

Innova Captab | BUY

Jammu to double revenue by FY27

We recently visited Innova Captab's (INNOVACA) newly commissioned Jammu facility and interacted with the management on Jammu's growth trajectory, future drivers and outlook. The company's Jammu facility is spread across 11 acres and has four blocks – three dedicated to Anti-biotics and one general block. With commercialisation of Jammu, the company can now produce Penicillins, Penum, Large volume parenterals and respiratory respules. INNOVACA has increased its cephalosporin (ceph.) capacity. This will enable the company to increase its market share (5-6% now, in our view) in Oral ceph. and incrementally cater to export markets as domestic production shifts from Baddi (EU-GMP certified) to Jammu. The management believe that Jammu can deliver a topline of INR 4-5bn in FY26 and can ramp-up to INR 14-16bn at optimal utilisation. The Jammu facility ramp-up will facilitate a Revenue/EBITDA/PAT CAGR of 34%/39%/41% over FY25-27. With a 20%+ ROIC, moderate working capital needs, strong OCF-to-EBITDA ratio and robust growth profile. We keep our estimates unchanged for the company and value the company at 25x Mar'27 EPS to derive a TP of INR 1,120.

- Details about the plant:** The Jammu facility is spread across 11 acres and consists of 4 blocks viz. Cephalosporin (Ceph.), Penicillin, Penum and General block. The company strengthens and increases its capacity and offering from this facility. The plant adds LVP (Large Volume Parenterals) and Respules capability and has an installed capacity of 562mn for the dosage form. Additionally, the facility has an installed capacity of 10.7bn tablets, 1.4bn capsules, 547mn Dry Powder Injections and 311mn for Dry Syrup dosage form. At present, the facility employees 700 people, these include locals and people recruited from as far as Sikkim for specific skill sets. The management plans to shift some production for domestic business for ceph. from the Baddi facility to Jammu and plan to utilise the Baddi facility for Export markets.
 - Ceph. block: This block expands INNOVACA's capacity across ceph. products. The block has capability of producing OSDs, Dry Powder Injection (DPI) and Dry Syrup;
 - Penum block: INNOVACA has added penum capability from the operationalization of this block which can manufacture OSDs and DPIs;
 - Penicillin/Beta Lactam block: This is a new capability for the company and offers OSD, DPI and Dry syrup dosage forms;
 - General Block: This block can manufacture Liquid injection/ Respules, LVP and DPI;
- Topline of INR 7.5bn by FY27:** The Jammu facility increases INNOVACA's ability to offer additional dosage forms and an increased capacity in order to gain wallet share of its customers. The company has invested INR 4.75bn in this plant and expect a revenue of INR 14-16bn at optimal utilisation. Each block will roughly contribute equally once operations are stabilised. We build revenue of INR 300mn/4.2bn/7.5bn in FY25/26/27 with margins growing to 18.5% in FY27.



Amey Chalke

amey.chalke@jmfl.com | Tel: (91 22) 66303056

Raghav Vedanarayanan

raghav.vedanarayanan@jmfl.com | Tel: (91 22) 62241851

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,120
Upside/(Downside)	19.4%
Previous Price Target	1,047
Change	7.0%

Key Data – INNOVACA IN

Current Market Price	INR938
Market cap (bn)	INR53.7/US\$0.6
Free Float	27%
Shares in issue (mn)	48.0
Diluted share (mn)	57.2
3-mon avg daily val (mn)	INR108.9/US\$1.3
52-week range	1,260/421
Sensex/Nifty	77,984/23,658
INR/US\$	85.6

Price Performance

%	1M	6M	12M
Absolute	21.8	23.1	92.7
Relative*	16.5	34.5	80.0

* To the BSE Sensex

Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	9,264	10,813	12,658	17,919	22,745
Sales Growth (%)	9.0	16.7	17.1	41.6	26.9
EBITDA	1,136	1,545	1,861	2,742	3,605
EBITDA Margin (%)	12.3	14.3	14.7	15.3	15.9
Adjusted Net Profit	680	943	1,295	1,896	2,564
Diluted EPS (INR)	14.2	16.5	22.6	33.1	44.8
Diluted EPS Growth (%)	-11.5	16.5	37.3	46.3	35.3
ROIC (%)	16.6	12.9	11.0	15.7	20.5
ROE (%)	28.0	17.0	14.5	18.0	20.1
P/E (x)	66.3	56.9	41.4	28.3	20.9
P/B (x)	16.3	6.5	5.6	4.7	3.8
EV/EBITDA (x)	41.7	30.6	25.1	16.5	11.9
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 24/Mar/2025

JM Financial Institutional Securities Limited

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- **Valuation:** Despite the recent rally in stock price, INNOVACA trades at 21x FY27 EPS. In our view as the Jammu facility starts to scale-up and starts to deliver, there is scope for further increase in multiples.

Exhibit 1. Jammu plant spread across 11 acres ...



Source: Company

Exhibit 2. ...And equipped with automated equipment



Source: Company

Exhibit 3. Jammu provides a boost to capacity

Location	Blocks	Products	Capacity	Utilised % in FY24
Baddi	Unit 1 Unit 2-C Unit 2-G	Tablets	8,192 mn	44%
		Capsules	2,472 mn	55%
		Ointments	23 mn	60%
		Dry Powder Injections	60 mn	73%
		Dry Syrups	54 mn	54%
		Liquid Orals	71 mn	88%
Dehradun	General	Tablets & Capsules	2,012 mn	51%
Taloja	API	APIs	313 MT	62%
Jammu	Cephalosporin	Tablets	10,679 mn	
	Penecillin	Capsules	1,440 mn	
	Penum	Dry Powder Injections	547 mn	
	General	Dry Syrups	311 mn	
		BFS (Large Volume Parenterals and Respules)	562 mn	

Source: Company, JM Financial

Exhibit 4. Jammu bolsters existing capabilities and adds new offerings

New blocks	Dosage offered
Existing capabilities bolstered	
Cephalosporin	Oral Solid Dosages
	Dry Powder Injectables
	Dry Syrup
New addition to offerings	
Penicillin	Large volume Parenterals
Penum	Respiratory Respule Products
General	

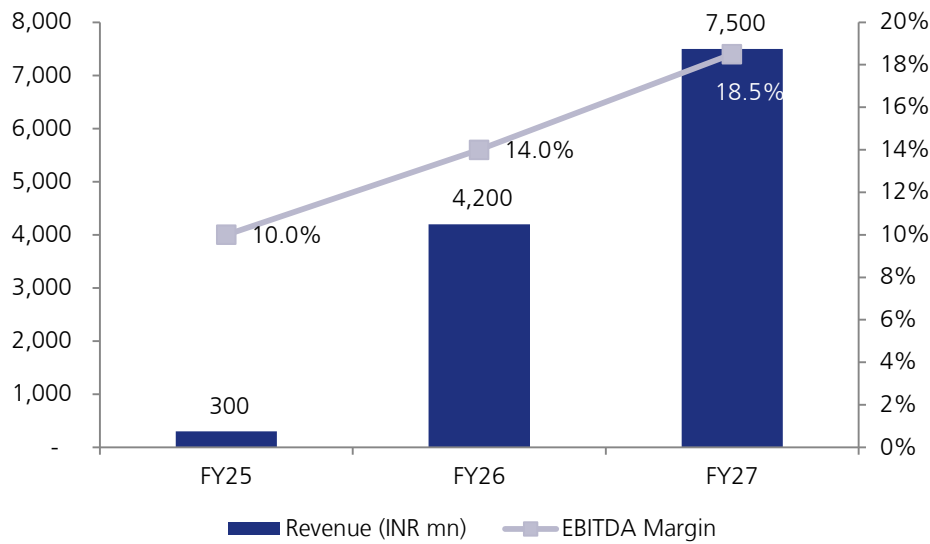
Source: Company, JM Financial

Exhibit 5. Addressable TAM in Anti-infectives

Sub-therapy	Addressable TAM (INR bn)
Oral Cephalosporin	21.8
Penicillin	16.2
Penum	7.2

Source: IQVIA, JM Financial; TAM as per JMFe

Exhibit 6. Jammu to achieve 18.5% EBITDAM in FY27



Source: JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	9,264	10,813	12,658	17,919	22,745	
Sales Growth	9.0%	16.7%	17.1%	41.6%	26.9%	
Other Operating Income	0	0	0	0	0	
Total Revenue	9,264	10,813	12,658	17,919	22,745	
Cost of Goods Sold/Op. Exp	6,916	7,283	8,354	12,275	15,694	
Personnel Cost	548	907	1,101	1,290	1,513	
Other Expenses	664	1,078	1,342	1,613	1,933	
EBITDA	1,136	1,545	1,861	2,742	3,605	
EBITDA Margin	12.3%	14.3%	14.7%	15.3%	15.9%	
EBITDA Growth	-0.4%	35.9%	20.5%	47.3%	31.5%	
Depn. & Amort.	111	160	265	362	366	
EBIT	1,026	1,385	1,595	2,379	3,239	
Other Income	92	125	140	168	202	
Finance Cost	200	215	6	20	21	
PBT before Excep. & Forex	918	1,295	1,729	2,527	3,419	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	918	1,295	1,729	2,527	3,419	
Taxes	238	352	434	632	855	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	680	943	1,295	1,896	2,564	
Adjusted Net Profit	680	943	1,295	1,896	2,564	
Net Margin	7.3%	8.7%	10.2%	10.6%	11.3%	
Diluted Share Cap. (mn)	48.0	57.2	57.2	57.2	57.2	
Diluted EPS (INR)	14.2	16.5	22.6	33.1	44.8	
Diluted EPS Growth	-11.5%	16.5%	37.3%	46.3%	35.3%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	918	1,295	1,729	2,527	3,419	
Depn. & Amort.	111	160	265	362	366	
Net Interest Exp. / Inc. (-)	193	215	6	20	21	
Inc (-) / Dec in WCap.	-311	73	140	-671	-808	
Others	-44	-3	0	0	0	
Taxes Paid	-195	-277	-434	-632	-855	
Operating Cash Flow	671	1,463	1,706	1,607	2,144	
Capex	-790	-2,874	-1,000	-75	-90	
Free Cash Flow	-119	-1,410	706	1,532	2,054	
Inc (-) / Dec in Investments	0	0	0	0	0	
Others	-119	-2,116	0	0	0	
Investing Cash Flow	-908	-4,990	-1,000	-75	-90	
Inc / Dec (-) in Capital	500	3,231	0	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	-98	536	-50	-50	-50	
Others	-131	-159	-6	-20	-21	
Financing Cash Flow	271	3,608	-56	-70	-71	
Inc / Dec (-) in Cash	34	82	650	1,462	1,983	
Opening Cash Balance	2	35	117	768	2,230	
Closing Cash Balance	35	117	768	2,230	4,213	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	2,765	8,309	9,604	11,500	14,064	
Share Capital	480	572	572	572	572	
Reserves & Surplus	2,285	7,737	9,032	10,928	13,492	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	2,352	2,418	2,368	2,318	2,268	
Def. Tax Liab. / Assets (-)	38	-151	-151	-151	-151	
Total - Equity & Liab.	5,155	10,576	11,821	13,667	16,181	
Net Fixed Assets	2,044	6,987	7,722	7,434	7,157	
Gross Fixed Assets	1,972	3,881	8,289	8,363	8,453	
Intangible Assets	175	176	176	176	176	
Less: Depn. & Amort.	318	478	743	1,105	1,472	
Capital WIP	215	3,408	0	0	0	
Investments	10	33	33	33	33	
Current Assets	4,988	5,989	6,958	10,028	13,648	
Inventories	1,173	1,440	1,526	2,013	2,493	
Sundry Debtors	2,652	2,885	3,121	4,173	4,985	
Cash & Bank Balances	35	117	768	2,230	4,213	
Loans & Advances	0	0	0	0	0	
Other Current Assets	1,128	1,547	1,543	1,612	1,958	
Current Liab. & Prov.	1,888	2,433	2,891	3,828	4,657	
Current Liabilities	1,678	1,820	2,277	3,214	4,043	
Provisions & Others	209	614	614	614	614	
Net Current Assets	3,100	3,556	4,067	6,200	8,991	
Total - Assets	5,155	10,576	11,822	13,667	16,181	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	7.3%	8.7%	10.2%	10.6%	11.3%	
Asset Turnover (x)	2.0	1.3	1.1	1.4	1.5	
Leverage Factor (x)	1.9	1.5	1.3	1.2	1.2	
RoE	28.0%	17.0%	14.5%	18.0%	20.1%	

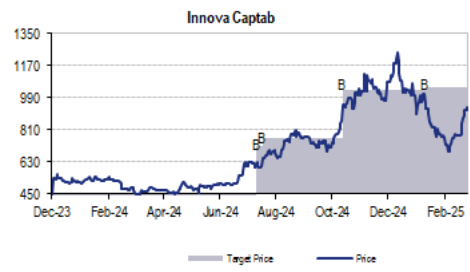
Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	57.6	145.2	167.8	201.0	245.8	
ROIC	16.6%	12.9%	11.0%	15.7%	20.5%	
ROE	28.0%	17.0%	14.5%	18.0%	20.1%	
Net Debt/Equity (x)	0.8	0.3	0.2	0.0	-0.1	
P/E (x)	66.3	56.9	41.4	28.3	20.9	
P/B (x)	16.3	6.5	5.6	4.7	3.8	
EV/EBITDA (x)	41.7	30.6	25.1	16.5	11.9	
EV/Sales (x)	5.1	4.4	3.7	2.5	1.9	
Debtor days	104	97	90	85	80	
Inventory days	46	49	44	41	40	
Creditor days	71	71	76	77	77	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
6-Aug-24	Buy	720	
13-Aug-24	Buy	765	6.3
8-Nov-24	Buy	1,031	34.8
6-Feb-25	Buy	1,047	1.6

Recommendation History



APPENDIX I

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SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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Rating	Meaning
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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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