

Strides Pharma Science Ltd.

BUY

Sector: Pharmaceuticals

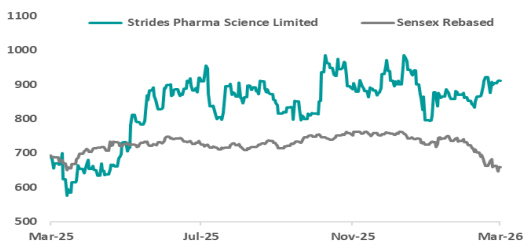
27th March, 2026

| | | | | | |
|---------------------|-----------------|-----------------|-------------------|---------------|-----------------|
| Key Changes: | Target ▲ | Rating ▲ | Earnings ▲ | Target | Rs.1,119 |
| Stock Type | Bloomberg Code | Sensex | NSE Code | BSE Code | Time Frame |
| Small Cap | STR:IN | 75,273 | STAR | 532531 | 12 Months |
| | | | | CMP | Rs.927 |
| | | | | Return | +21% |

Data as of: 25-03-2026, 18:00 hrs

| Company Data | | | |
|---------------------------|-----------|---------|--------|
| Market Cap (Rs.cr) | 8,542 | | |
| 52 Week High — Low (Rs.) | 1,025-551 | | |
| Enterprise Value (Rs. cr) | 10,327 | | |
| Outstanding Shares (cr) | 9.22 | | |
| Free Float (%) | 71.9 | | |
| Dividend Yield (%) | 0.4 | | |
| 6m average volume (cr) | 0.5 | | |
| Beta | 1.2 | | |
| Face value (Rs.) | 10.0 | | |
| Shareholding (%) | Q1FY26 | Q2FY26 | Q3FY26 |
| Promoters | 28.3 | 27.9 | 27.9 |
| FII's | 28.0 | 28.5 | 29.5 |
| MFs/Institutions | 13.3 | 13.0 | 13.0 |
| Public | 30.4 | 30.6 | 29.6 |
| Total | 100.0 | 100.0 | 100.0 |
| Promoter Pledge | 50.1 | 44.1 | 30.6 |
| Price Performance | 3 Month | 6 Month | 1 Year |
| Absolute Return | -6.2% | 7.7% | 31.3% |
| Absolute Sensex | -13.4% | -9.4% | -5.1% |
| Relative Return | 7.2% | 17.1% | 36.4% |

over or under performance to benchmark index



| Consolidated (Rs. cr) | FY26E | FY27E | FY28E |
|-----------------------|-------|-------|-------|
| Sales | 4,794 | 5,800 | 6,562 |
| Growth (%) | 5.0 | 21.0 | 13.1 |
| EBITDA | 935 | 1,189 | 1,345 |
| EBITDA Margin (%) | 19.5 | 20.5 | 20.5 |
| PAT Adj. | 470 | 709 | 860 |
| Growth (%) | 38.1 | 50.7 | 21.3 |
| Adj. EPS | 51.0 | 76.9 | 93.3 |
| Growth (%) | 38.1 | 50.7 | 21.3 |
| P/E | 18.3 | 12.1 | 10.0 |
| P/B | 2.9 | 2.3 | 1.9 |
| EV/EBITDA | 10.3 | 7.7 | 6.4 |
| ROE (%) | 17.0 | 21.3 | 21.0 |
| D/E | 0.5 | 0.3 | 0.2 |

Margin Expansion Drives Strong Performance

Strides Pharma Science (STAR) is an R&D focused, vertically integrated pharmaceutical company with an experienced management team and a presence across multiple therapeutic segments.

- Strides posted 5% YoY revenue growth in 9MFY26, with strength in other regulated markets offset by weakness in the U.S. and Access segments due to low-margin product exits and lower donor-funded procurement.
- EBITDA grew 17% YoY to Rs.686cr in 9MFY26, driven by improved operating leverage and a higher product mix, resulting in a 210 bps margin expansion to 19.4%.
- Adj. PAT increased 50% YoY to Rs.522cr in 9MFY26, driven by an improved gross margin mix and stronger operating performance.
- The company reiterated its \$400mn revenue target for FY28, supported by over 60 pending low-competition U.S. launches, while management remains constructive on other regulated markets, where an expanding product portfolio and new customer additions are expected to drive stronger growth and eventually scale these markets to revenue levels comparable with the U.S. business.

Outlook & Valuation

The company is poised to deliver a strong top-line and bottom-line performance in the coming years, supported by new product launches across diverse markets, continued cost optimization efforts and expanding capabilities in niche areas such as nasal sprays. The company has a broad and differentiated portfolio that provides near-term revenue visibility and supports further debt reduction, with capital expenditure expected to remain largely stable. **Accordingly, we upgrade our rating to Buy, valuing the stock at 12x FY28E EPS with a revised target price of Rs.1,119.**

Quarterly Financials (Consolidated)

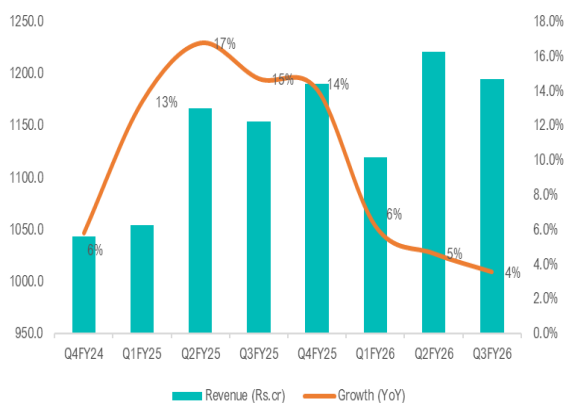
| Rs. cr | Q3FY26 | Q3FY25 | YoY (%) | Q2FY26 | QoQ (%) | 9MFY26 | 9MFY25 | YoY (%) |
|--------------|--------|--------|---------|--------|---------|--------|--------|---------|
| Sales | 1,195 | 1,154 | 3.6 | 1,221 | -2.1 | 3,535 | 3,375 | 4.7 |
| EBITDA | 236 | 210 | 12.2 | 232 | 1.9 | 686 | 585 | 17.2 |
| Margin (bps) | 19.8 | 18.2 | 150bps | 19.0 | 80bps | 19.4 | 17.3 | 210bps |
| EBIT | 185 | 162 | 14.5 | 182 | 1.9 | 536 | 442 | 21.5 |
| PBT | 142 | 110 | 29.4 | 136 | 4.5 | 522 | 382 | 36.6 |
| Rep. PAT | 208 | 88 | 136.6 | 132 | 58.2 | 445 | 3,511 | -187.3 |
| Adj PAT | 103 | 90 | 14.3 | 136 | -24.2 | 348 | 231 | 50.4 |
| EPS (Rs) | 11 | 10 | 14 | 15 | -24.2 | 38 | 25 | 50.4 |



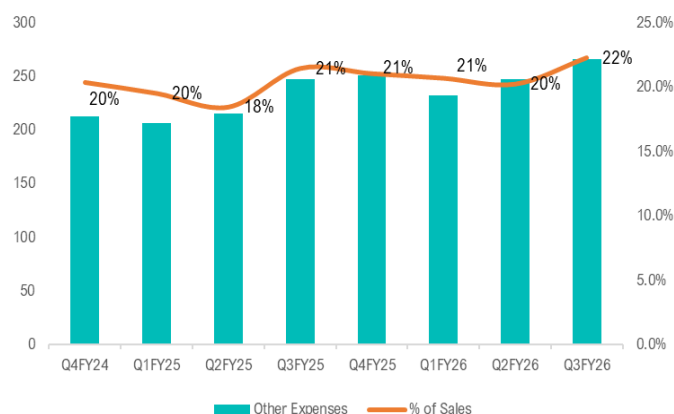
Key Highlights

- The US business delivered muted growth this quarter due to weaker seasonal flu sales and the discontinuation of eight low-margin products. The company is also planning to focus on the Canadian market.
- The company remains focused on maintaining profitability at current levels. The company expects the gross margins to remain in the 58-60% range.
- Management continues to reiterate its medium-term revenue targets, supported by relaunches from the dormant portfolio and accelerated investments in complex opportunities such as controlled substances, nasal sprays, and 505(b)(2) programs.
- The company has successfully diversified into non-US markets (now contributing 47% of revenue), and this segment is showing strong momentum. Management expects further acceleration as partners launch additional products in these geographies.
- Growth markets delivered USD 16.6 million in revenue with 19% YoY growth, and momentum is expected to strengthen further as accelerated regulatory filings become the key driver.
- The company expects the access markets to remain muted as large countries have cut down their contributions to institutions like the Global Fund, resulting in order reductions.

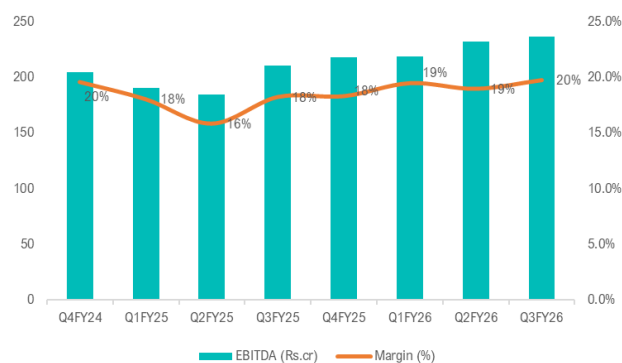
Revenue



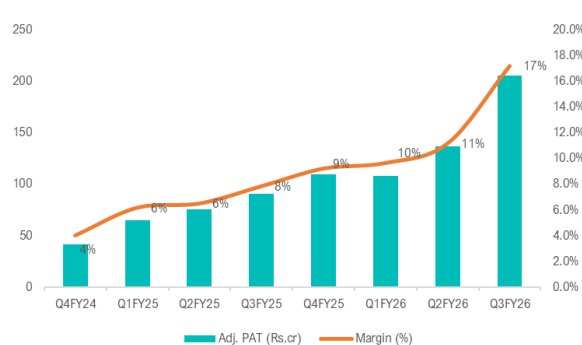
Other Expenses



EBITDA



Adj PAT



Change in Estimates

| Year / Rs cr | Old estimates | | New estimates | | | Change (%) | |
|--------------|---------------|-------|---------------|-------|-------|------------|--------|
| | FY26E | FY27E | FY26E | FY27E | FY28E | FY26E | FY27E |
| Revenue | 4,998 | 5,692 | 4,794 | 5,800 | 6,562 | -4 | 2 |
| EBITDA | 925 | 1,110 | 935 | 1,189 | 1,345 | 1 | 7 |
| Margins (%) | 18.5 | 19.5 | 19.5 | 20.5 | 20.5 | 100bps | 100bps |
| Adj. PAT | 479 | 644 | 470 | 709 | 860 | -2 | 10 |
| EPS | 52 | 70 | 51 | 77 | 93 | -2 | 10 |



Consolidated Financials

Profit & Loss

| Y.E March (Rs cr) | FY24A | FY25A | FY26E | FY27E | FY28E |
|---------------------|--------------|--------------|--------------|--------------|--------------|
| Sales | 3,890 | 4,565 | 4,794 | 5,800 | 6,562 |
| % change | 5 | 17 | 5 | 21 | 13 |
| EBITDA | 582 | 803 | 935 | 1,189 | 1,345 |
| % change | 35 | 38 | 16 | 27 | 13 |
| Depreciation | 214 | 192 | 218 | 239 | 239 |
| EBIT | 369 | 611 | 717 | 950 | 1,106 |
| Interest | 280 | 249 | 190 | 153 | 119 |
| Other Income | 40 | 59 | 163 | 68 | 74 |
| PBT | -115 | 487 | 690 | 865 | 1,061 |
| % change | 60 | 524 | 42 | 25 | 23 |
| Tax | 29 | 78 | 117 | 156 | 202 |
| Tax Rate (%) | -25 | 15 | 17 | 18 | 19 |
| Reported PAT | -71 | 3,593 | 573 | 709 | 860 |
| Adj.* | -163 | -3,253 | -102 | 0 | 0 |
| Adj. PAT | 93 | 341 | 470 | 709 | 860 |
| % change | 118 | 268 | 38 | 51 | 21 |
| No. of shares (cr) | 9.2 | 9.2 | 9.2 | 9.2 | 9.2 |
| Adj EPS (Rs) | 10 | 37 | 51 | 77 | 93 |
| % change | 118 | 267 | 38 | 51 | 21 |
| DPS (Rs) | 3 | 3 | 3 | 3 | 3 |

Cash Flow

| Y.E March (Rs. cr) | FY24A | FY25A | FY26E | FY27E | FY28E |
|-------------------------|-------------|-------------|--------------|-------------|-------------|
| Net inc. + Depn. | 158 | 3,867 | 908 | 1,104 | 1,301 |
| Non-cash adj. | 622 | -2,917 | 140 | 52 | -41 |
| Changes in W.C | -79 | -164 | -48 | -359 | -271 |
| C.F. Operation | 701 | 684 | 1,000 | 797 | 988 |
| Capital exp. | -29 | -174 | -263 | -152 | -207 |
| Change in inv. | -81 | 81 | -3 | -36 | -38 |
| Other invest.CF | -46 | 3 | -9 | -9 | -9 |
| C.F - Investment | -150 | -90 | -274 | -198 | -254 |
| Issue of equity | 1 | 6 | 0 | 0 | 0 |
| Issue/repay debt | -627 | -74 | -200 | -350 | -350 |
| Dividends paid | -14 | 0 | -28 | -28 | -28 |
| Other finance.CF | -106 | -575 | -285 | -74 | -105 |
| C.F - Finance | -693 | -643 | -513 | -452 | -483 |
| Chg. in cash | -143 | -48 | 213 | 148 | 251 |
| Closing Cash | 161 | 113 | 326 | 474 | 725 |

Balance Sheet

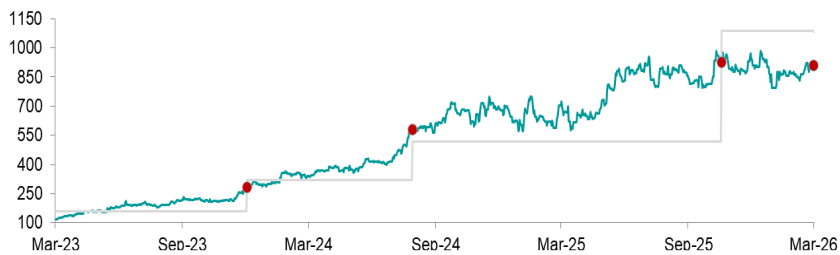
| Y.E March (Rs. cr) | FY24A | FY25A | FY26E | FY27E | FY28E |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Cash | 161 | 113 | 326 | 474 | 725 |
| Accts. Receivable | 1,142 | 1,203 | 1,287 | 1,621 | 1,834 |
| Inventories | 1,126 | 1,278 | 1,271 | 1,528 | 1,718 |
| Other Cur. Assets | 404 | 376 | 341 | 413 | 467 |
| Investments | 315 | 420 | 470 | 520 | 570 |
| Gross Fixed Assets | 1,636 | 1,699 | 1,899 | 2,124 | 2,349 |
| Net Fixed Assets | 879 | 881 | 925 | 893 | 861 |
| CWIP | 80 | 100 | 100 | 45 | 45 |
| Intangible Assets | 1,057 | 1,115 | 1,066 | 1,052 | 1,040 |
| Def. Tax -Net | 267 | 269 | 309 | 349 | 389 |
| Other Assets | 410 | 295 | 304 | 313 | 323 |
| Total Assets | 5,840 | 6,049 | 6,401 | 7,209 | 7,973 |
| Current Liabilities | 961 | 1,198 | 1,193 | 1,497 | 1,683 |
| Provisions | 163 | 195 | 263 | 318 | 360 |
| Debt Funds | 2,499 | 1,828 | 1,628 | 1,278 | 928 |
| Other Liabilities | 145 | 241 | 288 | 406 | 459 |
| Equity Capital | 92 | 92 | 92 | 92 | 92 |
| Res. & Surplus | 2,034 | 2,460 | 2,902 | 3,584 | 4,416 |
| Shareholder Funds | 2,125 | 2,552 | 2,995 | 3,676 | 4,508 |
| Total Liabilities | 5,840 | 6,049 | 6,401 | 7,209 | 7,973 |
| BVPS | 232 | 277 | 325 | 399 | 489 |

Ratios

| Y.E March | FY24A | FY25A | FY26E | FY27E | FY28E |
|------------------------------------|-------|-------|-------|-------|-------|
| Profitability. & Return | | | | | |
| EBITDA margin (%) | 15.0 | 17.6 | 19.5 | 20.5 | 20.5 |
| EBIT margin (%) | 9.5 | 13.4 | 14.9 | 16.4 | 16.9 |
| Net profit margin.(%) | 2.4 | 7.5 | 9.8 | 12.2 | 13.1 |
| ROE (%) | 4.3 | 14.6 | 17.0 | 21.3 | 21.0 |
| ROCE (%) | 17.3 | 23.9 | 23.9 | 25.8 | 24.5 |
| W.C & Liquidity | | | | | |
| Receivables (days) | 114.5 | 93.7 | 94.8 | 91.5 | 96.1 |
| Inventory (days) | 106.6 | 96.1 | 97.0 | 88.1 | 90.3 |
| Payables (days) | 39.1 | 27.2 | 33.3 | 35.9 | 39.5 |
| Current ratio (x) | 2.5 | 2.1 | 2.2 | 2.2 | 2.3 |
| Quick ratio (x) | 1.4 | 1.1 | 1.4 | 1.4 | 1.5 |
| Turnover & Leverage | | | | | |
| Gross asset T.O (x) | 2.5 | 3.3 | 3.1 | 3.3 | 3.3 |
| Total asset T.O (x) | 0.6 | 0.8 | 0.8 | 0.9 | 0.9 |
| Int. coverage. ratio (x) | 1.3 | 2.5 | 3.8 | 6.2 | 9.3 |
| Adj. debt/equity (x) | 1.1 | 0.7 | 0.4 | 0.2 | 0.0 |
| Valuation | | | | | |
| EV/Sales (x) | 2.7 | 2.2 | 2.0 | 1.6 | 1.3 |
| EV/EBITDA (x) | 18.4 | 12.5 | 10.3 | 7.7 | 6.4 |
| P/E (x) | 92.6 | 25.3 | 18.3 | 12.1 | 10.0 |
| P/BV (x) | 4.0 | 3.4 | 2.9 | 2.3 | 1.9 |



Recommendation Summary (last 3 years)



| Dates | Rating | Target |
|-----------|------------|--------|
| 23.Jun.22 | Accumulate | 155 |
| 11.Aug.22 | Accumulate | 176 |
| 28.Feb.23 | Buy | 159 |
| 26.Dec.23 | Accumulate | 320 |
| 21.Aug.24 | Sell | 519 |
| 11.Nov.25 | Accumulate | 1,085 |
| 27.Mar.26 | Buy | 1,119 |

Investment Rating Criteria

| Ratings | Large caps | Midcaps | Small Caps |
|-------------------|----------------------------|---------------------------|---------------------------|
| Buy | Upside is above 10% | Upside is above 15% | Upside is above 20% |
| Accumulate | - | Upside is between 10%-15% | Upside is between 10%-20% |
| Hold | Upside is between 0% - 10% | Upside is between 0%-10% | Upside is between 0%-10% |
| Reduce/sell | Downside is more than 0% | Downside is more than 0% | Downside is more than 0% |
| Not rated/Neutral | | | |

Definition:

Buy: Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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