INNOVA CAPTAB LIMITED
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May 26, 2025

To,
BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001
BSE Symbol: INNOVACAP
BSE Scrip Code: 544067

To,
National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No. C/1, "G" Block
Bandra-Kurla Complex
Bandra (E), Mumbai – 400 051
NSE Symbol: INNOVACAP

Subject: Transcript of the Investor/Analyst Earnings Call held on Monday, May 20, 2025.

Dear Sir/Madam,

This is in continuation to our letter dated May 20, 2025, wherein we had informed regarding the audio link of the earnings call with analysts/investors for the quarter and year ended March 31, 2025.

In this regard, please find enclosed herewith the transcript of the said call.

The transcript is also available on the Company's website i.e.

https://innovacaptab.com

You are requested to take this information on record.

Thanking you,

Yours faithfully,
For Innova Captab Limited

NEEHARIKA SHUKLA
Digitally signed by NEEHARIKA SHUKLA
Date: 2025.05.26 18:10:08 +05'30'

Neeharika Shukla
Company Secretary & Compliance Officer
Membership No.: A42724

Encl.: A/a

"Innova Captab Limited

Q4 FY '25 Earnings Conference Call"

May 20, 2025

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 20th May 2025 will prevail.

MANAGEMENT: **MR. VINAY LOHARIWALA – MANAGING DIRECTOR – INNOVA CAPTAB LIMITED**
MR. LOKESH BHASIN – CHIEF FINANCIAL OFFICER – INNOVA CAPTAB LIMITED
MR. AYUSH KUMAR GARG – HEAD INVESTOR RELATION -- INNOVA CAPTAB LIMITED
SGA – INVESTOR RELATIONS ADVISOR

Moderator: Ladies and gentlemen, good day, and welcome to the Innova Captab Limited Q4 and FY '25 Earnings Call. 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 your operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Before we begin, a brief disclaimer. This conference call may contain forward-looking statements about the company, which are based on beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Ayush Kumar Garg, Head IR. Thank you, and over to you, sir.

Ayush Kumar Garg: Thank you, Saisha. Good morning, everyone, and thank you for joining us on the earnings call today to review the operational and financial performance for Q4 and FY '25. We have with us Mr. Vinay Lohariwala, Managing Director; Mr. Lokesh Bhasin, Chief Financial Officer; and SGA, our Investor Relations Advisor.

We trust that you have had a chance to review the financial results and investor presentation, which have been made available on the Stock Exchanges as well as on the company website.

With that, I'll now hand over the call to Mr. Vinay for his opening remarks. Thank you, and over to you, sir.

Vinay Lohariwala: Thank you, Ayush. Good morning and thank you all for joining us on today's earnings call. Let me begin by saying that, I'm pleased with the way Innova Captab has performed throughout the year. We closed FY'25 with total revenue of INR1,244 crores, delivering strong growth of 15%. For Q4, revenue stood at INR315 crores, reflecting a robust year-on-year growth of 20%. A major milestone for us this quarter was the launch of commercial production at our new facility in Kathua, Jammu.

I would like to make a moment to extend my sincere gratitude to the entire execution team, whose dedication was instrumental in bringing the critical project to successful completion. The relentless efforts, coordination and commitment to excellence played a key role in ensuring that we met our goals on time and to the highest standard.

We have started offering new products and dosage form from this plant and the initial traction has been encouraging. This gives us added confidence in the long-term potential of this facility.

Let me now take you through the performance highlights across each of our business area.

CDMO business- Our CDMO business made significant strides this year. We expanded our client base to over 200 customers, which includes some of the largest players in the Indian pharmaceutical market. Our product portfolio has grown from 2,900-plus products last year to over 3,300 this year, a clear testimony to our commitment to quality, innovation and customer centricity.

The business recorded a year-on-year growth of 12% in Q4 and 6% for the full year. Going forward, our strategy will centre on acquiring new clients while also increasing wallet share from our existing partners. New product and dosage form launches from the Kathua plant are expected to further accelerate our growth in this area.

Domestic Branded Generic - Our domestic branded generic business delivered a stellar performance with year-on-year growth of 30% in Q4 and 21% in full year. We continue to expand our distribution network, which now includes over 6,000 distributors, up from 5,000 last year. We also significantly enhanced our market reach now touching more than 220,000 pharmacy and stockists compared to 150,000 in FY '24.

Our product offering in this business increased to over 750, up from 600 plus last year. Our focus in this area remains on supporting existing distributor retailer, while engaging new partners and channels to boost market presence.

International Business - On the international front, Innova now has a presence in 30-plus countries, including regulated markets such as the U.K. and Canada. This presence was 25-plus countries last year. The business posted solid year-on-year growth of 47% in Q4 and 25% for the full year.

Looking ahead, we will continue to expand our footprint in both regulated and semi-regulated market while also broadening our product offering to cater to diverse international demands.

Sharon Bio-Medicine - Sharon closed this year with revenue of INR197 crores. Sharon has a robust presence in regulated market and supplies both formulation and API to some of the most well-known pharmaceutical companies globally. We aligned strategic initiatives and leveraging synergy with Innova Captab.

Sharon is well positioned for sustained growth and enhanced value creation in the year ahead. Our strategic initiatives have started taking shape, and we are well positioned to enter the next phase of our growth journey.

The newly commissioned Kathua plant is set to unlock a broad spectrum of opportunity, expanding our product portfolio across business area, fostering new partnerships and deepening engagement with existing clients through enhanced wallet share. We are already witnessing strong interest from our current and prospective partner refirming the potential of this facility.

Our commitment to innovation is equally reflected in our R&D infrastructure.
Our dedicated laboratory and pilot scale manufacturing centre in Baddi, Himachal Pradesh is recognized by DSIR, Department of Science and Industrial Research. Further, our upcoming facility in Panchkula, Chandigarh will strengthen our capability with a focus on the development of complex generic and differentiated formulation, an important step in enhancing our innovation pipeline.

With multiple growth levers in place, including capacity expansion, a broadening product base, deepening market penetration and a robust R&D engine, we are confident in our ability to deliver long-term value to our all stakeholders. We are proud to the progress we have made and remain committed to executing our strategic road map with discipline and agility to drive sustainable growth across all verticals.

Thank you once again for your continued support and trust in Innova Captab. I now hand over the call to Mr. Lokesh to take you through the financial performance in more detail.

Lokesh Bhasin: Thank you, sir, and good morning, everyone. I will now take you through the financial highlights for Quarter 4 and full year FY '25.

Quarter 4 FY '25

Our consolidated revenue stood at INR314.7 crores, registering year-on-year growth of almost 20%. CDMO clocked INR154.8 crores of revenue with year-on-year growth of 12%, supported by sustained traction in existing products and the contribution that we got from our new Kathua, Jammu facility.

Domestic Branded Generic business delivered a robust growth of 30% to INR61.7 crores fuelled by expanded product portfolio and increased market penetration. International Branded Generic business delivered year-on-year growth of 47% to INR43.4 crores, driven by product and market expansion.

Sharon recorded a revenue of INR54.9 crores with year-on-year growth of 15%. This was chiefly volume driven. We witnessed decent growth in our absolute EBITDA, which was INR51.1 crores vis-a-vis INR43.8 crores of previous year -- previous quarter, Quarter 4 FY '24, recording a growth of 17%. This was largely driven by improved gross conversion. The EBITDA margin for the quarter was 16.2%.

The PAT rose by 3% year-on-year to INR29.6 crores of Quarter 4 '25 PAT after absorbing the impact of depreciation and finance cost accruing from the Kathua, Jammu plant, which was commercialized in January 2025. Consequently, PAT margin stood at 9.4%.

On a full year FY '25 basis.

The total revenue from operations grew 15% at INR1,243.7 crores, led by volume growth across business areas. The business mix for the year was CDMO 53%, Domestic Generic business was 18%, International Branded Generics was 13%, and Sharon contributed 16%. In absolute terms, business area-wise revenues for the financial year were CDMO, INR659.9 crores; Domestic Generic business, INR230.7 crores; International Generic business, INR156.3 crores; and Sharon, INR196.8 crores.

Coming to profitability. EBITDA registered stellar year-on-year growth of 19% to INR198.2 crores, almost touching INR200 crores, owing to improved gross contribution. EBITDA margin also increased by 50 basis points to 15.9%. The PAT witnessed robust growth of 36% to INR128.3 crores, mainly driven by higher EBITDA, coupled with reduced finance costs. PAT margins improved by 160 basis points to 10.3%.

Our balance sheet has also shown continued resilience with the strategic decision taken over the last few years now being in execution. We believe our performance metrics will further improve in coming years.

With this, we would like to conclude the presentation and open the floor for question and answers. Thank you very much.

Moderator: The first question is from the line of Amey Chalke from JM Financial.

Amey Chalke: Thank You for taking my question and congrats to the management on good set of numbers. Sir, I have first question on the Jammu plant. Is it possible to give how much was the contribution for this quarter? And any change in guidance for the next year for the revenues coming in from Jammu plant?

Lokesh Bhasin: During the Quarter 4 FY '25, see, our Jammu plant start commercialized operation from 14th of January 2025. And for this Quarter 4 '25, Jammu plant contributed a revenue of around INR36 crores. And coming to the next question, so as of now, we maintained our guidance of that Jammu plant is poised to achieve a revenue of around INR400 crores for this financial year FY '26.

Amey Chalke: Okay. And second question I have is on the cash flow. This year, our operating cash has increased with more than double-digit but working capital has eroded the cash from operation has gone down year-on-year. So, any reason for the working capital increase or do you expect it to normalize in the next year?

Lokesh Bhasin: Yes, Amey. So, you are right that this year, our working capital has -- working capital investment has slightly increased. So, there are major 2 reasons for it. Number one is the increase in operations and the working capital required to feed that increase in operations was invested. And at the same time, since Jammu has just started, so that initial working capital to start the plant was required. So, we are hopeful that in coming times, this working capital will return back to the normal days.

Amey Chalke; Sure. Thank You and I will join back the queue

Lokesh Bhasin: Thank You Amey

Moderator: The next question is from the line of Vidit Shah from Spark Capital.

Vidit Shah: My first question was on the Jammu plant, because of the tensions going on in the state right now, are you seeing any impact on our operations there currently?

Vinay Lohariwala: So, as you all are aware that there was blackout in entire almost North-western India, including our HO location, say, Chandigarh. So, the tension was there that facility is near border. So, there was some restlessness, but we have the full faith in our Indian army and our government and everything goes in a well manner. And in future also, we have the full faith in our army and the government. And hopefully, nothing wrong will happen.

Vidit Shah: But in the current quarter, we've just seen a couple of days of blackout and no major impact on operations?

Vinay Lohariwala: So, there was no shutdown in our facility for even a single day. So, we work as usually. There was no hurdle to our facility.

Vidit Shah: Okay. Understood. My second one was on the gross margin that we've seen improve both Y-o-Y and quarter-on-quarter. I think over the last couple of years, this is the highest ever gross margin that we reported. So, can you help us understand what is driving this improvement in gross margins and what could be the sustainable level going forward?

Lokesh Bhasin: So, Vidit, the gross margin improvement is mainly driven by a couple of reasons, which is our operational efficiency, a better product mix, bearing the best optimum resources or optimal use of the resources that we are having. So, these are the soft and the subjective reasons why our gross margins are increasing, coupled with the decent -- the best product mix that we have there. And in coming times also, we estimate that this is going to maintain in same trajectory.

Vidit Shah: Okay. But when we talk about segmentally, would margins be similar across, let's say, Sharon and the CDMO business in terms of gross margins? Or would there be a big deviation in these?

Lokesh Bhasin: So, Vidit, we normally do not track gross margins and margin profile at our business areas level.

Vidit Shah: Okay. No, I mean, Sharon is a separate entity itself, right? So that's why I was asking whether compared to Innova, how would Sharon's gross margins fare?

Lokesh Bhasin: So yes, you're right. So, if I talk about ICL manufacturing capability and Sharon manufacturing capability, yes, Sharon is having a slightly better gross margin, but they are having a different target market because they are majorly into regulated market in exports. So, yes, they are having slightly better gross margin profile than ICL manufacturing capabilities.

Vidit Shah: Okay. And just the last one on Sharon, in your opening remarks mentioned that it's well positioned for growth and value creation going forward. If you could just shed some light on what are the management's plans with regards to driving growth in Sharon? And what geographies and products are likely to drive growth? That's it from me.

Vinay Lohariwala: Yes. So, in Sharon that we are currently, say, most of the revenue is coming from Europe and Canada or the other regulated markets like Australia. And we will focus in Sharon in all these markets. We are trying to expand the wallet share from the existing customer and the onboarding of the new customer in the regulated market.

Moderator: The next question is from the line of Avnish from Vaikarya.

Avnish: I just have a couple. One, Lokesh, for you, I was -- if we have to estimate, let's say, the volume growth in Baddi, which is ex Jammu, and you said that Jammu contributed INR36 crores. If I remove INR36 crores from the standalone P&L, both from the top line and from the gross profit, it seems like the Baddi volume growth was around 12% to 13%. Is this calculation, right? Or is there some error in it?

Lokesh Bhasin: So, see, if I talk about at a full year level, ICL growth was ex Jammu was around 7% at a revenue from operation level.

Avnish: No, I was more interested in the quarter for the fourth quarter.

Lokesh Bhasin: Fair enough. So, if I talk about Quarter 4, if I exclude my ICL Jammu revenue part, so the growth was around 4% to 5% from year-on-year basis.

Avnish: Yes. That's the revenue. So, I was looking at -- I mean, if you remove the Jammu contribution, gross profit.

Lokesh Bhasin: So actually, see, I would just like to highlight that, see, we cannot see ICL Baddi operation in isolation. As we briefed earlier in our previous calls also that there is a certain level of cannibalization at initial level wherein, we are moving our revenue from our existing Cepha facility in Baddi to our new upcoming facility in Jammu of Cepha Block.

So, there is a certain element of cannibalization from Baddi to Jammu at an initial period itself. So that impact is also reflected in our ICL Baddi operation if you see it is standalone. But as I submitted, it cannot be seen in isolation per se.

Avnish: Okay. Understood. If we look at, let's say, when you guide for INR400 crores revenue from Jammu, that is over and top of the non-Jammu revenues that we've closed on this year, right? So, your non-Jammu revenues this year were close to about INR1,208 crores. What kind of growth can we expect in this? And then is INR400 crores over and top of that?

Lokesh Bhasin: So, my -- you are right. So out of my INR1,244 crores, my non-Jammu was around INR1,208 crores.

Avnish: Yes.

Lokesh Bhasin: So, the way I look at it, we are maintaining that we should be growing in early teens for our existing facilities. Plus, over and above the revenue that we'll get from Jammu plant.

Avnish: That's right. So, if you assume like about, let's say, early teens for ex Jammu business and the INR400 crores over and above that. That's how we should understand it.

Lokesh Bhasin: True.

Avnish: Okay. Last question from my side. How was the GST benefit accounted in this quarter? I mean, the benefit is in gross profit or in the other income. Can you please help us understand that?

Lokesh Bhasin: Yes. So, the way we accounted for with the blessings of Statutory Auditors, we have recorded our GST benefit as other operating income as a part of revenue from operations.

Avnish: Thanks. Thanks Lokesh. Thanks Vinayji

Moderator: The next question is from the line of Saket from Sagari Capital.

Saket: Yes. So, sir, my first question is pertaining to the CDMO segment. So, it has shown around 6% of growth. So, can you help me break up this into volume and say, price growth terms?

Lokesh Bhasin: So, my major revenue growth for CDMO business was for manufacturing capabilities business as mainly driven by volume growth.

Saket: And what could be that sir? Because I think we have seen that API prices have been down trending. So, was it like there was price de-growth as well? Or what was the breakup?

Lokesh Bhasin: See, if I talk about a year-on-year basis, other, I would like to emphasize that if I see my growth at a volume level, I would like to see at a manufacturing capability level instead of a business area level. So, on a full year level, we have got a volume growth of around 7% to 8%, and which is now in the growth that we have recorded at our ICL manufacturing capability level.

So whatever price impact was there, so due to product mix and other variable reasons during the year, it has been knocked off. There may be a slightly variation of 1% or 2%, but on a majorly, it is driven by volume growth.

Saket: Okay. Sir, on top of that, your Domestic Branded Generics has also done quite well. Now at 21%, so how do you break that up into, say, typical IPM drivers? Like how much was NI contributing? How much was price growth and how much was volume growth?

Lokesh Bhasin: So even in Domestic Branded Generics, the major growth has driven by our volumes through new products and penetrating into new markets or getting deep into our existing markets.

Saket: Okay. And sir, what would be the guidance for Domestic Branded Generic business, say, for the coming up? Because it would, say, behave slightly differently from the typical manufacturing business, right? So, any different color or growth number that you might have -- want to share on this -- for this segment?

Lokesh Bhasin: So, the way we see it, it should be in the line with the overall company growth itself.

Saket: Okay. So, which is mid-teens that you said, right, 12-13% is that the fair -- non-Jammu that you just mentioned, is it?

Lokesh Bhasin: See, when I see Jammu, see, there are two -- I would just like to explain on that part. See, business area is my front end, which delivers my sales. At the same time, Jammu is a manufacturing capability. So, my manufacturing capability of Baddi as well as Jammu feeds my all three business areas, which is CDMO, Domestic Branded Generics and International Branded Generics.

So, the way my Baddi manufacturing capability is working to feed all these three front-end business areas, the same way Jammu is also coming up and it will feed my all three business areas, either it's CDMO, Domestic Branded Generics or International Branded Generics.

Saket: Got it. So, sir, for Domestic Branded Generics, you don't source anything from outside because there might be some products where you may not have enough scale. So, is like 100% is in-sourced for both International Branded as well as Domestic Branded?

Lokesh Bhasin: So, talking about Domestic Branded Generics, yes, there is a certain element of items, which normally Innova do not produce that we procure from our third-party outside vendors, but that is not that much. It's hardly 20-25%.

Saket: Okay. Got it. And sir, in terms of, say, just order of, say, profitability, so like is it like Sharon would be the highest and then followed by branded generics and then CDMO would be the least profitable within these 4 segments? Is it a fair, say, order? Or how would that be?

Lokesh Bhasin: As I submitted earlier also, normally, we do not track margins at our business areas level. But if I talk about at a gross margin of a manufacturing capability, yes, Sharon being in regulated market, they will slightly -- they generate slightly better gross margins.

Saket: Thanks Sir for taking the question and I appreciate it and best of luck

Lokesh Bhasin: Thank You

Moderator: The next question is from the line of Miten Lathia from Fractal Capital Investments.

Miten Lathia: Three questions on Jammu. First, while you recognized the GST benefit as other operating income, could you clarify if it is an amount that is paid and then claimed as refund or it doesn't need to be paid at all, it directly is accounted for as income? Second, our current mix on the CDMO side is -- I understand that it's around 50-50.

Why have you chosen to increase the mix of acute at the Jammu facility? If you could spend a couple of minutes to thought process around that? And number three, you guided for about INR400 crores of incremental revenue from Jammu in FY '26. If you could sort of help us understand, how is it that you have that visibility of that revenue?

Lokesh Bhasin: Sir, answering to your question number one, so the way this GST incentive works is that we pay and we take the input credit of GST as per normal business practice, the way it is done for other manufacturing areas. But as we are supported by central government scheme. So whatever GST that we have paid on our total domestic sales at the end of the quarter, we will file a separate refund return to central government to claim that incentive back from central government.

So, these are two process. Number one is the normal GST process will remain same as other business -- other geographical location for a manufacturing business. Added step is that whatever GST that we have paid on sales invoices of domestic sales, we will file the return -- refund return to central government at a quarter end. I hope this satisfies your question.

Miten Lathia: Yes.

Vinay Lohariwala: So, the second question regarding the selection of product and facility. So, in Baddi, say, we are already into the general facility and cephalosporin facility. And this is extension of our product basket in the category of the other antibiotic like beta-lactam and penem and then general category of LVP, respules is there and then the waterfall injection. So, the strategic decision is taken based on the requirement in the market and our present capability.

Miten Lathia: And the third bit on the visibility around the INR400 crore number.

Vinay Lohariwala: So as on date, we are very much confident that this number is achievable. And being four facility, so say, if we say, like INR400 crores, sometimes it looks quite aggressive. But if we divide in the four plants, so it's not 1 facility, but there are four block.

So, it's like INR100 crores. And each quarter, if we see, then it come out to be, let's say, INR25 crores each block. So, then the number becomes smaller. So, the number has given on the fair assessment and estimation, and that's why we are giving that number, and we are very confident to achieve that.

Mithen Lathia: So Sir, I'll come back in the queue

Moderator: The next question is from the line of Divesh Tated from Finterest Capital.

Divesh Tated: Yes, sir. So, I guess in the last -- second last quarter, you have guided for INR2,500 crores of revenue in next 3 years. So, are we still on that? Are we confident on that?

Lokesh Bhasin: Yes, Divesh. So, where we seek to over long term, we are very much confident that we should be maintaining the CAGR of 25% revenue growth over the next 3 years.

Divesh Tated: Okay. Okay, sir. And sir, my next question is regarding as and when we utilize our Jammu plant more better, so our margins and even the GST incentive that we have, our margin getting better in next 3 years to, I guess, 17%. Is that right, sir?

Lokesh Bhasin: So while we will not like to comment on the number -- exact number, but yes, by increase of operations, get the benefit of operating leverage, the GST benefit, our operations efficiencies coming due to economies of scale and getting new products, yes, the margin is bound to increase.

Divesh Tated: Ok, Ok. Thank You so much sir. That's it from my side

Lokesh Bhasin: Thank You

Moderator: The next question is from the line of Vidit Shah from Spark Capital.

Vidit Shah: Just one clarification, sir, this INR400 crore number that you've guided from Jammu, does that include the GST benefit? And if so, how much would that be.

Lokesh Bhasin: Yes. So, when we say the number, yes, normally, as it is a part of our other operating revenue, that GST number is included in our overall INR400 crores as of now.

Vidit Shah: And would you be able to quantify that number, sir?

Lokesh Bhasin: Sir, it should be in the range of INR30 crores to INR35 crores.

Vidit Shah: Okay. Understood. And the INR36 crores of revenue that we did in 4Q, are we -- what level are we breaking even at? Are we breaking even yet in Jammu?

Lokesh Bhasin: Can you please repeat your question? You were not audible. Sorry.

Vidit Shah: What level of operations would you break even at Jammu?

Lokesh Bhasin: Okay. I think we should be EBITDA positive -- EBITDA neutral, sorry, EBITDA neutral by around sale of INR50 crores to INR55 crores.

Vidit Shah: Ok Got it. Thank You

Moderator: The next question is from the line of Harsh from Bandhan AMC.

Harsh: Yes. Just one or two quick clarifications. Can you help us understand the API pricing scenario as of now? I think so there was some question as well earlier, most of the CDMO growth is volume pertain to volumes. But just from a fourth quarter perspective, if you could help us understand at a broader scale and as things stand today, from an API pricing perspective, how things are and anything specifically from a cephalosporin perspective?

Lokesh Bhasin: Hii Harsh, so if I talk about quarter 4 and as of now status, at a broad level, at a weighted average level, I think more or less, the prices are more or less at a flat level. So, there will be some prices up and down. But if I see from a company's perspective, they are not having just as much impact as of now at the current level.

Harsh: Sure. And anything incrementally from cephalosporin or --?

Lokesh Bhasin: Sorry, I didn't get your question.

Harsh: Pricing in terms of the cephalosporins well, they are also broadly consistent on a quarter-on-quarter basis or anything incremental?

Vinay Lohariwala: So, in cephalosporin, there is slight -- the prices are slightly lower as well as in the beta-lactam. But overall if we see this -- one thing is that it is difficult to measure. And overall, we see that there are a few areas where the price has been increased and there are a few areas where the price has decreased.

Harsh: Sure. And lastly, from an FY '25 perspective, CDMO is somewhere around 6% to 7% growth rate. So, what would be the volume number on a broader basis for this entire year? I mean, I understand, there will be introductions and pricing. But just that volume number, would it be a double-digit volume number, early teens, mid-teens volume number?

Lokesh Bhasin: You're talking about volume growth? Harsh, are you talking about volume growth?

Harsh: Yes, sir. Volume growth for FY '25 for the CDMO business. Overall reported number is 6% to 7% growth for FY '25. What would be the volume growth number? Would it be like close to high single digits or low double digits?

Vinay Lohariwala: It's slightly better than the reported number growth. So that's why we are saying that even for the full year, the price impact is flat. So, it's just not only the function of the price growth once we capture the volume versus average price. So, then the product mix change is also a factor.

Harsh: Okay. So broadly, we should work with a similar number for the volume growth as well as compared to the reported number?

Vinay Lohariwala: Yes, yes. So -- better than the price -- better than the value growth, but volume growth is like 1 or 2 percentage points better.

Moderator: The next question is from the line of Amey Chalke from JM Financial.

Amey Chalke: Yes. I just had one question on the upcoming R&D facility in Panchkula, Haryana, which says that we would like to develop generic and complex generic products and some of the products are like immediate release, super bioavailability capsules, nano size formulations, etc. So, what are the markets are we going to target with these products?

Vinay Lohariwala: Amey, as you know that at Sharon, we are working in the regulated market space. And the thing was that in Sharon, as we don't have any independent R&D setup. So, where the Innova is helping, we are taking the regulated market project and developing at the Innova R&D and then we are doing the exhibit bets at Sharon to file in the regulated market. So one is that.

The other one is that even we are open for the domestic market and the ROW market. So overall, the product -- once the product is developed, it can be filed in the various market as per the requirement.

Amey Chalke: Right. So, these will be our own IP products even for regulated markets, you mean to say?

Vinay Lohariwala: Yes, yes. So, in regulated market, there are the 2 types of business. One is the tech transfer. The other one is this one, where we have our own IP and on developed dossier and then we have the commercialization.

Amey Chalke: But the commercialization will happen through partners, you mean to say that we won't be doing it on our own.

Vinay Lohariwala: Yes, yes. So, we have the -- we choose or we collaborate with the partner and the filing is being done. After that, once the required approvals is received, then we can do the commercialization. So, after acquiring the Sharon, we have done like a few of the products from the Sharon to the regulated market on this theme only.

Amey Chalke: And is there supposed to be any impact on overall company margins on increased spend on this R&D facility?

Vinay Lohariwala: So, let's say, it helps in the incremental business. But being, say, at INR1,200 crores in future, let's say, if we reach towards INR2,500 crores, then these businesses like INR50 crores, INR100 crores will have a less impact on the overall margin.

Amey Chalke: Got it. So, you don't expect immediate impact. Maybe once the scale is there on the top line, then the impact would be negligible what you meant?

Vinay Lohariwala: Yes, yes, yes. So overall, our strategy is to efficiently, effectively use our manufacturing facility with a more value-added product in a regulated and semi-regulated market. So, our R&D facility will help in achieving that.

Amey Chalke: Thank You so much. I will join back

Vinay Lohariwala: Thank You

Moderator: The next question is from the line of Miten Lathia from Fractal Capital Investments.

Miten Lathia: Just one question on Sharon. While you said that, in regulated markets, you want to broaden the customer base, but we've had almost 4 years of flat revenues at Sharon. So, is the current product portfolio something that can drive a 3-year sort of growth outlook? Or if you can sort of spell out what you are thinking about that business over the next 3 years or so?

Vinay Lohariwala: Yes. So, as you are aware that Sharon being in CIRP, there were no new initiation, new steps has been taken. Once we integrate -- and I think June -- to 1.5 year back, then we start taking new projects and all that. So that will mature in the coming quarters and coming year as there is a long lead time for -- long gestation time for in a regulated market. So, we see that all positivity should reflect in this upcoming year.

Miten Lathia: Okay. Just to be clear, you are saying that in the two existing markets of Europe and Canada, you want to deepen the relationship with the existing customers by offering them more products. Is that what you had mentioned earlier or --?

Vinay Lohariwala: Yes. So, onboarding of the new customer as well as onboarding of new products with the existing customer. Or let's say, what we used to do 4 years, 5 years back, revival of that business is also the part of strategy in Sharon.

Miten Lathia: So, they have actually lost products within customers or they've lost customers altogether in the last 4 years. Is that…

Vinay Lohariwala: So, let's put it in this way, the company being in CIRP, there was some hurdle in acquiring the new business and all that. So once the Innova name is there, the customer is also having a good confidence and all supply side hurdle has been removed, right?

So, we are focusing on that business and doing our all efforts to revive and grow at a positive growth rate. And as you are saying that that is absolutely correct that revenue is almost flat. But if you see the EBITDA and profit margin, that has been consolidated in a very good manner.

Mithen Lathia: Understood sir. Thank You

Moderator: The next question is from the line of Divesh Tated from Finterest Capital.

Divesh Tated: I just had one last question. Sir, I wanted to know what could be the run rate for depreciation going forward.

Lokesh Bhasin: So over and above existing depreciation rate, the Jammu plant would be having a depreciation of around INR24 crores to INR25 crores per annum.

Divesh Tated: Okay. Okay. And our existing business will not have any such or they will have depreciation?

Lokesh Bhasin: They would continue the existing depreciation rate. There may be certain maintenance capex, but the depreciation rate would be in the same lines that they are having right now.

Moderator: Thank you so much. As there are no further questions from the participants, I now hand the conference over to management for closing comments.

Vinay Lohariwala: Thank you, everyone, for joining us for the earnings call. We appreciate your time and showing interest. In case of any queries, you can get in touch with our Investor Relations team. We look forward to meeting all of you over the next call. Thank you very much again.

Lokesh Bhasin: Thank you.

Moderator: On behalf of Innova Captab Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.