Innova Captab Limited

September 19, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	389.38 (Enhanced from 354.88)	CARE A; Positive	Reaffirmed; Outlook revised from Stable
Short-term bank facilities	20.00	CARE A1	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings along with change in the outlook to 'Positive' assigned to bank facilities of Innova Captab Limited (ICL) derives strength from the growing scale of operations, driven by sustained contribution from all business areas along with operationalisation of the Jammu plant. Ratings also continue to take comfort from the comfortable financial risk profile characterised by low overall gearing and comfortable debt coverage indicators. Ratings also factor in experienced promoters, internationally accredited manufacturing facilities, diversified product profile, and established relationship with reputed clients. However, ratings continue to remain constrained by profitability margins susceptible to raw material price volatility, regulatory policy risk, and the intense competition in the contract development and manufacturing organisation (CDMO) business.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations by 20%, with profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin remaining at a similar level, leading to improvement in debt coverage indicators.
- Improvement in total debt to PBILDT below 1.50x at the consolidated level on a sustained basis.

Negative factors

- Significant decline in scale of operations, including lower-than-envisaged ramp-up in operations of Sharon Bio-Medicine Limited (Sharon), with PBILDT margin consistently falling below 10% on a sustained basis, leading to deterioration in operational cash flows.
- Significant debt-funded capital expenditure or acquisition, other than envisaged, leading to total debt to PBILDT exceeding 2.00x on a sustained basis.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has considered a consolidated view of the financials of ICL, its subsidiaries and step-down subsidiary, considering common promoters and the presence of operational and financial linkages among the entities. List of consolidated entities is provided in Annexure-6.

Outlook: Positive

Revision in outlook to "Positive" outlook reflects CareEdge Ratings' expectation of growth in the company's total operating income (TOI), supported by the ramp-up of the newly commissioned Jammu plant, repeat business from CDMO customers, and an increase in export sales. Debt coverage indicators are also expected to remain comfortable over the medium term, aided by stable profitability margins. However, the outlook may be revised to "Stable" if contribution from the Jammu plant is lower than expected or there are delays in obtaining approvals from international regulatory authorities.

Detailed description of key rating drivers:

Key strengths

Experienced promoters

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Incorporated in 2005, ICL is promoted by Manoj Kumar Lohariwala and Vinay Lohariwala. Both promoters have over two decades of experience in manufacturing and marketing pharmaceutical products. The promoters are actively involved in the day-to-day operations and are supported by a highly qualified and experienced team across domains.

Internationally accredited manufacturing facilities

The company's manufacturing facilities are accredited by leading regulatory authorities, including World Health Organization – Good Manufacturing Practices (WHO-GMP), European Union – Good Manufacturing Practices (EU-GMP), and United Kingdom – Medicines and Healthcare products Regulatory Agency (UK-MHRA). It also holds drug manufacturing licences for formulations from Himachal Pradesh State Drug Controlling and Licensing Authority.

Following the acquisition of Sharon, the group's exposure to regulated markets such as Canada, United Kingdom, Europe, and Australia has expanded. The company also has approvals to market products in semi-regulated countries such as Ghana, Nigeria, and Afghanistan. Timely receipt of regulatory approvals for the new Jammu plant remains a key monitorable.

Reputed client base and diversified product profile

The company has been engaged in contract manufacturing of pharmaceutical formulations since 2005, resulting in long-standing relationships with reputed domestic and international customers. In addition to contract manufacturing, it markets products under its own brands through its wholly owned subsidiary, Univentis Medicare Limited (UML). The company's product portfolio includes a wide range of dosage forms such as tablets, capsules, syrups, and injectables, catering to multiple therapeutic segments including anti-allergic, anti-diabetic, analgesic, anti-malarial, antibiotics, dietary supplements, steroids, and anti-inflammatory products.

The group's product mix was further diversified through the acquisition of Sharon, which is engaged in manufacturing formulations and active pharmaceutical ingredients (APIs). Sharon's portfolio primarily covers acute therapies, with an expanding presence in chronic therapies.

Improvement in operational performance

The consolidated TOI of the company improved by ~15% in FY25 (FY refers to April 01 to March 31) and stood at ₹1,249 crore compared to ₹1,086 crore in FY24, supported by continued growth in the CDMO business and contribution from Sharon. The number of CDMO customers increased to 200+ in FY25. Around 80% of CDMO revenue was contributed by customers associated with the company for over five years. In the branded generics segment, the company expanded its pharmacy network to over 2.2 lakh touchpoints. The domestic branded generics segment contributed 18% to the company's TOI in FY25, while 13% was derived from international branded generics. The company's total exports contributed ~26% of TOI in FY25 compared to ~23% in FY24.

The PBILDT margin has shown a growing trend in the last three fiscals, with a 58-basis point (bps) improvement in FY25 to 15.37% (PY: 14.79%). The improvement was driven by higher margins in Sharon, which has a major presence in exports to regulated markets and due to a better product mix. However, sustainability of margins depends on timely ramp-up in utilisation levels at the newly commissioned Kathua plant.

Strong financial risk profile

The company's financial risk profile remained strong, with a comfortable overall gearing ratio of 0.36x as on March 31, 2025, compared to 0.30x as on March 31, 2024, supported by a strong tangible net worth base and low utilisation of working capital limits. The debt coverage indicators also remained comfortable and improved, marked by interest coverage ratio and total debt to gross cash accruals (GCA) of 79.81x and 2.00x, respectively, as on March 31, 2025, compared to 7.45x and 2.11x, respectively, as on March 31, 2024. The improvement in interest coverage is due to better margins along with lower interest cost, as the company received interest subvention under the Central Government's New Central Sector Scheme and interest on the Jammu plant loan was capitalised.

Key weaknesses

Susceptibility of profitability margins to raw material prices

APIs, which are essential inputs in the production of pharmaceutical formulations, are prone to significant price volatility owing to supply–demand imbalances and import dependence. With material costs forming ~65% of total income in FY25 and intense competition in the unpatented formulations segment, the company's profitability margins remain vulnerable to such fluctuations. However, the company's CDMO business operates on a cost pass-through model, which provides some mitigation against volatility in input prices.

Highly competitive and fragmented nature of the industry with inherent regulatory risk
The group is engaged in manufacturing generic formulations and contract-based pharmaceutical formulations. The industry is characterised by a high level of competition with presence of a large number of small and big players. Pharmaceutical industry is a closely monitored and regulated industry and as such there are inherent risks and liabilities associated with the products and their manufacturing. Regular compliance with product and manufacturing quality standards of regulatory authorities is critical for selling products across geographies.

Liquidity: Adequate

ICL has a scheduled repayment obligation of ₹26.88 Cr in FY26 which is projected to be met through sufficient projected cash accruals. It had a comfortable current ratio of 1.89x and free cash and bank balances of ₹65 crore as on March 31, 2025. The average utilisation of working capital limits remained low at ~27% in the 12-month period ended June 2025.

Environment, social, and governance (ESG) risks

ESG risks primarily arise from stringent regulatory and compliance requirements, particularly around product safety, quality, and waste management. Environmental risks stem from effluent discharge, chemical handling, and energy-intensive operations, while social risks relate to employee health and safety, access to medicines, and ethical marketing practices. Governance risks centre on adherence to global regulatory standards, data integrity, and transparent disclosures. Any lapse in these areas can lead to reputational damage, regulatory penalties, and disruption in business operations.

The company has filed its Business Responsibility and Sustainability Report with the BSE and NSE for FY25, and there is no record of non-compliance. As disclosed in its annual report, the company has implemented several governance and sustainability-related policies, including a Vigil Mechanism and Whistleblower Policy, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI), Board Diversity Policy, Corporate Social Responsibility (CSR) Policy, and an ESG Policy. Collectively, these measures provide an appropriate framework for managing risks associated with ESG requirements.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Pharmaceuticals
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals and Biotechnology	Pharmaceuticals

Incorporated in 2005, ICL is engaged in manufacturing pharmaceutical formulations since 2005. The formulations are manufactured on contract basis for both domestic and foreign pharmaceutical companies and had a total of 200+ CDMO customers as on March 31, 2025. ICL is also engaged in exporting formulations to over 30 countries majorly in semi-regulated markets, such as Nigeria, Kenya, and Ethiopia, among others. The Innova Group currently operates five manufacturing facilities: two in Baddi, Himachal Pradesh; one in Kathua, Jammu and Kashmir; one in Dehradun, Uttarakhand; and one in Taloja, Maharashtra.

Particular- Consolidated (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	1085.52	1248.98	351.54
PBILDT	160.60	191.95	52.10

Particular- Consolidated (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
PAT	94.35	128.26	31.01
Overall gearing (times)	0.30	0.36	NA
Interest coverage (times)	7.45	79.81	18.22

A: Audited UA: Unaudited; NA: Not available; Q1FY26 refers to April 01 to June 30; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	125.00	CARE A; Positive
Fund-based - LT-Term Loan		-	-	30/09/2032	264.38	CARE A; Positive
Non-fund-based - ST-BG/LC		-	-	-	20.00	CARE A1

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	264.38	CARE A; Positive	-	1)CARE A; Stable (04-Sep-24)	1)CARE A-; Negative (27-Sep-23) 2)CARE A- (RWN) (30-May-23)	1)CARE A-; Stable (07-Feb-23) 2)CARE A-; Stable (07-Apr-22)
2	Fund-based - LT-Cash Credit	LT	125.00	CARE A; Positive	-	1)CARE A; Stable (04-Sep-24)	1)CARE A-; Negative (27-Sep-23) 2)CARE A- (RWN) (30-May-23)	1)CARE A-; Stable (07-Feb-23) 2)CARE A-; Stable (07-Apr-22)
3	Fund-based - ST-Working Capital Limits	ST	-	-	-	1)Withdrawn (04-Sep-24)	1)CARE A2+ (27-Sep-23) 2)CARE A2+ (RWN) (30-May-23)	1)CARE A2+ (07-Feb-23) 2)CARE A2+ (07-Apr-22)
4	Non-fund-based - ST-BG/LC	ST	20.00	CARE A1	-	1)CARE A1 (04-Sep-24)	1)CARE A2+ (27-Sep-23) 2)CARE A2+ (RWN) (30-May-23)	1)CARE A2+ (07-Feb-23) 2)CARE A2+ (07-Apr-22)

LT: Long term; ST: Short term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Univentis Medicare Limited	Full	Subsidiary
2	Univentis Foundation	Full	Subsidiary
3	Sharon Bio-Medicine Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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