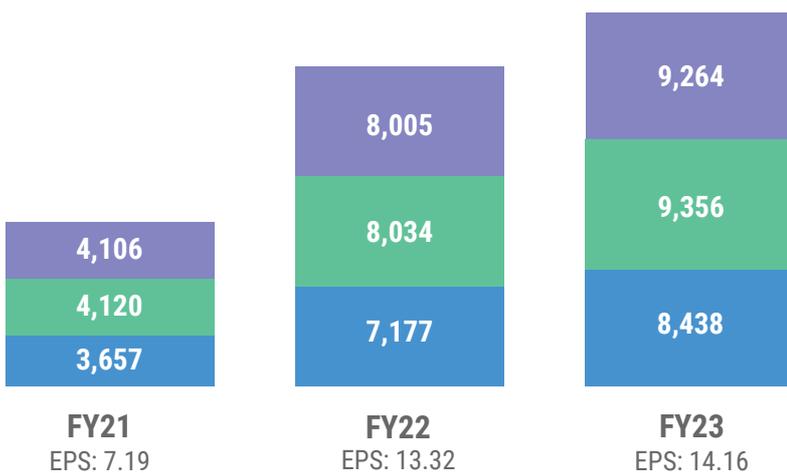
# Valuations and Peer Comparison



Market Cap data of listed securities as on December 18, 2023

## Financial Snapshot (in ₹ mn)

- Revenue
- Total Income
- Total Expenses





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# Business Insights



## Competitive Strengths

- Leading presence and one of the fastest growing CDMOs in the Indian pharmaceutical formulations market.
- Well established relationships with their marquee CDMO customer base.
- Highly efficient operations, including their world-class manufacturing facilities and supply chain.
- 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.
- Experienced promoters and management team.



## Business Strategy

- Expansion of their manufacturing capacities.
- Integration of the acquired Sharon business.
- Expand the wallet share of existing customers and develop new customers.
- Continued focus on their R&D operations.
- Growing their international export business.
- Expanding their domestic branded generics business.
- Growth through strategic acquisitions.



## Risks

- They have recently acquired Sharon, and do not yet know whether they will achieve the expected benefits from the acquisition, which could materially adversely affect their business, results of operation, cash flows, and financial condition.
- They depend on a limited number of contract development and manufacturing organization ("CDMO") customers. Any reduction in the number of CDMO customers and adverse developments or inability to enter into or maintain relationships with these CDMO customers could have an adverse effect on their business, results of operations, and financial condition.
- Their dependence on China, China SEZ, and Hong Kong for raw material supplies exposes them to political, economic, and social conditions in greater China.

## Promoters and Management Details

Manoj Kumar Lohariwala - Chairman and Whole-Time Director

Vinay Kumar Lohariwala - Managing Director

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