



“Innova Captab Limited  
Q1 FY25 Earnings Conference Call”  
August 12, 2024

E&OE - This transcript is edited for factual errors. In case of discrepancy, the audio recordings uploaded on the stock exchange on 12<sup>th</sup> August 2024 will prevail



**MANAGEMENT:** **MR. VINAY LOHARIWALA – MANAGING DIRECTOR –  
INNOVA CAPTAB LIMITED**  
**MR. LOKESH BHASIN – CHIEF FINANCIAL OFFICER –  
INNOVA CAPTAB LIMITED**

**MODERATOR:** **MR. AMEY CHALKE – JM FINANCIAL**

**Moderator:** Ladies and gentlemen, good day and welcome to Innova Captab Limited Q1 FY25 Earnings Conference Call hosted by JM Financial. 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 an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Amey Chalke from JM Financial. Thank you and over to you, sir. Mr. Amey, your line has been unmuted.

**Amey Chalke:** Thank you. Good morning, everyone. Welcome to the Q1 FY25 Results Conference Call of Innova Captab Limited. Joining us today on the call are Mr. Vinay Lohariwala, Managing Director, Mr. Lokesh Bhasin, Chief Financial Officer and I would like to hand over the call to Mr. Vinay Lohariwala for his opening remarks. Thank you and over to you, sir.

**Vinay Lohariwala:** Thank you, Amey. Good morning, everyone and thank you for joining us on our earnings call today to discuss and operational financial performance for Q1 FY25. On this call, we have been joined by Mr. Lokesh Bhasin, CFO and SGA, our Investor Relations Advisor. I hope everyone has got an opportunity to go through the financial results and investor presentation which has been uploaded on the stock exchange and our company website. A short brief about the recent development of the company. Lokesh will take you through the operational and financial highlights.

The Indian pharmaceutical industry is growing at a healthy rate, fuelled by a growing demand of select therapeutic segments, an expanding generic markets and government efforts to enhance drug accessibility. This presents a great opportunity for CDMO manufacturers like us to tap the growth potentials. We are an integrated pharmaceutical company in India with a presence across the pharmaceutical value chain, including R&D, manufacturing, drug distribution, marketing and exports.

We cater to more than 190 clients, top 14 out of the 15 pharmaceutical companies. We adhere to and hold various global registrations like WHO-GMP, EU-GMP, UK-MHRA to manufacture a wide range of products in oral solid dosages, ointment, dry powder injection, dry syrups and liquid orals at our four facilities, consisting of five separate independent blocks, which are located in Baddi, Himachal Pradesh, Dehradun, Uttarakhand and Taloja, Maharashtra.

Our in-house R&D is a cornerstone of our company, which drives the new product development and trials. As the pharmaceutical industry faces challenges in evolving quality and regulatory standards, we at Innova view these challenges as opportunities. Prioritizing quality and adhering to the stringent protocol of our both domestic and international customers, Innova has consistently met all quality and regulatory requirements since its inception. We are committed to further enhancing its performance.

Now coming to our four major areas of business performance.

1. CDMO - Our extensive CDMO formulation capability enhances to provide a diverse range of dosage forms, including oral solids, oral liquids, dry syrups, ointments and injectables.

CDMO sector has strong demand. We see promising growth potential in the CDMO market.

2. Domestic Branded Generics - Our domestic branded generics business involves manufacturing and distribution of products that are distributed across India via a network of distributors, producers, and pharmacies.
3. International Branded Generics - Our international branded generics business emphasizes exports to emerging and semi-regulated markets, with recent expansion into the UK and Canada. We had exported products to 25 countries and will continue to expand.
4. Sharon Bio-Medicine – Has strong CDMO formulation manufacturing capability, including API manufacturing, which catered to both domestic and international markets with a special focus on exports, including countries like the UK, Canada, Europe, Australia, Korea, Vietnam, and America.

**Recent Developments:**

Our greenfield expansion in Jammu is progressing as planned and we expect the commercialization in Q2 FY25. Revenue will start kicking in from Q3 FY25, with margin improvement become noticeable from the second year onwards. For this year, the company has also anticipated benefits through the new central scheme for industrial development in J&K. The Jammu unit will have four independent blocks of cephalosporin, penicillin, penum and BFS, and will focus on manufacturing of diverse range of products within oral solids dosage, dry powder injectables, dry syrup, BFS, large volume parenteral and respiratory respule products.

Through this expansion, we look forward to enhance our capability to five facilities, having nine independent manufacturing blocks, with an extended product category, which would include BFS, large volume parenteral, respiratory respules, oral solid dosages, ointments, dry powder injectables, dry syrup and liquid oral.

In addition to our current R&D center in Baddi, the company is also setting up a new R&D center in Panchkula, Haryana, which will specialize in generic and complex generic products.

Over the past 3-4 years, our revenue has grown at a robust growth rate of 35% CAGR. With the addition of our new Jammu facility, we are optimistic about maintaining this strong growth rate over the next 3-4 years.

As a company, we are committed to driving sustainable growth by exploring new opportunities and concentrating on value-added products. Indian pharmaceutical companies are poised for substantial growth in the mid to long term, as both domestic and global manufacturing companies look for dependable and sustainable supplies like us.

I now request Mr. Lokesh to take you through the operational and financial performance of Q1 FY25. Over to you, Lokesh.

**Lokesh Bhasin:**

Thank you, sir. Good morning, everyone. Q1 FY25 has been a good quarter for us as our key operational and financial metrics witnessed healthy growth.

Q1 FY25 highlights - the Total income came in at around Rs 296 crores with a growth of 27% on a year-to-year basis and 10.5% on a quarter-to-quarter basis.

Business mix are as follows. CDMO contributed 57% for this quarter. Domestic Branded Generics is at 17%. International Branded Generics is at 11%. And the balance of 15% is contributed by Sharon.

Our EBITDA stood at Rs 44 crores with a growth of 37% on a year-to-year basis and 1% on a quarter-to-quarter basis. EBITDA margins stood at 15.1% as against 13.9% in Q1 FY '24 and 16.7% in Q4 FY '24. Profit after tax for the quarter was at Rs 29.5 crores with a growth of 68% on a year-to-year basis and 3% on a quarter-to-quarter basis. PAT margins stood at 10% as against 7.5% in Q1 FY '24 and 10.9% in Q4 FY '24. At a group level, our capacity utilization level stood at approximately 52%.

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

**Moderator:** Thank you. We will now begin the question-and-answer session. The first question is from the line of Tushar Raghatate from Kamayakya Wealth Management. Please go ahead.

**Tushar Raghatate:** Good morning, sir. Thank you for the opportunity. I just wanted to know your full business. Can you please rank your business as per the EBITDA margin? And in your branded generics, what are our plans going forward? That would be my first question.

**Lokesh Bhasin:** As we said, our EBITDA margin normally stands in the range of 14% to 16% depending upon the seasonality. So this is the question that you were asking?

**Tushar Raghatate:** No, sir. I was asking you have four segments like CDMO, domestic branded generics, international branded and regulated generics. I just wanted to know what would be the EBITDA margin profile for all these.

**Lokesh Bhasin:** Tushar, we normally do not track our area wise EBITDA margin.

**Tushar Raghatate:** Can you share the EBITDA margin of your business?

**Lokesh Bhasin:** Sorry, Tushar. Your voice is slightly cracking. Can you please repeat your question?

**Tushar Raghatate:** Sir, I wanted to know the EBITDA margin of your businesses.

**Lokesh Bhasin:** Yes, Tushar. I submit that we do not track our EBITDA margin at a business area level.

**Tushar Raghatate:** Fair enough, sir.

**Lokesh Bhasin:** EBITDA margins are available at our entity level.

**Tushar Raghatate:** Fair enough. Sir, in terms of your branded generic business, what are our plans going forward? How are you planning to scale that up and how are you planning to scale up the Sharon business?

**Vinay Lohariwala:** So, as we earlier also said that we have focus on all four areas of our business operation. That includes our branded generic business and Sharon Bio-Medicine business as well. So, say, we have the pan India presence in our branded generic business. We do the marketing in the name of Univentis Medicare. We have approximately 300 persons, sales force there. And we continue to grow at a rapid speed. In the past also, if you see, we have grown at a CAGR of 30% plus. So we will try to maintain that, and we will focus more on the remote location area and the product basket.

And let me come to the Sharon Bio-Medicine. Now it is the fourth quarter that is consolidated into our balance sheet. and the P&L is also consolidated for the fourth quarter, so there also we have a well-focused for the regulated market so, as you know that most of the sales in CDMO segment in Sharon Bio-Medicine comes from the regulated market. So we are developing new products and starting the activities that is there in the Sharon Bio-Medicine as well. I think this answers your question.

**Tushar Raghatate:** Yes. I just wanted to know, in terms of tablets and capsules, why are the utilizations so less? Compared to others, I'm saying, is then for the same...?

**Vinay Lohariwala:** So, you were asking me about the other category of products or the other...?

**Tushar Raghatate:** No. Compared to the other medium, only the tablets and capsules, the capacity utilization is comparatively less in the range of 50% or so.

**Vinay Lohariwala:** So, generally the tablet, capsule manufacturing in oral solid dosage is a complex dosage form. And this dosage form is again widely available to most of the manufacturers so if there is an oral liquid or injectable, they are much less complex as compared to tablet, so due to that tablet, capsule complexity of the achievement giving the higher percentage utilization, and I can say that utilization is at approx. 45%.

**Moderator:** The next question is from the line of Harsh Bhatia from Bandhan AMC. Please go ahead.

**Harsh Bhatia:** The API pricing situation, I think this has been discussed many times earlier as well, but if you could throw some more incremental light in terms of what's happening on the ground for the pricing stability-wise as well as chronic APIs versus acute APIs, something on that front that will help us more understand about the situation on the ground.

**Lokesh Bhasin:** So, Harsh, you were asking about the current trend of our API pricing?

**Harsh Bhatia:** Yes.

**Lokesh Bhasin:** Because we are not able to hear you. There's some issue with the clarity of voice.

**Harsh Bhatia:** So, in terms of API pricing this has been coming up every quarter. If you could help us, give some more incremental color to all the API pricing right now and maybe a little bit more qualitative sense in terms of, let's say, acute API versus chronic API, what's happening out there?

**Lokesh Bhasin:** So, yes, sir. As far as our API pricing is concerned, as we already informed earlier, we have been seeing a declining trend in the API pricing over the last 3-4 years especially post-COVID. So,

talking about this quarter, we are seeing a more or less stabilization level of APIs. So, we are still observing it as the time proceeds. But as of now, it seems that it is in the stabilization phase.

**Harsh Bhatia:** And is the trajectory or the move significantly different for acute API versus chronic API or things are more or less the same?

**Lokesh Bhasin:** See, for us, it is more or less the same. From API procurement both are more or less the same for us.

**Harsh Bhatia:** And so, in terms of your API sourcing requirement, could you help us give a break-up in terms of what is locally sourced and how much is imported, let's say, from China as things stand today? And because the pricing has come down to a certain extent, have we changed the sourcing to any case?

**Lokesh Bhasin:** As of now, if I look at our sourcing location, so approximately 70%-80% of our API is sourced through domestic channels only.

**Harsh Bhatia:** And what would have been the case, let's say, 2 years back in terms of or let's say, 1 year back, for the API sourcing that would also be 70%-80% domestically sourced?

**Vinay Lohariwala:** So, sir, a lot of PLI is offered by the Government of India and the China substitution is now started. So, we think that the trend of our procurement from domestic will increase.

**Harsh Bhatia:** Okay. And so, in terms of your gross margins, let's say, just for this last 3-4 quarters the trajectory that we see, if you could help us give us some more color, 300bps-400bps increase in the gross margins, that continues to be a function of your – product mix, let's say, within the CDMO business or it has more to do with, let's say, branded genetics business as a relation by picking up as a percentage of sales or it has more to do with the pricing function, what would be the cost lever that is being played out in terms of the gross margins?

**Vinay Lohariwala:** So, if we compare the whole 4 segments of the business, we have a better margin in our domestic branded genetics, international branded genetics compared to our CDMO business. But we always say that we have the focus on all the 4 categories equally. So, stake will be like the business composition will remain more or less the same. So, there could be a difference in 1% or 2% basis. Let's say, so, we have like 57% CDMO stake. So, that will remain like 56%-58% in the future also. So, the whole 4 categories is growing at a healthy pace. And our margin, blended margin has come around 15%. So, historically also we are in the same range of 15% plus minus 2%.

**Harsh Bhatia:** Okay. Sir, I will join the queue. Thank you.

**Moderator:** Thank you. The next question is from the line of Ankush Mahajan from Axis Securities. Please go ahead.

**Ankush Mahajan:** Sir, thanks to provide me an opportunity and congrats for good set of numbers. Sir, I just try to understand when we say that CDMO part that's a domestic business. So, how it is different from other companies? Let's take an example of Divis. Divis is also a CDMO player a largest player.

Laurus is also a largest player. And they are offering their services to the innovative in the US market. So, I just try to understand the nature of the CDMO business. If you throw some more light, I really appreciate, sir.

**Vinay Lohariwala:** Yes. So, Ankush. So, if you see that our Innova Captab business is focused on the CDMO business. So, that is domestic CDMO. So, here we do have our own generic product development. And then we offer to the various clients on P2P basis. Whereas if you see that the company you name CDMO services is offered on an international business basis to the innovators.

So, basically our business model in Innova is like we are offering services to the domestic pharmaceutical company. We have our own R&D. We develop our own products. And then we offer on P2P basis. So, if you see our the Sharon Bio-Medicine profile there, we have the strong international CDMO business. So, there we are offering the product to the UK or the Canada market.

**Ankush Mahajan:** Fine, sir. So, in domestic CDMO, what exactly the services that we offer to the domestic clients?

**Vinay Lohariwala:** So, like we have our own finished product development. And we offer that finished product to the Indian marketing company.

**Ankush Mahajan:** I see. So, what we are observing, sir, that there is a continuous fall in the sale is stable basically for the domestic CDMO business. So, how do you see, sir, in the upcoming future? And where is the opportunity lies?

**Vinay Lohariwala:** So, you are talking about our number?

**Ankush Mahajan:** Yes. For domestic CDMO business. From last year, it is almost stable.

**Vinay Lohariwala:** So, currently for domestic CDMO, we have the two facilities in Baddi, rather three blocks in two facilities. So, these three blocks, one block is established in 2007. Another was established in 2010. And then the third block was established in 2017, expanded in 2021 again. So, from the capacity point of view, we have a very high-capacity utilization in two of the blocks. That is the 2010 Cephalosporin block and 2007, the original block from where we have started our company. So, that is in the range of, say, 70% or somewhere 80% to 85% also.

So, we have the spare capacity only in the 2017-'21 block, the general block. That is also in the tablet capsule. So, if you see that there is a decline in the price of API and due to this capacity constraint in the two of the blocks, or we can say the 60% block, we have no spare capacity. So, this capacity will be, say, Cephalosporin capacity will be relaxed with the Jammu. So, once we commercialize the Jammu, our capacity concern will be removed. So, then let us say we can grow at a better, higher rate. So, still if we see quarter-on-quarter comparison, there is a 10% approximately increase in our volume.

**Ankush Mahajan:** Okay, quarter-on-quarter 10%. So, what kind of a capex we have done in Jammu plant, sir?

**Vinay Lohariwala:** So, Jammu plant will be, the capex will be approximately Rs 450 crores.

- Ankush Mahajan:** Rs 450 crores. And asset terms we are looking, sir, in this plant?
- Vinay Lohariwala:** So, sir, in the past, we have topped at 5x of the, say, 4x to 5x asset term. So, here we have four blocks, independent four blocks for BFS, Cephalosporin, Beta-Lactam, and Penicillin. So, this block is capable to produce a top line of, say, Rs 2,000 crores. So, yes, down the line, say, 4-5 years, once the block is stable, it can do the top line of Rs 2,000 crores. But we see, say, a utilization of 40%-50%. So, that figure come around at Rs 800 crores, Rs 900 crores in a period of 3-4 years.
- Ankush Mahajan:** I agree, sir. Sir, Sharon is doing quite strong good things. What is the opportunity that we are looking in Sharon in the international market and with the innovators and we can say that international players? How do you see, sir?
- Vinay Lohariwala:** So, as I explained earlier, the core of Innova Captab was, say, the domestic CDMO. So, we entered into the export business a bit late at 2012 and 2013. Our site was then approved by various regulatory authorities, including the EU-GMP. So, we get our EU-GMP certification in 2017. Then in 2019, it was again revalidated. So, from the Cephalosporin block, we start entering into the regulated market as well.
- We commercialize our product in the UK market or the Canada market from our Cephalosporin Innova Captab. So, then, say, this opportunity of Sharon Bio-Medicine comes to us, and we look from the regulated business perspective. So, there we have the general block, and we find that it is strategically fit to us.
- So, we have the DSIR approved R&D center. We have developed a few molecules there to roll to the regulatory market also. So, that's why Sharon is a perfect fit for the regulatory business, regulatory CDMO business for us. So, now, from the regulated CDMO business, we are concentrating on the Sharon's Dehradun block. So, from there, we see to extend our regulatory business footprint.
- Ankush Mahajan:** So, what's the plan for growth for the Sharon?
- Vinay Lohariwala:** So, let's say, it's the same, that let's add the client and add the product. So, we keep on focusing on the international customers and from existing customers, we try to increase the number of SKUs.
- Ankush Mahajan:** So, can I guess what's the major therapy in Sharon?
- Vinay Lohariwala:** So, in Sharon, we have the general tablet capsule. So, the therapeutic category would be like anti-diabetic, anti-cardiac, NSAID, painkillers. So, all general type of products can be manufactured there.
- Ankush Mahajan:** We are exporting it to Europe, not in US till time.
- Vinay Lohariwala:** Not in US, we are exporting to Europe and Canada, Australia, South Africa, other than US market.



- Ankush Mahajan:** So, my last one is that due to this Biosecure Act in US, so how do you see about this outsourcing to India?
- Vinay Lohariwala:** Please come again, I am not able to listen to you.
- Ankush Mahajan:** Sir, there is a Biosecure Act in US market.
- Vinay Lohariwala:** So, we are not in US focused basically, so that's why I am not able to comment on this question.
- Ankush Mahajan:** So, the last one is that as you said that from the last 3-4 years, we were growing at 30% to 35%. What's your guidance for others?
- Vinay Lohariwala:** So, sir, if you see the last 10-12 years, we have always doubled our turnover in the 3-4 years. Sometimes it is like let's say 3 years, sometimes it was 4 years. So, even in the near past if you see, the same growth rate we have maintained.
- So, with the help of Jammu plant, we are feeling that again we will double our revenue and bottom-line numbers to double in the next 3 years.
- Moderator:** The next question is from the line of Anand Padmanabhan from PGIM India Mutual Fund. Please go ahead.
- Anand Padmanabhan:** Thank you for taking my question. Apologies, sir, in case you have already covered this point, I joined the call a bit late. So, on the Jammu plant, what is your guidance? You said that around Rs 800 crores to Rs 900 crores over the next 2-3 years, right?
- Vinay Lohariwala:** Yes.
- Anand Padmanabhan:** Okay, and these Rs 800 crores, what would be the breakup between say domestic CDMO and international generics or this?
- Vinay Lohariwala:** So, let's say to mature international business, we take little bit time, say 2-3 years. So, these numbers are majorly from the domestic CDMO.
- Anand Padmanabhan:** Domestic CDMO. And would that be some internal sales to your international generics?
- Vinay Lohariwala:** So, that will be internal sale to our Univentis Medicare also. So, part of that will go to the Univentis. But at Innova level, that is like a CDMO only.
- Anand Padmanabhan:** Okay. So RS800 crores which includes sales to - it will include the external domestic CDMO sales and also internal sales to the domestic formulations and maybe to the even for Sharon or international branded generics in case there is some internal sales that you would have to do in terms of reallocation of capacities that will happen.
- Vinay Lohariwala:** Yes, but international sales generally start after say 1 to 2 years' time because we need to file the dossier to the various regulatory market or the rest of the world and then the business starts.

- Anand Padmanabhan:** Okay. So, it's fair to assume that almost 70%, 80% of these Rs 800 crores would be in external sales on the CDMO sales?
- Vinay Lohariwala:** Right. Perfect sir.
- Anand Padmanabhan:** Thank you for answering my questions.
- Moderator:** Thank you. The next question is from the line of Amey Chalke from JM Financials. Please go ahead.
- Amey Chalke:** Vinay ji, first question I have on the CDMO pricing trend how has been for last 4Q basically Q-o-Q how the pricing has moved for the CDMO?
- Vinay Lohariwala:** CDMO pricing if you see from the API perspective there is a cool down in the API price, but now we see that there is no further decrease or the base is getting normalized from this quarter or there is no further decrease from say last 2 quarters, so there will be base normalization effect. So from the next quarter or this quarter onward we will see the growth in the turnover as well.
- Amey Chalke:** So the volume growth should start reflecting in our revenue growth numbers next quarter?
- Vinay Lohariwala:** Perfect sir.
- Amey Chalke:** And the second question I have is on the Schedule M. How things are changing on ground because of this because we have been hearing news on a lot of plants getting closure notices from the government especially in Himachal region. So what's your insights on the same and how things will benefit going ahead to a company like Innova?
- Vinay Lohariwala:** So from the Schedule M perspective you see there is a massive change in the Schedule M. So that needs the capital investment as well. So Schedule M there are 2-3 types of things. One is needs the capital investment. Second is the science-based documentary changes. The other is like practice-related issues. So we cannot say that it is just a documentary or practice-based issue there we require the financial investment as well.
- So we see it as a great opportunity in the CDMO space not only for the Innova for all the companies. Those who will comply with the regulation will go ahead into the curve and will attract the good business. So those who will not adhere to the quality principles or will not comply will face the challenges. So as you know that domestic CDMO business is a well-fragmented business. So I think that it will help the industry to further consolidate towards the bigger CDMO players.
- Amey Chalke:** So, are we seeing any traction or any incremental inquiries from our clients because this Schedule M is coming in?
- Vinay Lohariwala:** Yes sir. There is a continuous process Amey that the inquiry comes, and few inquiries come because of the consolidation also.

- Amey Chalke:** Third question I have on the trade-generic side. Here at present how has been our presence across India like are we a region-centric player in a trade-generic or we are spread across India? What would be our strategy to grow our presence in the trade-generic part?
- Vinay Lohariwala:** Okay. So trade-generic we started in 2016, and we grown our trade-generic business at a very healthy pace rate. So now we are covering almost pan-India. We have the presence pan-India, and we are focusing on say where we have the lesser sale or if we do not have the deep concentration, we are focusing on that to reach to all interior and length and width of the country. So that is the geographical presence side. Other is the product side.
- So, we keep focus on launching the good product and as per the market requirement we keep focusing on enhancing our product market as well. With the help of these two or the combination of these two we anticipate that we will keep growing in our trade-generic business as well. And the constituent is currently like 17% in our total sale and as we double in the next say 3 years' time, so we see the same percentage means our trade-generic business should also grow at the same pace rate.
- Amey Chalke:** Sure, sir. I will join back the queue. Thank you so much.
- Moderator:** Thank you. The next question is from the line of Hiten Boricha from Sequent Investments. Please go ahead.
- Hiten Boricha:** Thanks for the opportunity, sir. So, my only question is on the Jammu plant. So, you mentioned we are looking for Rs 800 crores, Rs 900 crores of sales in next 3 to 4 years. So, if you can quantify what kind of revenue we are expecting in FY25?
- Vinay Lohariwala:** So, sir if you see that we are saying that by the Q2 end or maybe up to the first week we will start the operation in Jammu facility. So, anticipating the first two quarters is a bit difficult, but let's say the next year the runway is set, Q3 opening hour is already played and we will be on the track to see the good trajectory in the next financial year.
- Hiten Boricha:** So maybe from next year, this plant can generate Rs 200 crores to Rs 300 crores kind of revenue, right?
- Vinay Lohariwala:** So, we are anticipating better than that, sir.
- Hiten Boricha:** Apart from this excluding Jammu our regular business will grow anywhere between 20% to 25%?
- Vinay Lohariwala:** So, I already covered that in our cephalosporin or the original 2007 block we have the capacity constraint. Only the capacity is available in our general facility. So, there we expect that early teen type growth not 20%, 25% but the early teen type growth due to the capacity. So the capacity will be leveraged from Jammu. The same block is there, let's say Cephalosporin, and three new projects will be there. So, most of the growth will come from the Jammu facility, whereas we will maintain a healthy rate of growth in the core Baddi business.

- Hiten Boricha:** Okay. So, just to understand better, sir, a blended growth this year will anywhere between 12% to 15%, right?
- Vinay Lohariwala:** This year will be, but it will be better than that, sir, because few data will be added from the Jammu also.
- Hiten Boricha:** Okay. And margins will remain at similar level.
- Vinay Lohariwala:** Yes, sir. Similar level.
- Hiten Boricha:** Okay. That's all from us, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Karan Shah from GeeCee Holding. Please go ahead.
- Karan Shah:** Hi, sir. Thank you for the opportunity. I just wanted to check on one thing. Post the commission of Jammu facility, where do you expect the share of CDMO in the overall revenue mix to be?
- Vinay Lohariwala:** So, we expect that it will remain same, because like trade generics is holding 17% stake. From Jammu also, the product will be sold to the Univentis Medicare, our trade arm. So, overall, maybe say international business, there may be lag for a few times, say one year or so. But overall, we expect the same constituent in our business.
- Karan Shah:** Okay, sir. Thank you.
- Moderator:** Thank you. The next question is from the line of Bijal Bakhai from Amit Jasani Financial Services. Please go ahead.
- Bijal Bakhai:** Hi, sir. Congratulations on good set of numbers. I just wanted to know how much can we sweat our existing plans, not the Jammu one. How much can we sweat? What is the capacity utilization? And the kind of value-add or the top-line growth that can happen from the same plans further?
- Lokesh Bhasin:** So, as we already said, in our existing plan, so in our original plan of general block that we set up in 2006, our cephalosporin block that we set up in 2010, so the capacity is already at an optimized level. So, there will be a very normal organic growth from there. And in a G-Block, which we expanded in 2017 and 2021, there is an available capacity in oral solid dosages.
- So, whatever growth that we are looking in our existing manufacturing capabilities from Baddi plant, so that will be driven from our capacity available, mostly will be driven from our capacity available in our G-Block.
- Bijal Bakhai:** Okay. So, nothing significant in terms of volumes can come from Baddi now?
- Lokesh Bhasin:** See, basically, we are a manufacturing capability-driven business. And we see Jammu as just a part of addition to our overall manufacturing capability level. So, yes, in overall scenario, the capability, the extension, the growth shall be driven by Jammu plant. Baddi is doing a normal growth level in early teens.

- Bijal Bakhai:** Right. So, when is the kick start of the first block? Jammu?
- Lokesh Bhasin:** So, Jammu, we are planning to start in September itself.
- Bijal Bakhai:** September. So, that will be the commercial production or that will be trials?
- Vinay Lohariwala:** So, we have like a cephalosporin block where we will go through the tech transfer route. So, it will be immediately commercialized from there.
- Bijal Bakhai:** Okay. Fine. That's all. Thanks a lot and best wishes, sir.
- Vinay Lohariwala:** Thank you.
- Moderator:** Thank you. The next question is from the line of Sujit Agrawal, an Individual Investor. Please go ahead.
- Sujit Agrawal:** So, I just wanted to understand what is your capex guidance for the next 3 years? Like, I read in your note that you are going to set up a new R&D plant in Panchkula, Haryana. So, I just wanted to understand what additional capex do we have for the next 3 years after stabilizing of the Jammu block?
- Vinay Lohariwala:** So, the R&D capex is already committed. We have already closed our building; infrastructure is already created. So, let's say Rs 10 crores to Rs 15 crores is the total expenditure that we are going to do this year on the R&D side. And Jammu facility will also be, most of the capex is already done.
- So, apart from that, only the maintenance capex will come. So, until and unless we plan for the next manufacturing facility, whenever that will be done, we will come and inform to all stakeholders that what are the plans. Till then, the capex will be like only the 3% to 4% of the gross block that is the maintenance capex. That's all.
- Sujit Agrawal:** Got it. Perfect. Thank you so much.
- Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. We have reached the end of question-and-answer session. I would now like to hand the conference over to the management for closing comments.
- Vinay Lohariwala:** Thank you everyone for joining us in the earnings call. We appreciate your time and showing interest in our company. In case of any queries, you can get in touch with us or SGA, our Investor Relation Advisor. We look forward to meeting all of you over the next call. Thank you very much.
- Moderator:** Thank you. On behalf of JM Financial, that concludes this conference. Thank you for joining us. You may now disconnect your lines.