Management Discussion

Vinay Lohariwala - Managing Director, Innova Captab Limited
Good morning, everyone, and thank you for joining us today.

It is my pleasure to welcome you all to Innova Captab Q2 and H1 FY '27 earning conference call. We are pleased to report another strong quarter with revenue growth 30% year-on-year to INR496.3 crores, EBITDA increasing 29% to INR72.4 crores and PAT growing at 43% to INR42.4 crores.

Coming to business area, our CDMO business continued to be a key growth driver for the company by contributing nearly 70% to the total revenue in both Q2 and H1 FY '27, supported by continued client traction, healthy business momentum across our customer base and an expanding product portfolio. We remain focused on strengthening relationship with existing customer, increasing our share of business with them and simultaneously onboarding new customer across therapeutic category and dosage forms.

Over the years, we have built a diversified product portfolio backed by strong formulation development capability and a robust manufacturing base. We continue to work on similar lines by remaining focused on our Jammu-Kathua facility ramp-up and further ramp-up of our manufacturing capability to further consolidate our position as trusted CDMO partner. With technology, advanced facilities, robust quality system, increased automation and scalable manufacturing platform, we are well positioned to support the evolving requirement of our customer across domestic and international markets.

Our branded generic business continues to witness healthy momentum, supported by an expanding product portfolio and increasing market penetration. In this quarter, branded generic revenue registered a 32% year-on-year growth. We remain committed on evolving our presence in existing markets while gradually expanding our newer domestic and international geographies. Our strategy is centered on broadening our product offering, strengthening our distribution reach, and leveraging our integrated manufacturing and product development capabilities. We believe that our branded generic platform offers significant opportunity to diversify our revenue base and build a stronger presence across key therapeutic category and markets.

As we move into the second half of FY '27, our focus remains firmly aligned with building Innova Captab into a scalable, integrated, and future-ready pharmaceutical organization. Our strategic priorities remain clear: strengthening our CDMO positioning, improving capability -- capacity utilization across our manufacturing facilities, expanding capabilities in complex dosage forms, accelerating the ramp-up of the Jammu facility, strengthening our R&D platform and expanding our branded generic presence across key markets.

At the same time, we remain committed to disciplined capital allocation, with investment being prioritized towards opportunities that strengthen our competitive capabilities, support business growth and generate attractive returns. With a diversified business model, established customer relationship, expanding manufacturing capabilities, and a clear strategic roadmap, we remain confident in our ability to sustain our growth momentum and create long-term value for all stakeholders.

With this, I would now like to hand over the call to our CFO, Mr. Lokesh Bhasin, to take you through the financial performance for Q2 and H1 FY '27.

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Thank you, sir, and good morning, everyone.

I will now walk you through the financial highlights for Q2 and H1 FY '27. Consolidated revenue for this quarter stood at INR496.3 crores, registering a strong 30.5% year-on-year growth. In H1 FY '27, we generated a revenue of INR967.2 crores, growing by 32.1% as compared to H1 FY 26. Revenue growth has been supported by strong demand across both our business areas. The exports contributed 29% of our revenue during Q2 FY '27 and 30% during H1 FY ;27, reflecting the continued progress we are making in expanding our presence across international markets.

Our CDMO business reported revenue of INR345.2 crores in Q2 FY '27 and INR673.9 crores in H1 FY '27, growing by 30% and 31% year-on-year in the respective periods. The growth was driven by an expanding product portfolio, addition of new customers and deeper engagement with with our existing customers. Our branded generic business recorded revenue of INR151.1 crores and INR293.3 crores in Q2 FY '27 and H1 FY '27, respectively, giving a growth of 32% and 35% in the respective periods.

EBITDA for the quarter stood at INR72.4 crores, registering a growth of 29% year-on-year, with an EBITDA margin of 14.6%. EBITDA for H1 FY '27 stood at INR147.5 crores with a growth of 31% and an EBITDA margin of 15.3%. Profit after tax for the quarter came in at INR42.4 crores, reflecting a growth of 43%, and for this half year, stood at INR86.5 crores with a growth of 43%. Our approach has always been centered on balancing growth while continuing to maintain a strong balance sheet and comfortable leverage position. This makes us well positioned to drive sustainable and profitable growth over the coming years.

With this, I would like to conclude our opening remarks and open the floor for question and answers. Thank you.

Questions & Answers

Operator
Thank you so much, sir. Ladies and gentlemen, we will now begin with the question- and- answer session. [Operator Instructions] First question comes from the line of Arpit Tapadia with IG India Private Limited. Please go ahead.

Arpit Tapadia - Analyst, IGE Family Office
Yeah. Hi. Thank you for the opportunity. So, I want to know the current quarter revenue from Jammu facility?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
So for this quarter, the revenue from Jammu is around INR105 crores.

Arpit Tapadia - Analyst, IGE Family Office
INR105 crores. Okay. Secondly, our FATR used to be around 5.4 in 2023 ex-Jammu, which has fallen to around 4.0 this year. So, what are the key strategic reasons and how should we read it?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
So if you talk about our earlier years, our FATR used to be in the range of 4.5 plus. And see, Sharon -- we acquired Sharon in June 2023. And Sharon, since it's in a regulated market, they are having a relatively lower FATR. So, that is the reason on a consol level, the FATR ex-Jammu is reflecting to

around 4.0.

Arpit Tapadia - Analyst, IGE Family Office
Okay. So how could it be ex-Sharon as well?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Ex-Sharon still remains in the 4.5 plus.

Arpit Tapadia - Analyst, IGE Family Office
4.5 plus, but it used to be around 5.1, 5.4.

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Yeah. So basically, it was earlier in -- I think you're talking about before FY '21-'22?

Arpit Tapadia - Analyst, IGE Family Office
No, no. 23, it was 5.4.

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
23, it was 5.4. So it still remains between same range only, 4.5 plus.

Arpit Tapadia - Analyst, IGE Family Office
Got it. Secondly, what are the key reasons behind, let's say, margin shrinking on this quarter?

Vinay Lohariwala - Managing Director, Innova Captab Limited
Hi, Arpit. So on the margin side, if you see, there may be -- there are 2-3 reasons. One is that in export category, cost escalation transfer to the customer is less. So that is the one reason, especially on the export side, as there is long-term contract. And as the cost escalate, few of the cost is not transferred to the customer. And if you see, I think there is 2.8% difference in the consol and 1% difference in the standalone. So, we always given the guidance of plus minus 2% for the margin. So that is, if you see from that angle, that is within the range.

Arpit Tapadia - Analyst, IGE Family Office
So how should it look like on, let's say, steady state or yearly basis from now on?

Vinay Lohariwala - Managing Director, Innova Captab Limited
So it depends on the market condition as well. And if the price stabilizes, then I think the margin should move again to the normalized position.

Arpit Tapadia - Analyst, IGE Family Office
Got it. And I think INR105 crores on Jammu puts around INR450 crores a year, which is I think 25% kind of utilization of Jammu. So, how should we see the ramp-up of Jammu in 2027?

Vinay Lohariwala - Managing Director, Innova Captab Limited
So Jammu, from the last year, we start the production in FY January '25. So almost there is -- six quarters has been completed and we have reached to annualized base of INR450 crores, right? So, there are few customer which require a long gestation period with the stability studies and all. And we successfully completed the audit with the key marquee customers and onboarding of them for Jammu facility. And we'll see the revenue ramp up at an accelerated rate in the coming quarters.

Arpit Tapadia - Analyst, IGE Family Office
So, that's what my question is. How should we see that from FY 2027 perspective?

Vinay Lohariwala - Managing Director, Innova Captab Limited
FY '27 onward or FY...

Arpit Tapadia - Analyst, IGE Family Office
FY '27 per se.

Vinay Lohariwala - Managing Director, Innova Captab Limited
In absolute terms?

Arpit Tapadia - Analyst, IGE Family Office
Absolute or relative, anything.

Vinay Lohariwala - Managing Director, Innova Captab Limited
Yeah. So currently, like, say we are at a range of INR450 crores. We should cross INR500 crores number in Jammu.

Arpit Tapadia - Analyst, IGE Family Office
INR500 crores a year.

Vinay Lohariwala - Managing Director, Innova Captab Limited
Yeah.

Arpit Tapadia - Analyst, IGE Family Office
That means no further ramp-up.

Vinay Lohariwala - Managing Director, Innova Captab Limited
150 -- 140, 150 range for the next two quarters.

Arpit Tapadia - Analyst, IGE Family Office
Okay, okay. Got it. So ex-Jammu, what are the key drivers of growth for us?

Vinay Lohariwala - Managing Director, Innova Captab Limited
So ex-Jammu, if you see that across the Innova portfolio including Univentis and Sharon Bio Medicine, the company is doing well organically, margin consolidation and revenue ramp-up. I think ex-Jammu is also -- we are growing at 10%, 12%. So the momentum should continue ex-Jammu as well.

Arpit Tapadia - Analyst, IGE Family Office
Got it. Okay. Thank you. I'll be falling back in the queue.

Vinay Lohariwala - Managing Director, Innova Captab Limited
Yeah. T hank you.

Operator
Thank you. [Operator Instructions] Our next question comes from the line of Abhi Jain with A.J. Capital. Please go ahead.

Abhi Jain - Analyst, A.J. Capital
Hi. Good morning. Hope I'm audible.

Operator
Yes, sir.

Abhi Jain - Analyst, A.J. Capital
First of all, sir, congratulations on the top line growth. My question is a follow-up on the Jammu facility as you were discussing with the first participant. At this INR1.05 crores a quarter run rate, what is the capacity utilization currently at Jammu, 25%, 26%?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Yes, it is in the range of 22%, 24% on an annualized level.

Abhi Jain - Analyst, A.J. Capital
Okay. So, INR420 crores is roughly 24% of capacity utilization, right?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
INR420 crores would be around 21%, 22%.

Abhi Jain - Analyst, A.J. Capital
INR420 crores would be 22%. Okay. So my question is, sir, if Jammu ramps up to its full capacity utilization of about 90-odd percent, even at 100-odd percent, the revenue realization from Jammu facility would be about INR1,900-odd crores. That would be about 3.7, 3.8 asset turn on a INR500 crore investment that you have done. So, I just want to understand that given the older plant and given your overall consolidated FATR, Jammu seems to be a lower FATR -- a lower revenue potential. So any plan or any thought that the management has given as to how they can improve the FATR in the Jammu facility? Because currently, at the maximum revenue potential, even at 100% utilization, the FATR would be lower than the consol which the ex-Jammu facility has been generating for the last many years. So just some thoughts around that?

Vinay Lohariwala - Managing Director, Innova Captab Limited
Yeah. So Mr. Jain, if you see historically, the Unit 1 that was established in 2005, that was able to do like 10 times of the FATR, right? So with time, what happened, the cost of capital employed in fixed asset has been increased. So, there are multiple reasons for that. One is the automation, more sophisticated equipment. The plant is more like imported European equipments. They are capable to produce more consistent quality. Whereas FATR ratio is decreasing. Let's say in case of Jammu, the top revenue at 90%, 100% is INR2,000 crores, you can say achievable 60%, 65% capacity utilization would be around INR1,200 crores, 1,300 crore, right? So the achievable FATR is around 2.5, or let's say INR1,500 crore, then it's like a 3 only. So whereas the cost of equipment is increasing, they are giving a better quality assurance and operational excellency as well. So that's the optimization in both the front. With the regulatory compliances, the cost of equipment, cost of plant is increasing. So that is tending towards three times of the FATR after four or five years. I think that is the...

Abhi Jain - Analyst, A.J. Capital
No, I get the math and thank you for being so transparent in laying out the math. My only point for the company to consider is that I am pretty sure that the financing would be looking at it, but if at

that peak utilization of Jammu at 65%, 70% odd, your overall return on capital then starts dropping from the current levels that you have. And even to maintain or to improve on the falling return on capital, it's at de facto. . You realize the higher FATR when you start operations, and then eventually when you move toward the more mature organization, the FATR will stabilize. But the only point is that the return on capital starts falling. That can also mean that in order to improve your return on capital, you'll have to -- the management will have to work harder on improving the EBITDA margins. Do you think that that lever is available with the management to improve the EBITDA margins to ensure that the return on capital doesn't erode, because then there will be a significant dip in return on capital if the FATR trends starts to trend lower in the coming years.

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
So Abhi, if you see that the business model with the three times of the FATR and 15%, 16% of EBITDA will also result into 16%, 17% of ROE with the 90 days worth capital. It's a simple math.

Abhi Jain - Analyst, A.J. Capital
That's my -- yeah, that's my calculation as well.

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Yeah, yeah, it's a simple math with the 90 days working capital.

Abhi Jain - Analyst, A.J. Capital
Exactly.

Vinay Lohariwala - Managing Director, Innova Captab Limited
And the three times of that, the business model result into 16%, 17% of ROE. 17% ROE. So any improvement in EBITDA margin can lead to 20% of the ROE.

Abhi Jain - Analyst, A.J. Capital
No, I -- yeah, that's -- that is where I wanted to understand the pricing power of Innova because, sorry, this is my first call, I'm just trying to understand the company. So given that because of the API prices fluctuation, the EBITDA margin saw dips against the guided range in this quarter. So, I just want to understand, how is the management looking at improving its pricing power? And do you negotiate the price increase in the contract itself? And what is the management thinking in terms of ensuring that the API price volatility doesn't affect the margins per se in the long run? Obviously, you're building up, you're ramping up your -- putting your name out there, so it will take time. But in next two, three years' time, do you think that you will have better pricing power and whether these EBITDA margins can be pushed upwards? Are there any plans around it?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
So, Abhi, as we submitted earlier also, this quarter, due to the increased API pricing, there had been certain lag in transferring those prices specifically in export markets. And see, this is a part and parcel of relationship, especially in our international markets. Having said that, talking about EBITDA margin, if you see, the conversion -- while we have taken a hit on gross margin on 2.8%, the conversion to EBITDA has been quite swift. We are able to maintain the efficiency in our cost line, giving it optimum EBITDA despite the headwinds that we have faced on gross margins.

So in short term to midterm, the idea is that while maintaining the relationship with our international and domestic customers and trying to overcome the competitive landscape both in API and other competitors, and in pitching in with our efficiency module, both at operational efficiency as well as

other cost lines, the idea is to thrive on the EBITDA margin in organic way. Plus as we said, the operational, the revenue growth in coming times, especially with Jammu-rampup, will also help us on bringing up the EBITDA margin. Yeah, but it will not be -- it would not be that, I would say, that speed of growth. It will remain, as we submitted earlier in our earlier calls also, it will remain within a well range of plus minus 2%.

Abhi Jain - Analyst, A.J. Capital
Yeah, no. What I'm able to do a back-of-the-envelope projection, I think the 20%, 22% growth will sustain for the next two, three years. So that is commendable.

Yeah. I think that is it from my side. I'll come back in the queue if I have further questions because I'm just exploring and understanding the business even better. But thank you -- thank you for being so honest and thank you for laying out all the calculations and all the best.

Vinay Lohariwala - Managing Director, Innova Captab Limited
Yeah, thank you.

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Thank you.

Operator
Thank you. [Operator Instructions] Our next question comes from the line of Pavithra Jaivant [Phonetic] with PrimeInvestor . Please go ahead.

Pavithra Jaivant - Analyst, PrimeInvestor
Hello, thank you for the opportunity and congratulations on a very good top line growth. Sir, I had a couple of questions on the cost pass-through aspect that you mentioned. Is it going to get passed through? Can you split it into both for export as well as for the domestic market? Will it get passed through? And with what kind of a lag can we expect it to get passed through?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
So, Pavithra, in our normal CDMO business, the prices are passed through to the customer as per our model. But see what happens in export market, the pricing transfer or the time of transfer of increase is -- increase or decrease, whatever it is -- slightly carries a lag as compared to domestic customers since their purchase order slightly longer as compared to the domestic customers.

Pavithra Jaivant - Analyst, PrimeInvestor
Okay. So if I understand it correctly, so this will get passed through, is that right? It's not like you're going to absorb the increase in raw material cost that you paid last time?

Vinay Lohariwala - Managing Director, Innova Captab Limited
Yes. So see, from a contract perspective, the contract is built in that whatever the movement of pricing, it has been passed through to the customers on a long-term basis.

Pavithra Jaivant - Analyst, PrimeInvestor
Okay. So with a lag of a couple of quarters, we can expect it to be passed through, is that right? Is that correct, my understanding?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
It depends upon the timing of the PO, the time of the PO that the customer has given, the volatility in

the API prices. Yes, there may be a lag of certain months and quarter.

Pavithra Jaivant - Analyst, PrimeInvestor
Okay.

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Especially in international markets. Especially in international markets.

Pavithra Jaivant - Analyst, PrimeInvestor
Okay. Can you give us a little bit more color on what, I mean, to the extent that you can, which are the raw materials that faced these prices and what were the reasons for that?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Sorry, can you please repeat your question?

Pavithra Jaivant - Analyst, PrimeInvestor
No, I was wondering if you could give us some details on which APIs or which raw materials specifically you found cost pressures on, and are you expecting these to sustain and for how much longer?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
See, it's a complicated mix of products and molecules and customers. The granular details I would not be able to comment at this forum.

Pavithra Jaivant - Analyst, PrimeInvestor
Okay, sir. Thank you so much.

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Thank you.

Operator
Thank you. [Operator Instructions] Our next question comes from the line of Vansh Gupta with Prescient Capital . Please go ahead.

Vansh Gupta - Analyst, Prescient Capital
Hi, sir. Thank you for the opportunity. Am I audible?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Vansh, we are not able to hear you properly.

Vansh Gupta - Analyst, Prescient Capital
Just a second. Am I audible now, sir?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Slightly better. Thank you.

Vansh Gupta - Analyst, Prescient Capital
Right. Thank you, sir. Sir, would it be possible to share the EBITDA contribution from the Jammu facility this quarter?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
So, this quarter, the EBITDA is in the range of around INR2 crores to INR2.25 crores absolute amount from Jammu.

Vansh Gupta - Analyst, Prescient Capital
Got it, sir. So that means we are continuing to have around an 18% margin on the ex-Jammu production that we have. That is good to know, sir. Sir, just a couple of questions on our growth. So, our competitors have grown at 35%, 40% this quarter in the CDMO segment, whereas our growth has sequentially been going down for the last three, four quarters in terms of its percentage growth. So, sir, are we facing any challenges with respect to the ramp-up in our CDMO business? More so on the exports front, because I believe our exports growth has been impacted more severely in comparison to our domestic growth. Could you shed some light on any challenges that you are facing?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
So, Vansh, see, you rightly said, giving a continuous growth of 20% at a volume level that we have been committed in our earlier calls and trying to achieve in recent quarters also, it is never easy. It is always a concentrated and focused effort from each and every area, whether it is our manufacturing capabilities of each block and production unit, plus the front-ending business area of both domestic as well as export, CDMO and branded generics. So with the concentrated, synchronized, and with the guidance from top management, we are able to achieve all these numbers. And whatever challenge that we face, whatever headwind that we face, we try to overcome them and convert them into opportunities.

Vansh Gupta - Analyst, Prescient Capital
Got it, sir. Sir, can we expect the growth to resume as it was in the past few quarters, or are we continuing to ride on the 20% top line growth for the foreseeable future?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
So Vansh, as we said, the guidance that we have given is always on the volume growth of 20% in coming years, and we would like to maintain that guidance.

Vansh Gupta - Analyst, Prescient Capital
Understood, sir. And sir, on the Jammu facility ramp-up, I believe we had done INR107 crores revenue last quarter, and we have done INR105 crores revenue this quarter. By when can we expect this to ramp up to the INR150 crores top line that you just mentioned to a prior question?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Yes. So as we said earlier also, this year we are expecting that our revenue from Jammu should be in the range of INR450 crores to INR500 plus crores. So, we are expecting that with the help of the new customers onboarding, ramp-up of existing customers, we should be looking to achieve this number in coming two quarters. And if I translate to numbers, so next two quarters, I should be getting the range of INR125 crores to INR150 crore from Jammu per quarter.

Vansh Gupta - Analyst, Prescient Capital
In the next two quarters, sir?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Yes, sir.

Vansh Gupta - Analyst, Prescient Capital
Got it, sir. And sir, just one last question. So on the API prices that have impacted us negatively this quarter, are they limited to any specific therapeutic areas which our portfolio is more dominant in, or have we seen like API price impact on multiple APIs that we use in our portfolio?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Vansh, I also submitted this in our earlier answer. These granular details I would like to refrain from commenting on this forum.

Vansh Gupta - Analyst, Prescient Capital
Got it, sir. And sir, would it be fair to assume that in the next year or so, we can expect the negative impact to be reversed with the price being passed on to the customers in the next year?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
See, it is an organic process, and it will depend -- since the API prices is always a dynamic flow and depending upon how the prices will stabilize or where the pricing will go, so we will overcome these questions in the coming quarters.

Vansh Gupta - Analyst, Prescient Capital
Understood, sir. And there is no retrospective payments that we can see from our customers for the API price increases that we have incurred in the last quarter?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Retrospectively, normally it does not happen. It is always on a prospective basis, on a PO-to-PO basis.

Vansh Gupta - Analyst, Prescient Capital
Understood, sir. Got it. That is all from my end, sir. Thank you so much.

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Thank you, Vansh.

Operator
Thank you. Our next question comes from the line of Arpit Tapadia with IGE India Private Limited. Please go ahead.

Arpit Tapadia - Analyst, IGE Family Office
Yeah, hi. Thanks again. Having said, into, let's say, exports, up to the next contract renewal, the margin or raw material price cannot be passed on. How is that scenario into domestic one?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
So, Arpit, in domestic, it is rather a swift transfer because of relatively the business cycle and the purchase order cycle is slightly smaller. So the PO got renewed quite swiftly as compared to export market. And in that case, the transfer of pricing is relatively swift.

Arpit Tapadia - Analyst, IGE Family Office
Got it. Since approximately 30% of revenue comes from exports, the impact should not have been

this much in that case?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
So as I submitted, it's a complex mix, and depending upon how the pricing moved from order to order, that is then it has impacted our overall margin profile, both in slightly in domestic as well as in exports also.

Arpit Tapadia - Analyst, IGE Family Office
Okay. If we want to understand that in absolute, let's say, days terms, in time lag on passing in domestic frontier, how could those look like?

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
So it is reflected in our numbers also. If you see standalone, in which our domestic business is slightly more stronger there, so you see the gross margin impact is around 0.8%, whereas the overall consol level is 2.8%.

Arpit Tapadia - Analyst, IGE Family Office
Got it. Okay. Thank you.

Lokesh Bhasin - Chief Financial Officer, Innova Captab Limited
Thank you.

Operator
Thank you. Our next question comes from the line of Deepak Ajmera with IGE India. Please go ahead.

Deepak Ajmera - Analyst, IGE India Private Limited
Hello? A m I audible?

Operator
Yes, sir.

Deepak Ajmera - Analyst, IGE India Private Limited
Yeah. So, I would like to know about the industry volume growth because we are growing at a 20% volume growth. So just wanted an understanding from your side that is it because of the unregulated market going to the regulated, or is it because of the market we are gaining? Just sort of an understanding from your side?

Vinay Lohariwala - Managing Director, Innova Captab Limited
So, Deepak, if you see that a few data points are publicly available, that is like the IPM data, that the market is growing like 6%, 7% on volume growth. So, our addressable market, if you see, is not only the domestic, whereas the full universe is there. We are present in a regulated market, ROTW market and domestic as well, right? So for us, the opportunity is very high and its not only dependent on the India volume increase. However, if you see that any capacity expansion, capacity addition and sectional addition, like we currently have like six, seven areas to operate, and we have good amount of space available for future expansion as well. So, our growth is basically dependent on all these things. So in Jammu, if you see, we have expanded in three different categories. So the reason for 20% volume growth is because of that. It's not only because what we are used to do and will grow 20% there. So addition of new section, new area, and the universal market, the growth of 20% is

being achieved in past, and we are hopeful to maintain the same trajectory in future as well.

Deepak Ajmera - Analyst, IGE India Private Limited
Okay. Got it. And sir, currently, in the next two, three years, we are focused on Jammu facility only, or we are planning new aspect of growth or any capex planning down the two, three year line? Any internal planning if you want to share?

Vinay Lohariwala - Managing Director, Innova Captab Limited
So, let's see that Jammu, we are currently -- within this year, we would be like around INR450 crores. So, we have the two-year growth -- consistent growth if we do like INR1,200 crores, INR1,300 crores from the Jammu. So, two years room is there to grow from the Jammu as well, right? But over and above, if you see from the capital allocation side, this will give a availability of funds to the company, a treasury of around INR400 crores to reinvest with a healthy debt equity, right? So, this could be in a greenfield or could be in inorganic acquisitions. So, we are looking and evaluating both the front, so that can trigger the growth beyond FY '29.

Deepak Ajmera - Analyst, IGE India Private Limited
Okay.

Vinay Lohariwala - Managing Director, Innova Captab Limited
Precisely, let's say that the 20% growth model company can maintain for the next two years easily with the existing efforts what we have done in the last four, five years, right? The momentum will continue. And for the future growth, we need to focus on the right capital allocation so that the momentum beyond that can continue.

Deepak Ajmera - Analyst, IGE India Private Limited
Okay. T hank you.

Operator
Thank you. Our next question comes from the line of Rohit Kumar [Technical Issues] .Please go ahead.

Unidentified Participant
Hello, sir. Am I audible?

Operator
Yes, sir.

Unidentified Participant
Sir, in line with the question of the previous participant, can you guide us if you are looking for any inorganic acquisition? Is there anything planned?

Vinay Lohariwala - Managing Director, Innova Captab Limited
So, Rohit, as we submitted, we are looking at multiple opportunities, both at greenfield level as well as inorganic acquisitions to fuel our growth beyond FY 2029. As and when we will reach to a certain more tangible conclusion, we will inform the street accordingly.

Operator
Okay, sir. Thank you. That's it from my side.

Vinay Lohariwala - Managing Director, Innova Captab Limited
Thank you, Rohit.

Operator
Thank you so much, sir. Ladies and gentlemen, due to the time constraint, that was the last question for today. I now hand the conference over to the management for closing remarks. Thank you, and over to you, team.

Vinay Lohariwala - Managing Director, Innova Captab Limited
Thank you, everyone, for joining us in this earning 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 relations advisors. We look forward to meeting all of you over the next earning call. Thank you.

Operator
[Operator Closing Remarks]