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INNOVA CAPTAB LIMITED



(Please scan the QR code to view the RHP)

Our Company was incorporated in Mumbai, Maharashtra, as 'Harun Health Care Private Limited', a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 3, 2005, issued by the Registrar of Companies, Maharashtra at Mumbai (the "RoC"). Thereafter, pursuant to a resolution passed by our Shareholders in the extraordinary general meeting held on December 26, 2009, the name of our Company was changed from Harun Health Care Private Limited to 'Innova Captab Private Limited', and consequently, a fresh certificate of incorporation dated February 2, 2010, was issued by the RoC to our Company. Subsequently, our Company was converted from a private limited company to a public limited company, pursuant to a resolution passed by our Shareholders in the extraordinary general meeting held on July 12, 2018, and consequently, the name of our Company was changed to our present name, 'Innova Captab Limited', and a fresh certificate of incorporation dated July 28, 2018, was issued by the RoC to our Company. For details of changes in the name and the registered office address of our Company, see 'History and Current Corporate Matters' on page 220 of the red herring prospectus dated December 14, 2023 filed with RoC.

Corporate Identity Number: U24249M0205PLC150371 Website: www.innovacaptab.com
 Registered Office: 601, Phoenix, Plot No. 18, Sector 20 A, Vashi, Near Mumbai, Maharashtra 400 705, India. Telephone: 91 22 2564 2096
 Corporate Office: Second Floor, SCO No. 301, Sector 2, Panchsika, Inerva 134 103, India. Contact Person: Hetalwika Shukla, Company Secretary and Compliance Officer. Telephone: +91 172 4194500. Email: investors@innovacaptab.com

THE PROMOTERS OF OUR COMPANY ARE MANOJ KUMAR LOHARIWALA AND VINAY KUMAR LOHARIWALA

INITIAL PUBLIC OFFERING OF UP TO (a) EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹(a) PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹(a) PER EQUITY SHARE ("OFFER PRICE") AGGREGATING UP TO ₹(a) MILLION ("OFFER"). THE OFFER COMPRISES OF A FRESH ISSUE OF UP TO (a) EQUITY SHARES AGGREGATING UP TO ₹(a) MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 5,386,387 EQUITY SHARES ("OFFERED SHARES") AGGREGATING UP TO ₹(a) MILLION. THE OFFER WILL CONSTITUTE (a) % OF THE POST-OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

DETAILS OF THE OFFER FOR SALE BY THE SELLING SHAREHOLDERS

NAME OF SELLING SHAREHOLDER	TYPE	NUMBER OF SHARES OFFERED / AMOUNT (₹ IN MILLION)	WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹)*
MANOJ KUMAR LOHARIWALA	PROMOTER	Up to 1,953,125 Equity Shares aggregating up to ₹(a) million	2.32
VINAY KUMAR LOHARIWALA	PROMOTER	Up to 1,953,125 Equity Shares aggregating up to ₹(a) million	15.20
GAN PARKASH AGGARWAL	OTHER	Up to 1,674,107 Equity Shares aggregating up to ₹(a) million	2.26

*As certified by M B T & Co, Chartered Accountants, by way of their certificate dated December 19, 2023.

*The price of acquisition, have been adjusted for the sub-division in the face value of the equity shares of the Company from ₹100 each to ₹10 each pursuant to a resolution of the Shareholders dated April 4, 2022, as applicable.

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

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations.

• QIB Portion: Not more than 50% of the Offer • Non-Institutional Portion: Not less than 15% of the Offer • Retail Portion: Not less than 35% of the Offer

PRICE BAND: ₹ 426 TO ₹ 448 PER EQUITY SHARE OF FACE VALUE OF ₹10 EACH

THE FLOOR PRICE IS 42.60 TIMES THE FACE VALUE OF THE EQUITY SHARES AND THE CAP PRICE IS 44.80 TIMES THE FACE VALUE OF THE EQUITY SHARES

THE PRICE/EARNINGS RATIO BASED ON DILUTED EPS FOR FISCAL 2023 AT THE FLOOR PRICE IS 30.08 TIMES AND AT THE CAP PRICE IS 31.64 TIMES

BIDS CAN BE MADE FOR A MINIMUM OF 33 EQUITY SHARES AND IN MULTIPLES OF 33 EQUITY SHARES THEREAFTER

In accordance with the recommendation of Committee of Independent Directors of our Company, pursuant to their resolution dated December 15, 2023, the above provided price band is justified based on quantitative factors/ KPIs disclosed in the 'Basis for the Offer Price' section of the RHP vis-a-vis the weighted average cost of acquisition ("WACA") of primary and secondary transaction(s), disclosed in 'Basis for the Offer Price' section on pages 116 to 122 of the RHP.

IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST ONLY RELY ON THE INFORMATION INCLUDED IN THE RED HERRING PROSPECTUS AND THE TERMS OF THE OFFER, INCLUDING THE RISKS INVOLVED AND NOT RELY ON ANY OTHER EXTERNAL SOURCES OF INFORMATION ABOUT THE OFFER AVAILABLE IN ANY MANNER.

RISKS TO INVESTORS:

1. We depend on a limited number of 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 our business, results of operations and financial condition. Our revenue from operations from CDMO business from our top ten customers and such revenue as a percentage of our operations is set forth below:

Reven-ue from Operat-ions	Fiscal 2021		Fiscal 2022		Fiscal 2023		Three Months ended June 30, 2023	
	₹ million	% of revenue from operations from CDMO business	₹ million	% of revenue from operations from CDMO business	₹ million	% of revenue from operations from CDMO business	₹ million	% of revenue from operations from CDMO business
Top Ten Customers	2,022.01	54.52%	3,341.18	48.66%	3,825.40	56.29%	1,136.63	68.39%

2. A portion of the proceeds from this Offer will not be available to us. The proceeds from the Offer for Sale will be remitted to the Selling Shareholders and our Company will not benefit from such proceeds.

3. We are dependent on the import of raw materials from China, China SEZ and Hong Kong. This exposes us to political, economic and social conditions in greater China.

Restated Consolidated	For the year ended March 31,			For the three months ended June 30, 2023
	2021	2022	2023	
Imported raw materials from China, China SEZ and Hong Kong as a percentage of our cost of imported raw materials	91.85%	90.03%	75.41%	100%
Imported raw materials from China, China SEZ and Hong Kong as a percentage of total raw material	13.11%	12.28%	6.18%	1.15%

4. Our business is capital intensive. Any insufficient cash flows from our operations or inability to borrow to meet our working capital requirements it may materially and adversely affect our business and results of operations. As of October 31, 2023, our sanctioned working capital facilities amounted to ₹2,650.00 million on a restated consolidated basis and our amount outstanding under our working capital facilities was ₹1,585.53 million on such date. We intend to utilise ₹720.00 million (as part of the Net Proceeds) towards funding our incremental working capital requirements in Fiscal 2023 and Fiscal 2024.

5. Our Restated Consolidated Financial Information are not comparable on a period-to-period basis and to any future financial results that we may prepare and further, our Pro Forma Condensed Consolidated Financial Information are unaudited and have not been prepared in accordance with generally accepted accounting principles including accounting standard and therefore, is subject to change and may not give an accurate picture of our actual results of operations or financial condition.

6. We operate in a market that is highly competitive. Our competition for formulation and branded generic products is with pharmaceutical companies and other generic product suppliers in India and other jurisdictions.

7. We have recently acquired Sharon, and do not yet know whether we will achieve the expected benefits from such acquisition, which could materially adversely affect our business, results

of operation, cash flows and financial condition.

8. We have two manufacturing facilities in Baddi, Himachal Pradesh. Our business is dependent and will continue to depend on our manufacturing facilities, and we are subject to certain risks in our manufacturing process such as the breakdown or failure of equipment, industrial accidents, severe weather conditions and natural disasters.

9. Failure to comply with the quality requirements and technical specifications prescribed by our customers may lead to loss of business from such customers and could negatively impact our business, results of operations and financial condition, including cancellation of existing and future orders which may expose us to warranty claims.

10. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control.

11. We have incurred significant capital expenditure during the last three Fiscal Years and the three months ended June 30, 2023.

(₹ in million)

Restated Consolidated	As at March 31,		As at June 30, 2023
	2021	2022	
Capital expenditure	110.63	768.24	260.99

12. Average cost of acquisition of Equity Shares held by the Selling Shareholders ranges from ₹2.36 to ₹15.20 per Equity Share and Offer Price at higher end of the Price Band is ₹448 per Equity Share.

13. Weighted Average Return on Net Worth for past three Fiscals i.e. 2023, 2022 and 2021 is 26.48%

14. Details of weighted average cost of acquisition of all Equity Shares transacted in last three years, eighteen months and one year immediately preceding the date of the RHP

Period	Weighted average cost of acquisition (WACA) ^(a) (in ₹)	Cap Price is 'x' times the weighted average cost of acquisition	Range of acquisition (Lowest Price-Highest Price) (in ₹)
Last one year	403.37	1.11	354.00 – 448.00
Last 18 months	403.37	1.11	354.00 – 448.00
Last three years	336.56	1.33	166.67 – 448.00

^(a) As certified by the N B T & Co, Chartered Accountants, by way of their certificate dated December 19, 2023.

15. Weighted average cost of acquisition, floor price and cap price

Past transactions	Weighted average cost of acquisition (in ₹)	Floor Price (₹ 426)	Cap Price (₹ 448)
Since there are no such primary issuances or secondary transactions as set out in (a) and (b) above, details of the price per share based on the last five primary or secondary transactions as detailed in (c) are set out below:			
- Primary issuances	21.01	20.28 times	21.33 times
- Secondary transactions	288.43	1.48 times	1.55 times

16. The two BRLMs associated with the Offer have handled 72 public issues in the past three years, out of which 19 issues closed below the offer price on listing date.

Name of BRLMs	Total Issues	Issues Closed Below IPO Price on Listing Date
ICICI Securities Limited*	30	10
JM Financial Limited*	24	3
Common issues handled by the BRLMs	18	6
Total	72	19

*Issues handled where there were no common BRLMs.

Continued on next page.

