RATING	
Business	★★★★★
Management	★★★★★
Valuation	★★★
Financial	★★★

Ranking 1 to 5, denoting lowest and 5 highest

FIN2RESEARCH
Investment Advisor Pvt. Ltd.

STRIDES PHARMA SCIENCE LIMITED

Strides

DATE: 10-10-2024

Buying Range : 1530-1500 | **TARGET : @ 1690** | **RATING : BUY** | **Research Report**

Stock Info	Amount
Mkt Cap(cr)	12,801.04
52-weeks high	1431.00
52-weeks low	467.00
No. of eq shares(cr)	9.20
Face Value	10.00
Bse Code	532531
Nse Code	STAR
Free Float Mcap(cr)	9481.96

Source : BSE,NSE

Particulars	ShareHolding
Promoter Holding	25.88%
DIIs Holding	18.04%
FIIs Holding	24.57%
Public & Others	31.51%
Total	**100.00%**

Source : Annual Report

(In cr)

Particulars	FY2023	FY2024
ROCE	4.48%	12.83%
Return On Equity	-10.63%	-7.17%
Interest Coverage Ratio	2.32	2.68
Current Ratio	1.21	1.10
Debt Equity	3.81	2.01
Net Profit Margin	-6%	-2%
EPS (₹ in Millions)	-22.5	-7.8

Source : Company Fin2Research

Source : Annual Report

ABOUT:

Strides Pharma Science Ltd founded in 1990 has become a leader in developing and manufacturing premium generic formulations across various dosage forms. With a presence in over 100 countries, the company has pursued dynamic growth by entering new markets, expanding its business, and strengthening manufacturing. This evolution has broadened its therapeutic portfolio while maintaining a commitment to making healthcare more accessible worldwide and and driven by over three decades of expertise, company continues to innovate and lead the global transformation of healthcare, serving a diverse clientele in both regulated and emerging markets.

KEY HIGHLIGHTS:

- **Financial Performance**: The company achieved a new revenue milestone of ₹40,511 million, marking a 9.83% increase from the previous year. EBITDA saw an impressive rise of 72.77%, reaching ₹7,432.64 million, with gross margins also growing by 20.62% to ₹19,667.47 million.
- **Expansion in the U.S. Market**: The company strengthened its presence in the U.S. market with an 11.8% revenue increase, reaching ₹20,632 million. It holds leadership positions in 19 products and ranks among the top three in 34 products. Plans are underway to expand its product catalog from 66 to 126 in the next three years, aiming to reach a $400 million revenue target.
- **Growth in Other Regulated Markets (ORM)**: The company recorded strong growth in ORM, with revenues hitting ₹12,750 million, reflecting a 19.9% year-on-year increase.
- **Winning in Emerging Markets**: In emerging markets such as Africa and Latin America, the company saw a remarkable 28.6% revenue increase, contributing ₹4,186 million to overall growth in FY 2024.
- **OneSource Initiative**: The company launched OneSource, India's first specialty pharma-focused Contract Development and Manufacturing Organization (CDMO). This initiative generated $21.5 million in FY 2024, laying the groundwork for future growth and influence in this space.
- **Operational Excellence**: Stringent cost control measures and operational focus enabled the company to reduce its net debt by ₹3,131 million, achieving a net debt-to-EBITDA ratio of 2.72x, reflecting significant improvements in financial management.

ESG:

The company demonstrates a strong commitment to sustainability, skill development, and community well-being. In FY 2023-24, 44.5% of its energy consumption came from renewable sources, reflecting its dedication to reducing its carbon footprint. Over 609 students have benefitted from its skill development programs, while employees completed more than 97,000 learning hours, emphasizing continuous professional growth. Women hold 24% of top management positions, showcasing efforts toward gender diversity. The company has positively impacted over 13,500 individuals through healthcare initiatives. As a UN Global Compact signatory, it adheres to global standards for responsible and ethical business practices.

KEY RISKS:

- **Currency Risk**: Stride Pharma faces currency risk from export revenues, import costs, and foreign debt exposure due to exchange rate fluctuations. Global economic conditions and regulatory changes also impact its currency risk and financial stability.
- **Patient Safety and Product Efficacy**: Company faces patient safety and product efficacy risks from manufacturing errors, quality control lapses, or non-compliance with regulatory standards. Adverse drug reactions or ineffective treatments could harm patients and lead to recalls, legal liabilities, and reputational damage.

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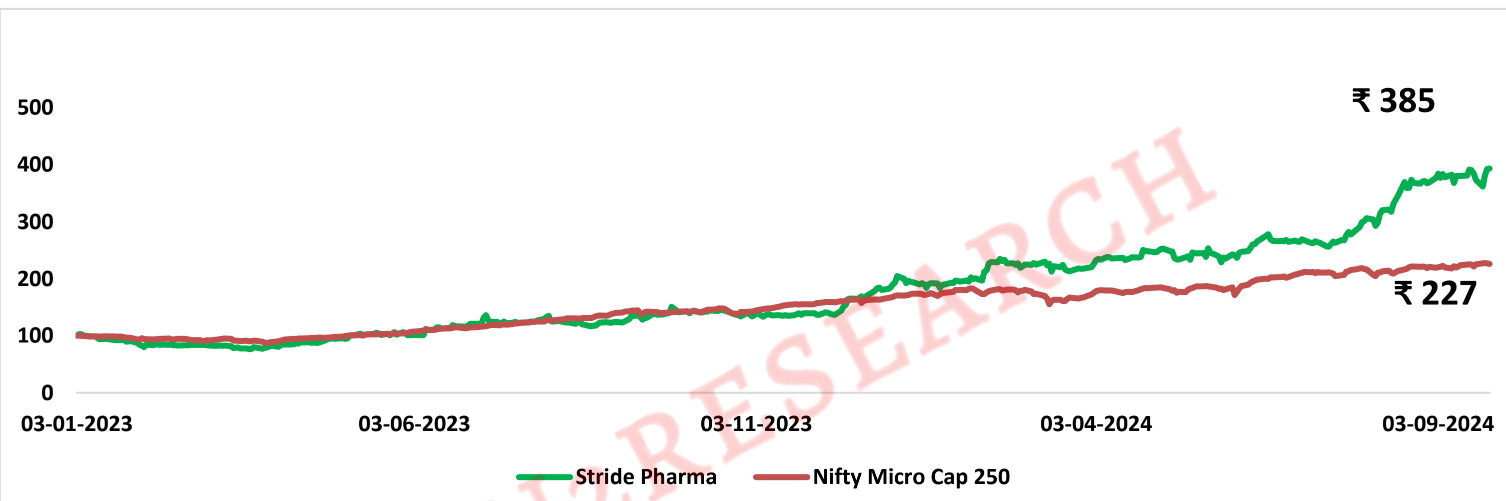
Price Chart

Stride Pharma vs Nifty Micro Cap 250



Price Performance					
Time	1M	3M	6M	YEAR	YTD
STAR	6.83%	49.84%	82.21%	182.94%	285.19%
Nifty Micro Cap	2.30%	11.76%	35.87%	59.66%	127.79%

Source : Nse ,Bse ,Google

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Research Report

Global Ecomomy : Overview

The global economy demonstrated unexpected resilience in 2023, managing to maintain growth momentum despite persistent challenges. Economic growth for the year reached 3.2%, according to the IMF, with similar growth rates projected through 2024 and 2025. Although steady, this growth is considered modest by historical standards. Factors such as lingering supply chain disruptions from the pandemic, inflationary pressures, and geopolitical tensions continue to shape the economic environment. Monetary tightening, particularly in response to inflation, has emerged as a key theme across global markets.

Growth and Inflation Dynamics

- While the global economy is expected to maintain 3.2% growth annually through 2025, this overall stability masks varying growth trajectories across different regions. Advanced economies are projected to grow at slower rates of 1.6%-1.8%, reflecting higher borrowing costs, tighter fiscal policies, and slower productivity gains. In contrast, emerging markets and developing economies are forecasted to expand at a more robust pace of 4.2%, driven by resilient consumer demand and improving labour markets.
- Inflation, while receding from its 2023 peak, remains a significant concern. The IMF estimates a decline in global inflation from 6.8% in 2023 to 5.9% in 2024 and 4.5% in 2025. However, this easing will occur at different speeds across regions. Advanced economies are expected to reach their inflation targets more quickly, while emerging markets will likely experience prolonged inflationary pressures. Investors should closely monitor inflation trends, as regional discrepancies could lead to currency volatility and affect sector performance in global equity markets.

Sector and Regional Considerations

- In advanced economies, sectors sensitive to high interest rates—such as real estate and consumer discretionary—are likely to face ongoing pressure due to tighter financial conditions and elevated household debt. Conversely, energy, pharmaceutical, and defensive stocks may offer more stability in this environment, as inflation moderates and economic growth remains subdued.
- Emerging markets, particularly in Asia and Latin America, present more dynamic growth opportunities, with sectors like technology, consumer goods, and infrastructure benefiting from strong demand and fiscal stimulus in key regions. China and India are expected to lead this growth, though risks from geopolitical tensions and fragmented global trade remain. Investors should focus on companies with robust local market presence, especially in consumer-facing industries, as domestic demand remains a key driver of growth.

Monetary and Fiscal Policy Implications

- Central banks globally have been engaged in coordinated monetary tightening, responding to elevated inflation levels. While inflation is expected to ease, the persistence of high interest rates will continue to influence equity valuations. The cost of borrowing is higher, putting pressure on sectors reliant on debt financing, such as real estate and infrastructure. However, the steady reduction of inflation could eventually lead to monetary easing, especially in regions where inflation is closer to central bank targets.
- Fiscal policies are also undergoing a transition. Governments in advanced economies are withdrawing pandemic-era stimulus measures, focusing on medium-term fiscal consolidation to rebuild fiscal buffers. Investors should monitor fiscal policy adjustments, particularly in the context of infrastructure spending and green energy investments, which could present opportunities for long-term growth in specific sectors like renewable energy, technology, and sustainable infrastructure.

Global Tensions

- While the global economy has thus far avoided major setbacks, significant risks remain on the horizon. The ongoing Russia-Ukraine conflict and escalating tensions in Gaza could trigger further disruptions in energy and food markets, sparking new inflationary pressures. This, in turn, could destabilize financial markets and strain corporate margins, especially in sectors vulnerable to commodity price volatility.
- Moreover, the pace of disinflation will differ across regions, creating currency volatility that could affect export-oriented companies and multinational corporations. Additionally, high household debt levels in some regions, combined with mortgage adjustments due to higher interest rates, may strain consumer spending, affecting the performance of sectors like consumer discretionary and financials.

Outlook

Despite the risks, the global economy offers several attractive investment opportunities, particularly in sectors aligned with long-term structural trends:
Technology and consumer goods in emerging markets, especially Asia, where consumer demand remains resilient.
Renewable energy and sustainable infrastructure, driven by increased public and private investments in climate-related projects.
Healthcare, pharmaceutical and defensive sectors in advanced economies, as they tend to perform well in lower growth, moderate inflation environments.
For investors, exposure to companies with strong balance sheets, pricing power, and regional diversification will be key to navigating this period of economic adjustment. Additionally, businesses that benefit from geopolitical shifts, such as those involved in energy security and supply chain diversification, are likely to outperform as economies adjust to a new global order.

Strides

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Research Report

Indian Ecomomy : Overview

In FY 2023-24, India reinforced its position as one of the fastest-growing major economies, with a projected GDP growth rate of 7.6%. This marks the third consecutive year of growth exceeding 7%, underscoring India's increasing prominence in the global economy. As an investment destination, India's attractiveness continues to rise, driven by strong government reforms, a focus on infrastructure development, and initiatives that promote domestic manufacturing. These factors are creating a supportive environment for long-term economic expansion, positioning India as a critical player in global trade and investment.

Sectoral Reforms Driving Growth

- Country's impressive growth trajectory is underpinned by the government's strategic focus on revitalizing key sectors:
- Financial Sector Reforms: Strengthening financial systems and streamlining business operations have enhanced capital flow, improving liquidity and investment opportunities across key sectors such as banking, insurance, and technology.
- Infrastructure Investments: Both physical and digital infrastructure upgrades are catalyzing sectoral output, improving logistics, and connectivity while boosting India's manufacturing competitiveness. This is expected to drive growth in sectors like transport, construction, and industrial production.
- From an equity research perspective, these sectors present substantial growth potential, with infrastructure and financials emerging as key drivers of the country's medium- and long-term economic performance.

Pharmaceutical Innovation

- The Atmanirbhar Bharat Production-Linked Incentive (PLI) Scheme for medical devices and pharmaceuticals is driving self-reliance in manufacturing, reducing dependence on imports, and positioning India as a global hub for medical innovation. This initiative is expected to accelerate growth in India's pharmaceutical and biotechnology sectors, with companies benefiting from both domestic demand and export opportunities.

Domestic Consumption and Macroeconomic Stability

- Country's macroeconomic fundamentals remain robust, providing a stable foundation for continued growth. Key factors supporting India's economic outlook include:
- As country's middle class expands, domestic consumption continues to rise, particularly in consumer goods, retail, and services sectors. This is expected to drive corporate earnings and create opportunities for companies focused on the domestic market.
- Strengthened supply chains and a focus on reducing logistics costs are enhancing operational efficiency across sectors, particularly manufacturing and e-commerce. This resilience positions India to capture a larger share of global supply chains, especially as companies diversify away from China.

Infrastructure and the US$5 Trillion Economy Ambition

- Country's goal of becoming a US$5 trillion economy by 2025 hinges on its ability to maintain and accelerate infrastructure investments. The government's emphasis on lowering logistics costs, improving transport networks, and expanding digital infrastructure is expected to further enhance India's attractiveness for foreign investment.
- Sectors such as technology, automotive, and manufacturing stand to benefit from this continued focus on infrastructure, creating significant upside for companies with exposure to these industries. Investors should look for opportunities in companies tied to India's infrastructure growth story, as this sector is expected to be a long-term driver of GDP growth.

Global Uncertainties

- Ongoing global economic challenges, including inflation, geopolitical tensions, and potential trade disruptions, could impact country's growth prospects, particularly in export-dependent sectors.
- While the government's reform agenda is promising, the success of these initiatives will depend on timely execution and effective policy implementation.
- However, these challenges are balanced by substantial opportunities for growth across key sectors. For investors, exposure to infrastructure, financial services, and consumer-driven sectors offers significant upside potential. Additionally, companies positioned to benefit from India's growing role in global supply chains, particularly in manufacturing and technology, represent attractive long-term investments.

Outlook

Country's growth trajectory in FY 2023-24 solidifies its standing as a global economic powerhouse. The combination of government reforms, infrastructure investments, and a growing domestic market presents a compelling investment case.With a clear focus on innovation, inclusivity, and infrastructure, India is well-positioned to continue its upward trajectory, offering diverse opportunities for investors seeking exposure to one of the fastest-growing economies in the world.

Research Report

Global Pharmaceutical Industry Overview

The global pharmaceutical industry is navigating a dynamic and complex landscape characterized by both growth opportunities and increasing challenges. With a valuation of US$1.28 trillion in 2023, the market is expected to maintain a CAGR of 6-9%, potentially reaching US$2.23-2.25 trillion by 2028. This growth is driven by continued innovation in specialty drugs, the rising demand for chronic condition treatments, and the expanding market for biosimilars as key patents expire. However, headwinds such as budgetary constraints in developed markets and post-pandemic financial pressures could temper spending growth, creating a more cautious outlook for pharmaceutical producers in these regions.

Market Dynamics and Growth Projections

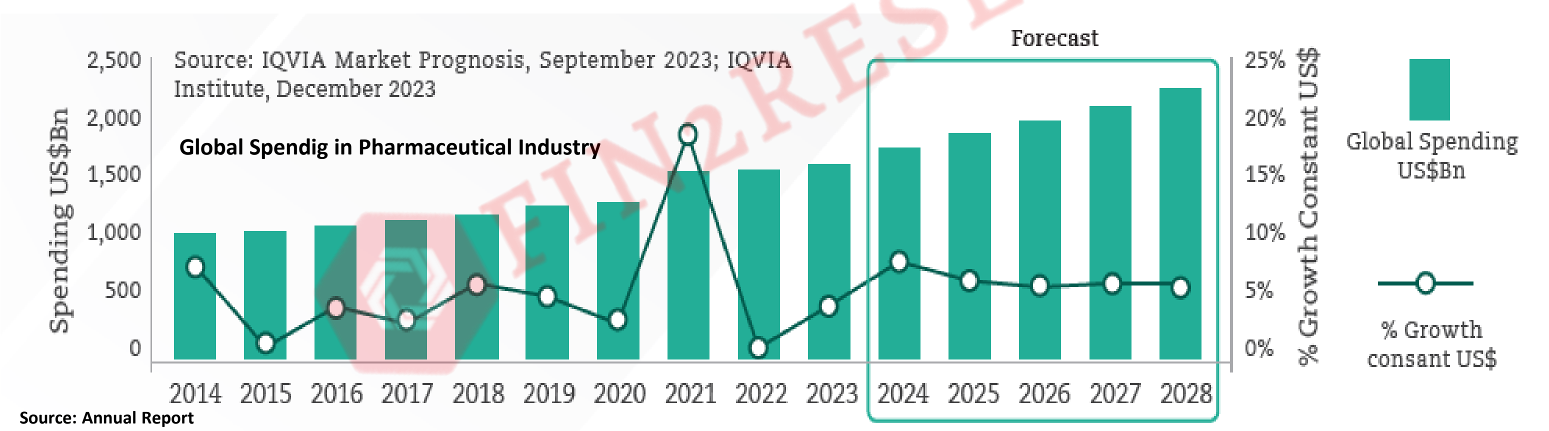
- On global level, consumption, which levelled off in 2023, is expected to resume its upward trend, with an average annual growth rate of 2.3% until 2028. Markets in China, India, and parts of Asia are projected to grow at a faster rate, exceeding 3% CAGR, driven by increasing demand for more accessible healthcare solutions. In contrast, North America, Western Europe, and Japan—which already have high per capita consumption—are forecasted to experience slower growth, reflecting their mature markets.
- Emerging markets continue to be a focal point for pharmaceutical producers, with their prioritization of cost-effective generics providing key opportunities for growth. In these regions, the demand for branded generics remains robust, as governments and health systems focus on making treatments more affordable. Meanwhile, in developed markets, the expiration of key patents will likely lead to increased usage of generics, dampening growth in spending on original, off-patent drugs.

Shifts in Therapeutic Areas: Oncology, Immunology, and Metabolic Disorders

- The industry is undergoing a transformative shift in therapeutic focus, with oncology and immunology standing out as key drivers of innovation and investment. Oncology, the most prominent sector within pharmaceutical R&D, is forecast to grow at a CAGR of 14-17% through 2028. This expansion is supported by the introduction of an estimated 100 new cancer treatments over the next five years. Despite ongoing challenges from patent expirations, the pace of innovation continues to improve patient outcomes, presenting substantial opportunities for companies leading in cancer drug development.
- Similarly, immunology is expected to grow at a CAGR of 2-5%, with global spending on autoimmune disorder treatments projected to reach US$192 billion by 2028. The sector's growth is driven by a rising number of treated patients and the development of new therapies addressing previously underserved immune disorders. However, the introduction of biosimilars is anticipated to moderate this growth beyond 2023, as competition in the market intensifies.
- In contrast, the diabetes treatment market is experiencing a deceleration in spending growth, particularly in developed markets where rebates and other pricing pressures are pushing growth into single digits. However, this has opened up a new area of focus: obesity treatments. Spending on obesity drugs has surged over the last two years, led by innovative GLP-1 agonists, which have demonstrated significant efficacy in managing obesity. This segment is poised for strong growth, though the key to unlocking its full potential lies in broader reimbursement support from insurers and government programs, which will be essential for increasing patient access to these treatments.

Regional and Segment Analysis

- Regional spending patterns continue to reflect the differing economic and healthcare structures of markets around the world. Wealthier nations tend to allocate more resources to patented, branded drugs, whereas lower-income countries focus on affordable generics. As key patents expire in developed markets, there is a notable shift towards more affordable non-original brands or generics, which could temper spending growth in these regions. In emerging markets, however, generics remain a priority, and pharmaceutical producers targeting these regions are likely to see sustained demand.
- The biosimilars market is also expanding rapidly as the expiration of patents on major biologic drugs creates opportunities for manufacturers. This shift represents both a challenge and an opportunity for large pharmaceutical companies, which must balance innovation with affordability to maintain market share.



Source: Annual Report

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Research Report

Key Pharmaceutical Markets

- The US: A Powerhouse of Innovation and Growth The US pharmaceutical market has remained a global leader, showcasing impressive resilience and growth. With a compound annual growth rate (CAGR) of 5.3% from 2019 to 2023, the world's largest pharmaceutical market is set to expand at a steady pace of 2% to 5% over the next five years. This momentum is fueled by rising brand spending, bolstered by the Inflation Reduction Act (IRA), which amplifies off-invoice discounts and rebates. Sectors like oncology, immunology, diabetes, and obesity are driving much of this growth, though immunology faces hurdles due to significant loss of exclusivities that may impact innovation.
  The future outlook hinges on several factors: medication usage, the adoption of newer treatments, patent expirations, and the influence of generic and biosimilar competition. Together, these dynamics will shape the US pharmaceutical landscape through 2028.

- European Union (EU5): Balancing Growth and Budget Pressures The top five European markets—UK, Germany, France, Italy, and Spain—are projected to see pharmaceutical spending rise by US$70 billion in the next five years. This is a notable increase compared to the US$65 billion growth seen between 2018 and 2023. However, new brands will continue to be growth drivers, despite potential challenges from lingering pandemic effects on marketing and tightening reimbursement decisions amid budget pressures.
  Generics, including biosimilars, will play a significant role, contributing US$18 billion in growth over the next five years. The dynamics of Loss of Exclusivity (LOE), volume gains, and price deflation will also shape the market. The region will likely face economic recovery pressures post-pandemic, influenced by inflation concerns and geopolitical factors like the Ukraine conflict. Despite these uncertainties, innovation remains a stronghold, with new brands poised to continue transforming healthcare.

- Japan: Stability Amid Change In Japan, pharmaceutical spending is projected to maintain a modest growth rate of -2% to 1% through 2028, as the country recovers from COVID-19 and long-term trends persist. Pricing revisions, expected annually, will impact the market, though less dramatically during non-biennial pricing cut years.
  Interestingly, Japan has reversed a long-standing trend, with spending on protected brands increasing from 48% to 54% over the last decade. This shift reflects a government commitment to early access for novel medicines, and a strategic move by manufacturers to prioritize early launches. Generic spending is also expected to rise, supported by effective policy measures that incentivize their use in medical practices.

- Australia: Resilience and Modest Growth Australia's pharmaceutical market weathered the pandemic with minimal disruption, thanks to effective containment strategies. Looking ahead, the market is expected to grow between 2% and 5% from 2023 to 2027. Though discounts and rebates have yet to be fully accounted for, Australia's overall outlook suggests steady and consistent progress.

- China: A Market on the Rise China's pharmaceutical market has been on a meteoric rise, growing from US$103 billion in 2014 to US$163 billion by 2023. Over the next five years, this figure is expected to surpass US$197 billion, reflecting a surge driven by government initiatives, including annual updates to the national reimbursement drug list (NRDL). These updates will increase access to new, original medicines, although these drugs often come with lower net prices due to negotiation.
  Growth in China is likely to be led by domestic originators launching branded products, reshaping the market landscape. Original brands are forecast to grow at 7.5% annually, while other product categories will see more modest growth of 6% or less. However, non-original brands, such as variations from multinational companies, will face slower growth due to government efforts to curb hospital spending.

- Africa: A Frontier of Untapped Potential The African pharmaceutical market, excluding COVID-19 vaccines, reached US$25 billion in 2022 and is projected to grow at a 6% CAGR, hitting US$34 billion by 2027. The continent's growing universal healthcare systems are paving the way for increased access to medicines, driving pharmaceutical spending higher. In an optimistic scenario, analysts at IQVIA forecast the African market to reach US$40 billion by 2027.
  Egypt is leading Africa's pharmaceutical charge and is expected to remain the largest market, with projected spending reaching US$5.8 billion by 2027. Nigeria and South Africa follow closely, with Nigeria's burgeoning population driving demand, while South Africa benefits from government-permitted price increases. Other regions, like French-speaking West Africa, are expected to see slower growth, trailing the continental average.

In the post-pandemic world, healthcare has become a critical priority for Africa. Governments and pharmaceutical leaders are urged to maintain a proactive stance, rather than reverting to pre-pandemic reactive strategies. By embracing this forward-thinking approach, Africa stands at the brink of a

Outlook

Despite the challenges posed by budget constraints and shifting global health priorities, the pharmaceutical industry's overall outlook remains positive, supported by strong demand for innovative treatments and more accessible medications. Companies with a focus on oncology, immunology, and biosimilars are well-positioned to capitalize on these growth drivers, especially in emerging markets where access to affordable treatments is a critical priority.

From an equity investment perspective, Pharmaceutical firms that are leading in the development of specialty drugs, biosimilars, and obesity treatments present compelling opportunities for long-term growth. The oncology sector, in particular, remains a high-growth area, given the anticipated introduction of new therapies over the next five years.

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Research Report

India Pharmaceutical Industry: Overview

India's pharmaceutical sector have rapidly transformed into key pillars of the global healthcare ecosystem. The country's pharmaceutical industry, renowned as the "Pharmacy of the World," plays a pivotal role in global healthcare by offering affordable, high-quality generic drugs and vaccines.

Pharmaceutical Sector: Growth Drivers & Strategic Initiatives

The country's pharmaceutical market is on an upward trajectory, projected to reach US$ 130 billion by 2030, with domestic growth expected to hit US$ 57 billion by FY25. The country boasts the highest number of USFDA-compliant pharmaceutical plants outside the US and over 2,000 WHO-GMP-approved facilities. This infrastructure enables India to serve over 150 countries, cementing its position as the world's largest supplier of generic medicines and vaccines.

Key government initiatives like the Production Linked Incentive (PLI) scheme, with an outlay of Rs. 15,000 crore (US$ 2.04 billion), are designed to increase India's pharmaceutical manufacturing capacity, diversify product offerings, and attract investment. Additionally, the Strengthening of Pharmaceutical Industry (SPI) scheme, with Rs. 500 crore (US$ 60.9 million) allocated, aims to enhance productivity and quality within existing pharma clusters and MSMEs. With the Pradhan Mantri Bhartiya Jan Aushadhi Kendras set to expand to 10,500 outlets by 2025, and a product basket of 1,451 drugs and 240 surgical instruments, India's healthcare accessibility is poised to improve significantly.

Export Performance and Global Influence

Country's pharmaceutical exports have shown robust growth, surging to US$ 27.9 billion in FY24, with a year-on-year growth rate of 9.7%. During the first quarter of FY25, exports reached US$ 7.2 billion, driven by high demand in key markets such as the US, UK, and Europe. India supplies 40% of the generic drug demand in the US and 25% of all medicines in the UK, and exports over 50% of the global vaccine supply.

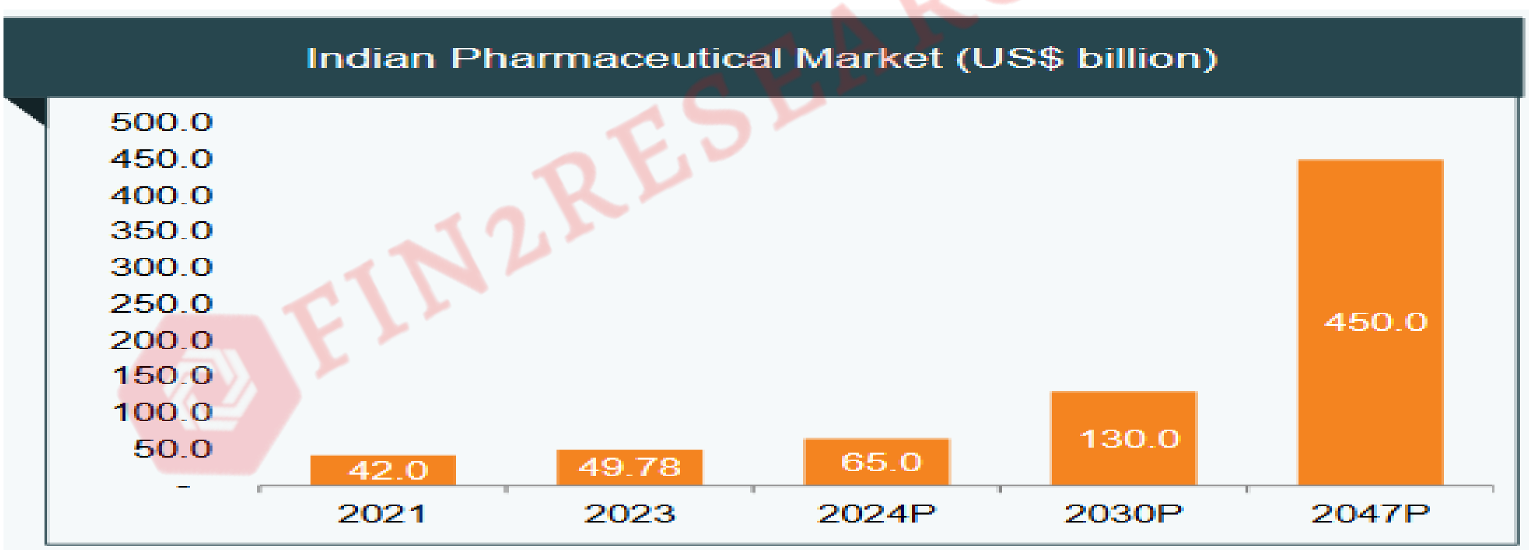
The biotech sector, valued at US$ 70.2 billion in 2020, is projected to grow to US$ 150 billion by 2025, fueled by advancements in biopharmaceuticals, bio-agriculture, and bio-services.

Investment Outlook

The sector continues to attract significant foreign direct investment (FDI), with cumulative equity inflows of US$ 22.52 billion between April 2000 and March 2024. The government has further incentivized foreign participation by increasing the FY24-25 budget allocation to Rs. 1,000 crore (US$ 120 million) for bulk drug parks, marking a substantial investment in critical infrastructure. These efforts align with India's competitive strengths, including 30-35% lower manufacturing costs and 87% cost-efficient R&D compared to developed markets.

Meanwhile, the e-health market is projected to reach US$ 10.6 billion by 2025, driven by the rise of digital health services and telemedicine.

India's pharmaceutical sector offer a compelling investment case, underpinned by strong export growth, cost competitiveness, government support, and rising domestic and global demand for affordable healthcare solutions. As India expands its global market share, particularly in the generic drugs and vaccine markets, it is well-positioned to be an indispensable force in global healthcare. From an equity perspective, investors should view India's pharmaceutical stocks as long-term growth opportunities. Key factors such as favourable regulatory frameworks, global demand for generic medicines, and the government's continued focus, make this sector an attractive investment destination.



Source : IBEF Report

Outlook

In the coming years, the global landscape of medicine spending is poised for a dynamic shift, driven by the surge in new medical treatments across affluent markets. The forecast suggests that this widespread adoption of cutting-edge therapies will be the primary engine of growth, counterbalancing the effects of patent expirations that typically lead to the affordability and proliferation of generic drugs and biosimilars.

While the introduction of innovative medicines has historically seen rapid growth soon after their debut, the current trend reveals a more sustained trajectory. Unlike in the past, where new treatments would experience a spike in usage and then plateau, today's established products are taking center stage and powering the next wave of pharmaceutical spending. This shift signals a deeper transformation within the healthcare industry, one that places increased emphasis on long-term patient outcomes and the broadening accessibility of breakthrough therapies.

The future of medical spending is characterized by an intriguing paradox. On one hand, we are witnessing the rise of high-cost, specialized treatments designed to address complex diseases, from oncology and immunology to rare genetic disorders. These therapies often come with a premium price tag but offer unprecedented value in terms of improving patient health and quality of life. On the other hand, the market will continue to be influenced by the growing presence of cost-saving generics and biosimilars, which will drive down prices for older, off-patent drugs.

Yet, the sheer volume of advanced treatments hitting the market, particularly in wealthier countries, will ensure that the overall trajectory of medicine spending continues upward. This evolution is not merely a reflection of more expensive treatments but a broader shift toward therapies that offer long-lasting benefits. As more patients gain access to innovative solutions, the volume of prescriptions is expected to rise, especially for therapies addressing chronic and life-threatening conditions that previously had limited treatment options.

In affluent markets, the trend is even more pronounced. Here, patients are increasingly benefiting from early access to novel therapies, supported by strong healthcare systems and proactive government policies. The premium placed on advanced treatments is offset by the growing recognition of their long-term value—not just in terms of direct patient outcomes, but also in the broader context of public health. The more widespread availability of these therapies is likely to reduce hospitalizations, improve survival rates, and lower healthcare costs in the long run, reinforcing the case for their higher upfront investment.

The next five years will also see a diversification of treatment options, with more personalized and precision medicines entering the market. These highly targeted therapies, tailored to the genetic makeup or specific disease profiles of individual patients, represent the next frontier in pharmaceutical innovation. Although their initial costs may be high, their ability to deliver more effective and sustainable results makes them an attractive option for healthcare providers and payers alike.

Ultimately, the evolving landscape of global medicine spending is a story of growth fueled by innovation. As the pharmaceutical industry continues to push the boundaries of science, patients around the world stand to benefit from the enhanced accessibility and value of advanced medical treatments. While the affordability of generics and biosimilars will remain an important factor in keeping healthcare costs in check, the primary narrative will be one of progress—of new therapies that offer hope where there was none, of increased access to life-changing treatments, and of a global healthcare system that is becoming ever more adept at delivering better outcomes for all.

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Research Report

Growing Chemical Industry Boosting Pharmaceutical Sector

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Research Report

About Strides Pharma Science Limited

The Stride Pharmaceutical Science Limited is headquartered in Bengaluru, India, is a global powerhouse in the pharmaceutical industry, specializing in the development and production of niche finished dosage formulations. With a sharp focus on intellectual property-driven products, Strides has carved out a leading position as one of the world's foremost producers of soft gelatin capsules. Operating in over 100 countries, company boasts a global footprint with seven state-of-the-art manufacturing facilities across four continents, including four sites approved by the US FDA.

The company’s diverse product portfolio features a range of technically complex pharmaceuticals, from liquids and creams to ointments, soft gels, sachets, tablets, and modified-release dosage forms—many of which are notoriously difficult to produce. Strides excels at navigating these challenges, pushing the boundaries of what’s possible in pharmaceutical manufacturing. At the heart of its innovation is a cutting-edge R&D facility in India, equipped with global filing capabilities, ensuring the company’s pipeline is always growing and evolving.

Quality is the cornerstone of company' operations. With an unwavering commitment to excellence, the company has gained a competitive edge in the face of an ever-changing regulatory environment. The company ensures the highest standards of quality across all its manufacturing locations through an advanced IT-driven platform, delivering products that meet the most stringent global benchmarks. Through relentless innovation and a dedication to precision, Strides continues to shape the future of healthcare, one breakthrough at a time.

Vision

To be the leading Indian pharma multinational with a reputation for the highest quality and integrity.

Mission

With a differentiated portfolio focussed on attaining leadership, we will provide an unparalleled opportunity for our people and value creation opportunity for our stakeholders.

Source : Annual Report

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Milestones

1990
Strides incorporated

1996
Started own manufacturing

1996-2007
Commenced First Sterile Facility, GSK being the first CMO partner

Created Oral Solid Dosage Capabilities

Enhanced Regulated Market focus

2008-2015
Built scale and capabilities in Australasia

Established one of the most competitive sterile franchises globally, with 8 manufacturing facilities

Divested Australasia business to Watson with AUD 375 Million value

Record of filing 40+ annual filings, 80+ approvals and US$300 Million licensing deals with global innovators

2008-2015 (contd.)
Injectables business sold to Mylan for an EV of US$1.6 Bn, Distributed US$655 Million to partners, employees and stakeholders

Strong partnerships and expansion in the US, Other Regulated Markets

2015
- Raised ~₹12 Billion via QIP
- Shasun Pharmaceuticals merged with Strides

2019
Sold Australia business for AUD 394 Million

2021
Acquired manufacturing facility at Chestnut Ridge, New York

2023
Announced creation of OneSource - India's first Specialty Pharma Pure Play CDMO

Source : Annual Report

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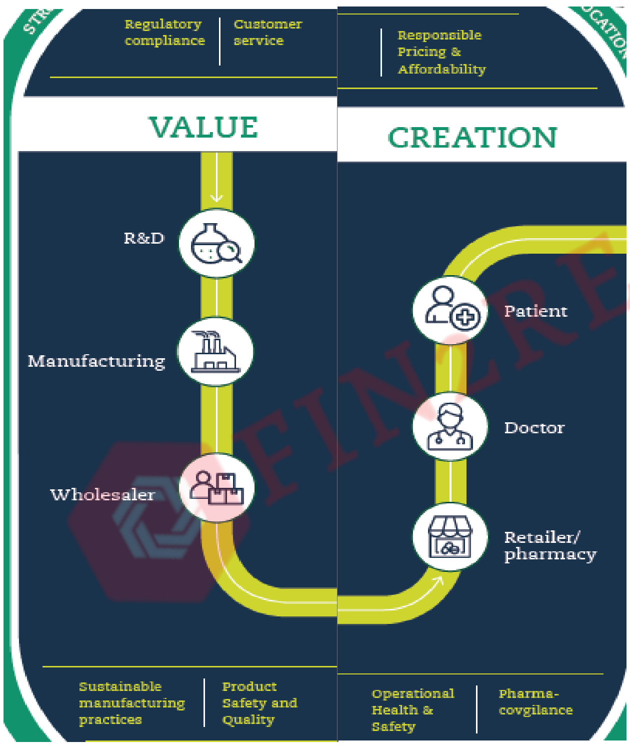
Business Model

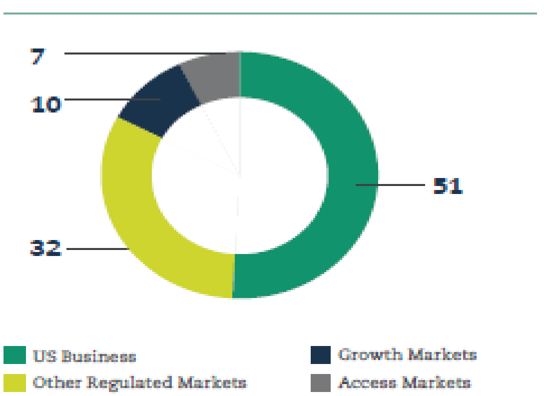


Company operates a distinctive business model that capitalizes on its global presence, robust manufacturing capabilities, and diverse portfolio to drive growth and profitability. The company focuses heavily on regulated markets such as the United States, Europe, and Australia, which contributed over 83% of its consolidated revenue in FY24. It holds a strong position in niche products in the U.S., ranking among the top three for 34 products, with plans to launch 10-15 new products annually. Strides boasts world-class manufacturing assets, including seven facilities across four continents, four of which are U.S. FDA-approved. Its extensive manufacturing capabilities allow the company to produce complex pharmaceutical products like oral soft-gelatin capsules and specialty injectables.

Additionally, the company has a robust research and development (R&D) focus, driving innovation and portfolio expansion through both organic and inorganic strategies. The creation of *OneSource*, a specialty pharma contract development and manufacturing organization (CDMO), consolidates Strides' expertise in softgels, biopharma, and injectables, aiming to position it among India's top five pure-play CDMOs. The company's strategic portfolio encompasses niche pharmaceutical products, including liquids, creams, soft gels, and modified-release dosage forms, placing it in a strong position within both the generic and specialized pharmaceutical markets. Furthermore, Strides emphasizes efficient capital allocation and debt management, significantly reducing debt and improving free cash flow in FY24, achieving record highs in revenue and EBITDA. This comprehensive business model ensures long-term value creation while maintaining financial health and capitalizing on growth opportunities in high-demand pharmaceutical segments.

Revenue Breakup

Market-wise revenue split in FY 2023-24
(%)



The dominance of the US Business segment indicates a strong reliance on the American market, which could pose risks if there are economic downturns or regulatory changes.The presence of other regulated markets suggests diversification but also indicates potential compliance challenges.The growth and access markets point to strategic areas where the organization might focus its efforts for future expansion and revenue generation.

Source : Annual Report

- **Revenue Distribution**
- **US Business: 51%**
  - This segment represents over half of the total revenue, indicating that the US market is the primary source of income for the organization. This could reflect strong market penetration or product demand within the United States.
- **Other Regulated Markets: 32%**
  - This portion accounts for a significant share of revenue as well. It represents revenues from markets that are regulated but not specified as the US. This could include various regions that have specific laws and regulations governing business operations.
- **Growth Markets: 10%**
  - This category is relatively smaller compared to the previous two but still essential. Growth markets typically refer to emerging markets or segments that are expected to expand significantly in the future. The 10% indicates that while these markets are currently contributing less revenue, they may represent future opportunities for growth.
- **Access Markets: 7%**
  - This is the smallest segment in the chart. Access markets may refer to markets that are not fully penetrated or are more challenging to reach. Despite its small percentage, this segment may have strategic importance for future expansion.

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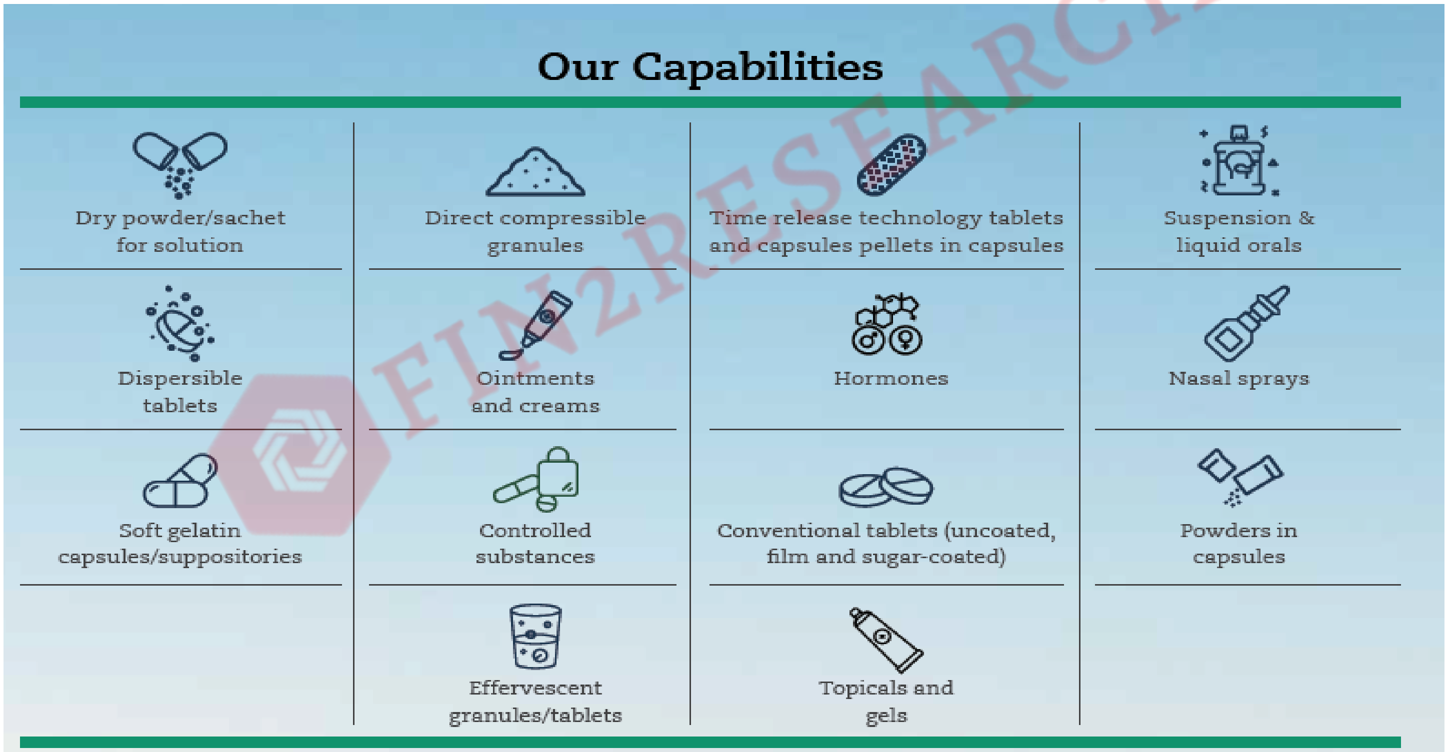
Product Portfolio



- Company boasts a diverse and technically advanced product portfolio, catering to a wide range of therapeutic needs and market segments. The company specializes in developing and manufacturing complex pharmaceutical formulations, which include liquids, creams, ointments, soft gels, sachets, tablets, and modified-release dosage forms. Strides' ability to produce these challenging products demonstrates its expertise in niche and high-value segments, setting it apart from other generic pharmaceutical manufacturers.
- **Key Products in Regulated Markets**: A significant portion of company's product portfolio is tailored for regulated markets, particularly the United States, which is the company's largest revenue generator. As of FY24, Strides had commercialized 66 products in the U.S. market, and notably, it holds a top three position for 34 of these products, highlighting its leadership in key therapeutic categories. The company's portfolio in the U.S. includes complex, high-demand pharmaceutical products such as controlled substances, hormones, and nasal sprays—areas that require advanced manufacturing capabilities and strict regulatory compliance. In addition to its existing offerings, Strides has filed over 260 Abbreviated New Drug Applications (ANDAs), with more than 245 already approved by the U.S. FDA, positioning the company for sustained growth in this highly competitive market
- **Soft Gelatin Capsules and Specialized Dosage Forms**: One of company's core strengths lies in its ability to manufacture soft gelatin capsules, which are technically challenging and require specialized expertise. Soft gels are often used in products that need to deliver precise doses of medications, especially in cases where the active ingredient is sensitive or unstable. Strides' leadership in this niche segment is further enhanced by its investment in "OneSource," a Specialty Pharma Contract Development and Manufacturing Organization (CDMO). OneSource focuses on developing and manufacturing specialty pharmaceutical products, including soft gels, injectables, and biologics, for both Strides and third-party clients. This CDMO platform allows Strides to leverage its expertise in high-value pharmaceutical products, enhancing its market presence and expanding its reach into new therapeutic areas.
- **Expanding Product Range through R&D**: Company's extensive product portfolio is supported by a strong emphasis on research and development (R&D). The company's R&D teams work on developing innovative formulations and expanding its product range across various therapeutic categories. This focus on R&D ensures that Strides remains at the forefront of pharmaceutical innovation, continuously enhancing its product offerings. Strides' R&D investments also allow it to explore newer, high-potential areas such as biologics and complex generics, ensuring that it remains competitive in an evolving pharmaceutical landscape.

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- **Products for Other Regulated and Growth Markets**: Beyond the U.S., company has a robust product portfolio in other regulated markets, such as Europe, Canada, Australia, and South Africa. These markets contributed 32% of its consolidated revenue in FY24, and Strides continues to expand its presence by launching new products and securing long-term supply contracts. The company's product portfolio in these regions includes a wide range of dosage forms and therapeutic categories, enabling it to capture significant market share. Additionally, Strides is actively expanding its offerings in emerging markets like Africa, Latin America, and Southeast Asia, where there is growing demand for affordable, high-quality medicines. In these regions, Strides focuses on maximizing its product offerings and developing partnerships with local distributors to accelerate growth.
- **Institutional Business and Access Markets**: Company also plays a critical role in the institutional pharmaceutical sector through its Access Markets segment, where it supplies medicines to global health initiatives and institutions like the World Health Organization (WHO). This business segment focuses on providing affordable medicines for large-scale health programs, particularly in developing countries. While revenue from Access Markets saw a slight decline in FY24, Strides' commitment to improving delivery performance has secured higher tender allocations for the upcoming fiscal year, positioning the company for future growth.Overall, Stride Pharma's product portfolio is built on a foundation of innovation, technical expertise, and strategic market positioning. By focusing on complex and high-value products, supported by robust R&D capabilities and a strong presence in regulated markets, Strides continues to expand its global footprint and deliver sustained growth across various pharmaceutical segments.

R&D and New Product Launches: The company is focused on leveraging its research and development capabilities to drive future growth. It aims to sustain momentum in product filings, targeting 15-20 new filings annually across its regulated and emerging markets. Strides is also working on developing innovative products, including biosimilars and complex generics, which will strengthen its market presence globally

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Management

Arun Kumar
Executive Chairperson

Arun Kumar, the founder of the company, is a visionary entrepreneur with a strong educational foundation. He holds a Bachelor's degree in Commerce from Bangalore University. His early education, combined with his deep understanding of business and finance, laid the groundwork for his success in the pharmaceutical industry. With limited formal training in pharmaceuticals, Kumar's entrepreneurial spirit and strategic vision helped him build the company into a global pharmaceutical company, focusing on generics, biosimilars, and niche therapies. His education in commerce provided a solid business acumen, which has been instrumental in navigating the complexities of the pharma industry.

Badree Komandur
MD & Group CEO

Badree Komandur, Executive Director and Group CFO of the company, has a solid educational foundation in finance and accounting. He is a Chartered Accountant (CA) and Cost Accountant, both prestigious qualifications in India, which have equipped him with strong expertise in financial management and strategic planning. With over two decades of experience in diverse sectors including pharmaceuticals, his educational background has played a critical role in his success, enabling him to oversee the company’s financial operations, corporate governance, and global expansion efforts. His leadership has been pivotal in aligning financial strategy with the company’s growth objectives.

Aditya Kumar
Executive Director - Business Development

Aditya Kumar is the CEO of the company, known for his strategic leadership in the pharmaceutical sector. He holds an MBA from the Indian School of Business (ISB), where he specialized in Finance and Strategy. Before that, Aditya completed his Bachelor's in Mechanical Engineering from NIT Rourkela, one of India's premier engineering institutions. His robust educational foundation in both engineering and business has equipped him with a unique blend of technical and managerial expertise, enabling him to navigate the complexities of the global pharmaceutical industry and drive the company's growth and innovation.

Ramaraju PVS
Chief Operating Officer

Dr. Ramaraju P.V.S. is the Executive Director at the company and a key figure in the company’s growth. He holds a Ph.D. in Organic Chemistry from Andhra University, India, where he gained a strong foundation in chemical sciences. Further enhancing his expertise, he pursued a post-doctoral fellowship at the University of California, Berkeley, specializing in advanced organic synthesis. With this robust academic background, Dr. Ramaraju has leveraged his deep understanding of chemistry to drive pharmaceutical innovation and development at the company, contributing to the company's global footprint in the generic drug market.

Umesh Kale
Chief Quality Officer

Umesh Kale, a senior executive at Strides Pharma, has a strong educational foundation that underpins his leadership in the pharmaceutical industry. He holds a Master's degree in Chemical Engineering and completed the Advanced Management Program (AMP) from Harvard Business School, equipping him with a blend of technical expertise and business acumen. His academic background has been pivotal in driving innovation and operational excellence at the company, contributing to the company's global growth. Kale's strategic insight, informed by his education, has enabled him to lead effectively in the competitive pharmaceutical landscape.

Vikesh Kumar
Group CFO & Chief Investor Relations Officer

Vikesh Kumar, currently Group CFO at the company, holds a Post Graduate Diploma in Management (PGDM) from the prestigious S.P. Jain Institute of Management & Research in Mumbai. With over 15 years of experience in finance, mergers, acquisitions, and governance, Vikesh has played a pivotal role at Strides since joining in 2009 through their leadership program. His expertise in business finance, treasury, and investor relations has been instrumental in shaping company' financial strategy, especially in global markets like the U.S., where he now leads key operations.

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Surabhi Loshali
Group CHRO

Surbhi Loshali is a notable figure at the company, known for her expertise and leadership in the pharmaceutical sector. She holds an MBA from the prestigious Indian Institute of Management (IIM) Indore, one of India's top business schools. Her academic background is rooted in strategic management and business administration, equipping her with the skills to excel in high-stakes corporate environments. Surbhi also has a Bachelor’s degree in Pharmacy, providing her with a deep understanding of both the scientific and commercial aspects of the pharmaceutical industry, enabling her to navigate complex market dynamics effectively the company.

Terrrence Fullem
President, US Business

Terrence Fullem is a prominent figure in the pharmaceutical industry, recognized for his leadership at the company. He holds a Bachelor’s degree in Pharmacy from the University of South Carolina and an MBA from Harvard Business School, which has equipped him with a strong foundation in both pharmaceutical sciences and business management. His educational background has enabled him to navigate the complex landscape of drug development and commercialization effectively. Under his guidance, the company has made significant advancements in generic and specialty pharmaceuticals, emphasizing innovation, quality, and global expansion in the healthcare market.

Sormistha Ghosh
Group General Counsel, Chief Risk Officer & Chief Sustainability Officer

Shormista Ghosh is a prominent figure in the pharmaceutical industry, currently serving as a key leader at the company. He holds a Bachelor’s degree in Pharmacy from a prestigious university, which laid the foundation for his expertise in drug development and formulation. Ghosh further enhanced his knowledge with a Master’s degree in Pharmaceutical Sciences, specializing in pharmacology and regulatory affairs. His strong academic background, combined with extensive experience in the pharmaceutical sector, has enabled him to drive innovation and strategic growth at the company, focusing on delivering high-quality generics and specialty pharmaceuticals to global markets.

Amol Mehta
Chief Business Officer, Other Regulated Markets

Amol Mehta is a prominent figure in the pharmaceutical industry, known for his leadership at the company. He holds a Bachelor’s degree in Pharmacy from the University of Mumbai and an MBA from the Indian School of Business (ISB). His educational background has equipped him with a strong foundation in pharmaceutical sciences and business management, allowing him to navigate the complexities of the industry effectively. Under his guidance, the company has expanded its global presence, emphasizing innovation and quality in the development of generic and specialty pharmaceuticals, contributing significantly to the company’s growth and success.

K N Swamy
Head - Global Analytical Development and Services

K.N. Swamy, the global analytical developmentand services (Head) of the company, has an impressive educational background that laid the foundation for his successful career in the pharmaceutical industry. He earned a Bachelor’s degree in Pharmacy from the University of Mysore, followed by a Master’s degree in Business Administration from the Indian Institute of Management, Bangalore (IIMB). His academic achievements equipped him with both technical expertise and managerial skills, enabling him to navigate the complexities of the pharmaceutical sector. Under his leadership, the company has grown into a significant player in the global market, specializing in the development and manufacturing of generic medications and complex formulations.

Homi Rustam Khusrokhan
Independent Director

Homy Rustam Khusrokhan is a distinguished figure in the pharmaceutical industry, known for his significant contributions to the company. He holds a Bachelor's degree in Pharmacy from the prestigious University of Bombay, where he developed a solid foundation in pharmaceutical sciences. Additionally, he pursued further studies in business management, equipping him with the skills necessary to navigate the complexities of the pharmaceutical market. Under his leadership, the company has expanded its global reach and diversified its product offerings, reflecting his commitment to innovation and excellence in healthcare. His educational background has been instrumental in shaping the company's strategic vision.

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Dr. Kausalya Santhanam
Independent Director

Dr.Kausalya Santhnam is a prominent figure in the pharmaceutical industry, known for his strategic leadership at the company. He holds a Bachelor's degree in Pharmacy from the esteemed University of Mumbai, which laid the foundation for his expertise in drug development and manufacturing. Further enhancing his qualifications, he earned a Master's degree in Business Administration from the Indian Institute of Management (IIM), Bangalore. This combination of technical knowledge and business acumen has enabled him to drive innovation and growth at the company, positioning the company as a significant player in the global pharmaceutical landscape.

Ameet Hariani
Independent Director

Ameet Hariani is a distinguished leader in the pharmaceutical industry, currently serving as the Chief Operating Officer of the company. He holds a Bachelor's degree in Pharmacy from the prestigious University of Mumbai and further enhanced his expertise with a Master's degree in Business Administration from the Indian Institute of Management (IIM) Bangalore. His strong educational foundation has equipped him with a unique blend of technical knowledge and strategic business acumen. Under his leadership, the company has made significant strides in global markets, focusing on high-quality generic and specialty pharmaceuticals, and expanding its footprint across diverse therapeutic areas.

Subir Chakraborty
Independent Director

Subir Chakraborty, a prominent figure in the pharmaceutical industry, has an impressive educational background that underpins his leadership at the company. He earned a Bachelor's degree in Pharmacy from the prestigious University of Calcutta, followed by a Master's in Business Administration (MBA) from the Indian Institute of Management, Bangalore. This solid foundation in both pharmaceutical sciences and business management has equipped him with a unique blend of skills, enabling him to navigate the complexities of the pharmaceutical sector. Under his guidance, the company has made significant strides in expanding its global footprint and enhancing its product offerings.

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Why Stride Pharamceuticals...

Investing in this pharmaceutical company presents a compelling opportunity based on its strong future outlook, driven by several key factors:

- **Leadership in Regulated Markets**: The company has established a significant presence in key regulated markets, particularly the United States, Europe, and Australia, which contribute over 80% of its revenue. In the U.S., it ranks among the top three for 34 of its 66 commercialized products and plans to launch 60 new products in the next three years. This expansion is expected to drive U.S. revenues to USD 400 million by 2027.
- **Expanding Product Portfolio**: The firm's focus on niche and complex generics has positioned it well for sustained growth. Its product portfolio includes advanced offerings like soft gelatin capsules, creams, ointments, and modified-release dosage forms. With over 260 ANDAs filed and 245 already approved, the company is primed to capitalize on a strong pipeline, extending its reach across multiple therapeutic areas.
- **Growth in Emerging Markets**: The company is making significant headway in emerging markets like Africa, LATAM, MENA, and APAC, with revenue growth in these regions reaching 28.6% year-on-year. This expansion strategy is supported by maximizing its portfolio offerings and building key partnerships in these regions.
- **Innovative CDMO Platform**: The launch of OneSource, a Specialty Pharma CDMO, focuses on manufacturing high-value products such as soft gels, injectables, and biologics. This platform enhances the company's capability to develop complex products and diversifies its revenue streams by catering to both internal and third-party manufacturing needs.
- **Strong Financial Performance**: The company has shown significant improvements in its financial health, achieving record-high EBITDA in FY24 and reducing net debt by ₹3,131 million. A clear focus on further debt reduction and increasing operational efficiency is likely to strengthen its financial stability, with a target to reduce the net debt-to-EBITDA ratio to less than 2x by FY25.

Given its robust presence in regulated markets, focus on innovation, strategic expansion in emerging markets, and disciplined financial management, this company offers a promising long-term investment opportunity.

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Valuation

Currently, the stock is positioned between +1 and +2 standard deviations, supported by company's fundamental growth indicating favorable conditions for a potential upward trend. This observation aligns with the company's historical tendencies, reinforcing expectations of a positive market response.

Recent USFDA approvals for generic products like triglyceride-control capsules and Sevelamer Carbonate oral suspension highlight its robust R&D capabilities and potential to capture significant market share in the U.S.

The company's decision to spin off its contract development and manufacturing organization (CDMO) unit aims to streamline operations and unlock further value in the pharmaceutical services sector.

Successful USFDA inspections in Singapore reflect company's commitment to high-quality manufacturing standards, mitigating regulatory risks and enhancing its reputation.

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ESG dashboard

44.5%
Of the total power consumption in all sites are from clean energy sources (in-house and imported)

609+
Students have gained employment opportunities through Strides' skill development programmes since last 7 years

97,000+
Learning hours were achieved in FY 2023-24 covering all levels of employees and operators, focussed on a combination of Mandatory, Technical and Behavioural skills and aspects

24%
Women in top management

13,500+
People from 12 villages benefitted in the past 7 years from Aarogyadhama, our multi-specialty health centre in rural Bengaluru

Strides is now a
Signatory to United Nations Global Compact

- **Clean Energy Usage (44.5%)**: This indicates that nearly half (44.5%) of the total power consumption across all company sites comes from clean energy sources, including both in-house generated and imported renewable energy. This is a significant commitment to reducing carbon footprint and promoting sustainable energy practices.
- **Skill Development Opportunities (609+)**: Over 609 students have benefited from skill development programs offered by the company in the past seven years. This reflects the company's investment in education and workforce development, enhancing employability and skills among the youth.
- **Learning Hours (97,000+)**: The company achieved over 97,000 learning hours in the fiscal year 2023-24. This encompasses training for all levels of employees and operators, focusing on mandatory, technical, and behavioral skills. This highlights a strong emphasis on continuous learning and professional development within the organization.
- **Women in Top Management (24%)**: The representation of women in top management stands at 24%. This statistic is a positive indicator of gender diversity and inclusion at leadership levels, reflecting the company's efforts to promote equality within its workforce.
- **Community Benefits (13,500+)**: More than 13,500 people from 12 villages have benefitted from the company's initiatives over the past seven years through their multi-specialty health center in rural Bengaluru. This shows the company's commitment to enhancing community health and well-being in surrounding areas.
- **UN Global Compact Signatory**: The company is a signatory to the United Nations Global Compact, demonstrating its commitment to aligning its operations with global sustainability goals and responsible business practices. This signifies a dedication to ethical principles in human rights, labor, environment, and anti-corruption.

Key Risks

High Risks include concerns such as patient safety, product supply, cost competitiveness, statutory compliance, talent management, and liquidity.
Very High Risks cover critical areas like product approval, regulatory compliance, cyber risks, customer relationships, and mergers & acquisitions.
These risks reflect the key challenges Strides faces in maintaining operations, meeting compliance standards, and safeguarding against disasters, thereby outlining areas requiring focused attention for risk management.

Inherent Risk at Strides

High:
- Patient Safety and Product Efficacy
- Cost Competitiveness
- Business Continuity - EHS & Disaster
- Product Supply
- Liquidity (Gross to Net)
- Statutory Compliance
- Confidential Information
- Contract Monitoring
- People (Talent & Succession)

Very High:
- Product Approval
- Regulatory Compliance
- Customer Relationships in Key Markets
- Cyber Risks
- Mergers & Acquisitions

High Very High

Source : Annual report

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Quarter Update

Quarterly Profit and Loss Statement (Standalone)

In(₹cr)

	FY2024-25	FY2023-24	FY2023-24	Y-O-Y	Q-O-Q
Particulars	Q1	Q4	Q1		
Income from Operation	₹ 554.8	₹ 617.6	₹ 475.3	16.71%	-10.18%
Gross Profit	₹ 275.3	₹ 306.1	₹ 245.5	12.17%	-10.06%
EBITDA	₹ 61.0	₹ 90.8	₹ 55.6	9.84%	-32.78%
EBITDA MARGIN%	11%	15%	12%	-5.89%	-25.16%
EBIT	₹ 40.7	₹ 70.0	₹ 34.1	19.37%	-41.82%
Profit Before Tax	₹ 5.7	₹ 52.9	₹ 9.1	-37.96%	-89.28%
Net Profit	₹ 3.9	₹ 53.0	₹ 8.0	-51.02%	-92.61%
Pat Margin	0.71%	8.58%	1.68%	-58.04%	-91.77%
EPS	₹ 0.43	₹ 5.8	₹ 0.9	-51.69%	-92.62%

Quarterly Profit and Loss Statement (Consolidated)

In(₹cr)

	FY2024-25	FY2023-24	FY2023-24	Y-O-Y	Q-O-Q
Particulars	Q1	Q4	Q1		
Income from Operation	₹ 1,088.0	₹ 1,084.0	₹ 930.0	16.99%	0.37%
Gross Profit	₹ 667.0	₹ 668.0	₹ 545.0	22.39%	-0.15%
EBITDA	₹ 217.0	₹ 230.0	₹ 167.0	29.94%	-5.65%
EBITDA MARGIN%	20%	21%	18%	11.10%	-5.97%
EBIT	₹ 168.0	₹ 180.0	₹ 107.0	57.01%	-6.67%
Profit Before Tax	₹ 85.2	₹ 29.6	₹ 0.3	26515.63%	187.54%
Net Profit	₹ 68.3	₹ 10.4	₹ -9.4	-829.81%	558.73%
Pat Margin	6.28%	0.96%	-1.01%	-723.82%	556.31%
EPS	₹ 7.62	₹ 1.97	₹ -0.79	-1064.56%	286.80%

Source: Quaterly Report

The company achieved a significant milestone in Q1, generating record revenue of $70 million in the U.S. market, marking its highest quarterly performance to date. This achievement highlights the company's strong market presence and the success of its strategic initiatives in the region.
For the quarter, the company reported an EBITDA of ₹217 crores, reflecting an EBITDA margin of 20%, the first time in 12 quarters it has reached this level. This underscores the company's commitment to improving operational efficiency and profitability.
Additionally, the company saw a substantial increase in its adjusted PAT, which surged by 2.8 times to ₹83.9 crores. Reported PAT stood at ₹68.3 crores, representing the best quarterly performance, further solidifying the company's financial strength.
Cash flow from operations amounted to ₹155 crores during the period, enabling the company to reduce its net debt by ₹36.7 crores, bringing total net debt down to ₹1,998 crores. This improvement in the company’s financial health reflects its focus on cash flow generation and disciplined debt management.

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Financial Summary

Income Statement

₹ In Million

Particulars	FY2022	FY2023	FY2024
Revenue	30,702.50	36,883.87	40,511.24
COGS	10,909.32	14,416.81	13,411.13
Gross Profit	19,793.18	22,467.06	27,100.11
S,G&Other Exp.	19,994.24	18,165.25	19,667.47
EBITDA	(201.06)	4,301.81	7,432.64
Dep&Amortisation Expense	2,330.14	2,432.52	2,206.83
EBIT	(2,531.20)	1,869.29	5,225.81
Interest	1,767.44	2,611.42	3,144.45
EBT	(4,298.64)	(742.13)	2,081.36
Other Income	1,319.88	903.28	397.01
PBT	(2,978.76)	161.15	2,478.37
Tax & Exceptional Item	(5,869.56)	(2,470.14)	(3,963.71)
PAT	(4,742.50)	(2,308.99)	(1,485.34)

Cash Flow Statement

₹ In Million

Particulars	FY2022	FY2023	FY2024
CFO Before WC	(702.39)	4,145.61	7,555.50
Chg in WC	(1,899.04)	(4,577.95)	(787.32)
Tax	(2,601.43)	876.45	242.47
Operating cash flow	(2,578.15)	444.11	7,010.65
Net Capex	(1,433.83)	(949.38)	(1,181.51)
Other CFI	246.50	3,974.12	(320.99)
Investing Cash flow	(1,187.33)	3,024.74	(1,502.50)
Net lease/Debt	(224.31)	(531.10)	(558.34)
Financing Cash flow	4,213.16	(2,139.21)	(6,933.23)
Net Cash flow	447.68	1,329.64	(1,425.08)

Balance Sheet

₹ In Million

Particulars	FY2022	FY2023	FY2024
Assets			
Non Current Assets			
Fixed Assets	15136.44	13725.52	9585.46
Investment Property	131.73	125.79	118.99
Intangible Assets	16464.44	10768.51	10565.26
Financial Assets	528.63	4798.23	4385.95
Deferred Tax (Net)	2151.49	2650.32	2673.46
Other Assets	1727.58	1882.22	1378.44
Non Current Assets	**36140.31**	**33950.59**	**28707.56**
Current assets			
Inventories	11737.96	11465.05	11262.40
Current Investment	-	508.40	1057.58
Trade Receivables	12073.01	12994.02	11418.74
Cash and Cash Eqv.	1707.30	3035.01	1610.20
Other Financial Ast.	6129.74	1120.22	1623.87
Other C.A	1970.30	2229.80	2717.20
Total Current Asset	33618.31	31352.50	29689.99
Total Assets	**69758.62**	**66384.20**	**58397.55**
Equity & Liabilities			
Equity	897.90	903.03	919.00
Other Equity	22694.38	21219.55	20336.63
Total equity	**23833.16**	**21728.83**	**20717.06**
Non-Current Liabilities			
Financial Liabilities	8356.23	11397.92	6714.99
Long Term Debt	2436.45	2157.25	853.16
Deferred Tax(Net)	357.19	445.71	403.45
Provisions	642.80	734.20	916.30
Other Non-Current Liabili	16.04	18.28	-
Total Non-CL	**11808.71**	**14753.36**	**8887.90**
Current Liabilities			
Financial liabilities	19563.37	16346.67	17430.26
Short Term Debt	465.98	514.39	307.05
Trade Payables	10715.24	9823.43	8515.91
Other Financial Liabilities	1152.31	960.69	730.79
Other Current Liabilities	755.51	764.80	689.17
Provisions	1226.23	1224.92	715.25
Tax Liabilities (Net)	238.11	267.11	404.16
Total C.Liabilities	**34116.75**	**29902.01**	**28792.59**
Total Equity & Liabi.	**69758.62**	**66384.20**	**58397.55**

Source : Annual Report

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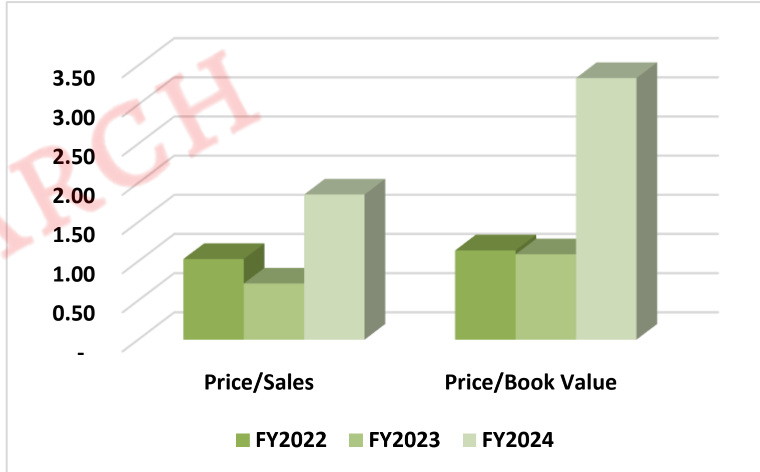
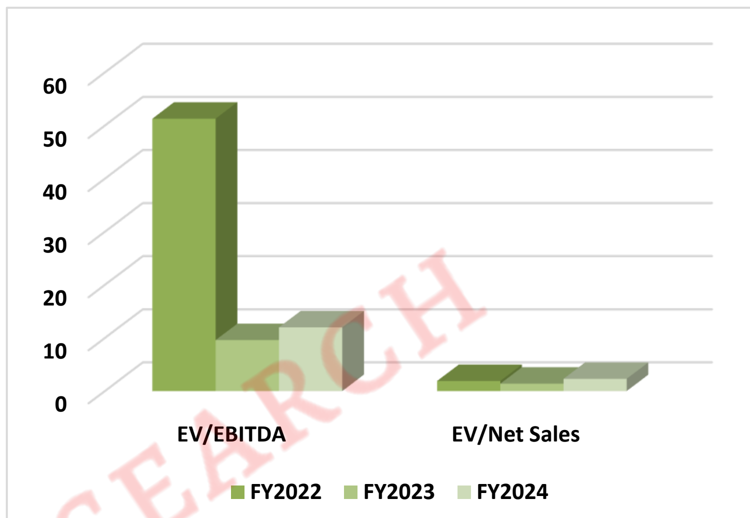
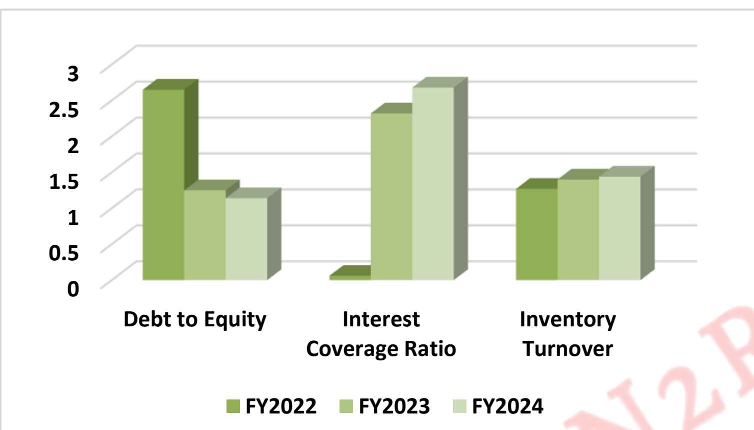
Research Report

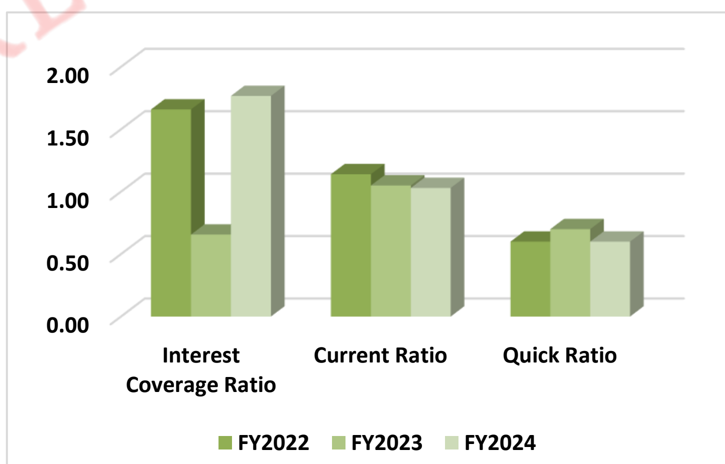
Key Ratios

Particulars	FY2022	FY2023	FY2024
EPS (Basic)	-51.28	-22.49	-7.80
Price/EPS	-11.66	-14.45	-179.49
Price/Sales	1.03	0.72	1.85
Price/Book Value	1.14	1.09	3.34
EV/EBITDA	-21.82	29.87	24.92
EV/Net Sales	1.98	1.45	2.41
Debt to Equity	1.28	1.37	1.18
Debtor Turnover	2.54	2.84	3.55
Creditors Turnover	2.87	3.75	4.76
Inventory Turnover	1.27	1.4	1.44
EBITDA Margin	0.10%	12.00%	18.00%
EBIT Margin	-3.94%	7.51%	13.89%
Net profit Margin	-15.00%	-5.97%	-2.00%
Current Ratio	1.14	1.05	1.03
Quick Ratio	0.60	0.70	0.60
Cash Conversion Days	178.00	140.00	129.00
Return On Equity	-19.31%	-9.33%	-3.41%
ROCE	-12.93%	-1.90%	4.71%
ROI	-3.07%	2.08%	12.19%
Interest Coverage Ratio	1.66	0.66	1.77
CFO/Sale	0.01	0.04	-0.04
CFO/Total Assets	0.01	0.02	-0.02
CFO/Total Debt	0.18	0.62	-1.67









Source : Company Fin2Research

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Research Report

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- BUY – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
- ACCUMULATE – We expect the stock to deliver 5% - 12% returns over the next 9 months.
- REDUCE – We expect the stock to deliver 0% - 5% returns over the next 9 months.
- SELL – We expect the stock to deliver negative returns over the next 9 months.
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