

Strides Pharma Science Ltd.

BUY

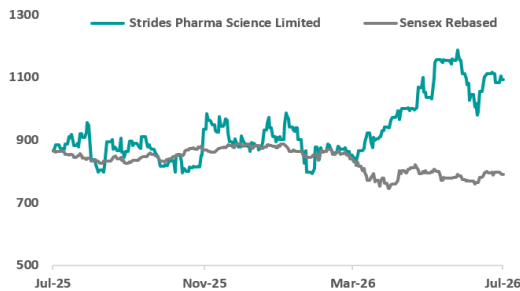
Sector: Pharmaceuticals

02nd July, 2026

Key Changes:	Target ▲	Rating ●	Earnings ▼	Target	Rs.1,352		
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs.1,122
Small Cap	STR:IN	77,502	STAR	532531	12 Months	Return	+20%

Data as of: 02-07-2026, 16:00 hrs

Company Data			
Market Cap (Rs.cr)	10,345		
52 Week High — Low (Rs.)	1,231-770		
Enterprise Value (Rs.cr)	11,559		
Outstanding Shares (cr)	9.22		
Free Float (%)	71.8		
Dividend Yield (%)	0.4		
6m average volume (cr)	0.5		
Beta	1.2		
Face value (Rs.)	10.0		
Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	27.9	27.9	27.9
FII's	28.5	29.5	28.8
MFs/Institutions	13.0	13.0	14.4
Public	30.6	29.6	28.9
Total	100.0	100.0	100.0
Promoter Pledge	44.1	30.6	27.0
Price Performance	3 Month	6 Month	1 Year
Absolute Return	16.5%	21.4%	26.3%
Absolute Sensex	6.3%	-10.3%	-8.6%
Relative Return	10.2%	31.6%	34.9%

over or under performance to benchmark index


Consolidated (Rs.cr)	FY26A	FY27E	FY28E
Sales	4,859	5,853	6,734
Growth(%)	6.4	20.5	15.0
EBITDA	925	1,124	1,333
EBITDA Margin(%)	19.0	19.2	19.8
PAT Adj.	601	630	831
Growth(%)	76.5	4.7	31.9
Adj.EPS	65.2	68.3	90.1
Growth(%)	76.5	4.7	31.9
P/E	16.9	16.1	12.5
P/B	3.3	2.7	2.3
EV/EBITDA	12.3	9.8	8.1
ROE (%)	21.3	18.5	20.2
D/E	0.5	0.3	0.2

Other Regulated Markets Continue to Shine

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

- Strides Pharma reported 11% YoY revenue growth in Q4FY26, driven by strong momentum in other regulated markets, which offset weakness in the U.S. and Access segments arising from seasonality and lower donor-funded procurement.
- EBITDA increased 10% YoY to Rs.240cr in Q4FY26, supported by improved operating leverage. However, rising raw material costs led to a 20 bps contraction in EBITDA margin to 18.1%.
- Strides has strengthened its presence in growth markets through the acquisition and in-licensing of select Sandoz brands, involving an upfront consideration of ~\$12 million.
- The company reiterated its FY28 revenue target of \$400 million, supported by a pipeline of 60+ pending low-competition U.S. product launches. Management also remains optimistic about other regulated markets, where portfolio expansion and new customer additions are expected to drive stronger growth and gradually scale revenues to levels comparable to 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 in 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 maintain our BUY rating, valuing the stock at 15x FY28E EPS with a revised target price of Rs.1,352.**

Quarterly Financials (Consolidated)

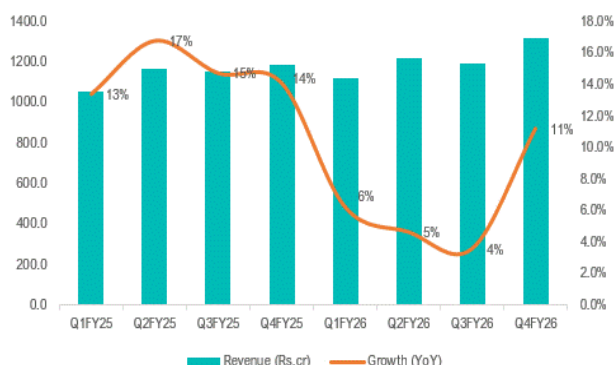
Rs.cr	Q4FY26	Q4FY25	YoY (%)	Q3FY26	QoQ (%)	FY26	FY25	YoY (%)
Sales	1,323	1,190	11.2	1,195	10.8	4,859	4,565	6.4
EBITDA	240	218	10.0	236	1.6	925	803	15.3
Margin (bps)	18.1	18.3	-20bps	19.8	-160bps	19.0	17.6	150bps
EBIT	186	169	10.3	185	0.6	723	611	18.4
PBT	145	119	22.1	142	2.1	669	487	37.3
Rep. PAT	129	86	51.0	208	-37.9	575	3,593	-84.0
Adj PAT	133	110	21.7	205	-35.1	601	341	76.5
EPS (Rs)	14	12	21.7	22	-35.1	65	37	76.5



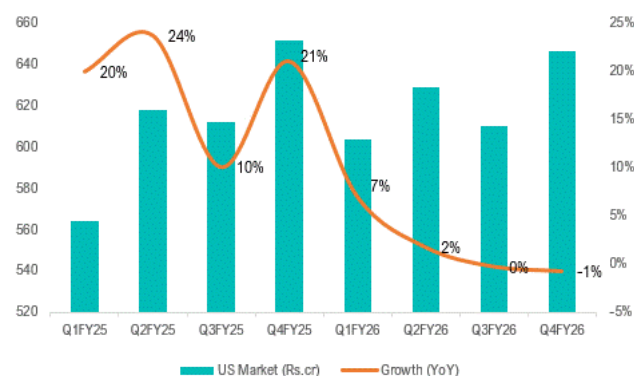
Key Highlights

- The business has been successfully diversified, with ex-U.S. contribution rising to ~46%, reducing reliance on the U.S. market.
- The US market grew only 2% on a YoY basis due to the discontinuation of nine products that did not meet margin thresholds, lower-than-expected quota allocation for controlled substances, and a weaker flu season that weighed on sales.
- The management continues to reiterate its medium-term revenue target of \$400m by FY28, 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 scaled its ex-US other regulated markets business, with the segment showing strong momentum. Management expects further acceleration as partners launch additional products in these geographies.
- Growth markets delivered \$68 million in revenue, registering 22% YoY growth. Momentum is expected to strengthen further, driven by accelerated regulatory filings and contributions from the recently acquired Sandoz portfolio.
- The company expects the access markets to remain muted as reduced contributions from large institutions like the Global Fund have led to lower order inflows.

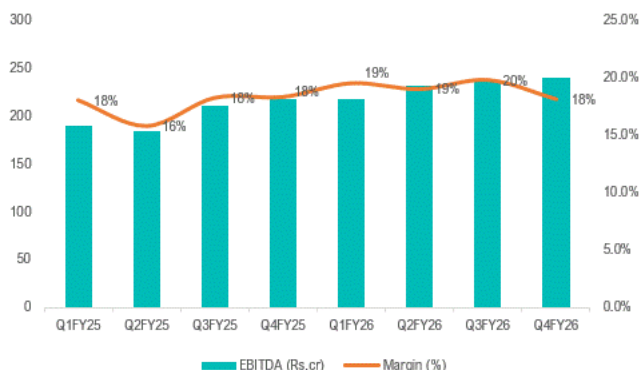
Revenue



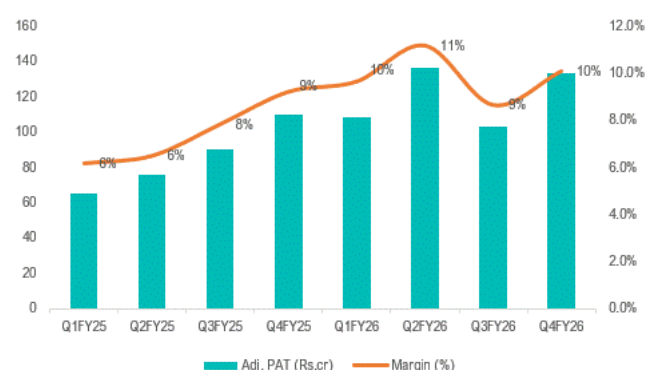
US market Sales



EBITDA



Adj PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	5,800	6,562	5,853	6,734	1	3
EBITDA	1,189	1,345	1,124	1,333	-5	-1
Margins (%)	20.5	20.5	19.2	19.8	-130bps	-70bps
Adj. PAT	709	860	630	831	-11	-3
EPS	77	93	68	90	-11	-3



Consolidated Financials

Profit & Loss

Y.E March (Rs cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Sales	3,890	4,565	4,859	5,853	6,734
% change	5	17	6	20	15
EBITDA	582	803	925	1,124	1,333
% change	35	38	15	21	19
Depreciation	214	192	202	239	239
EBIT	369	611	723	885	1,094
Interest	280	249	179	161	119
Other Income	40	59	151	44	51
PBT	-115	487	669	768	1,026
% change	60	524	37	15	34
Tax	29	78	94	138	195
Tax Rate (%)	-25	16	14	18	19
Reported PAT	-71	3,593	575	630	831
Adj.*	-163	-3,253	27	0	0
Adj. PAT	93	341	601	630	831
% change	118	268	77	5	32
No. of shares (cr)	9.2	9.2	9.2	9.2	9.2
Adj EPS (Rs)	10	37	65.2	68.3	90.1
% change	118	267	77	5	32
DPS (Rs)	3	3	3	3	3

Cash Flow

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Depn.	158	3,867	871	1,007	1,265
Non-cash adj.	622	-3,009	-68	121	-27
Changes in W.C	-79	-174	-100	-434	-456
C.F. Operation	701	684	703	694	781
Capital exp.	-29	-179	-412	-285	-242
Change in inv.	-81	81	262	171	-38
Other invest.CF	-40	8	-24	-11	-11
C.F - Investment	-150	-90	-173	-125	-291
Issue of equity	1	6	0	0	0
Issue/repay debt	-627	-74	40	-350	-350
Dividends paid	-14	0	0	-28	-28
Other finance.CF	-54	-575	-493	-155	-98
C.F - Finance	-693	-643	-453	-533	-475
Chg. in cash	-143	-48	76	37	15
Closing Cash	161	113	189	225	241

Balance Sheet

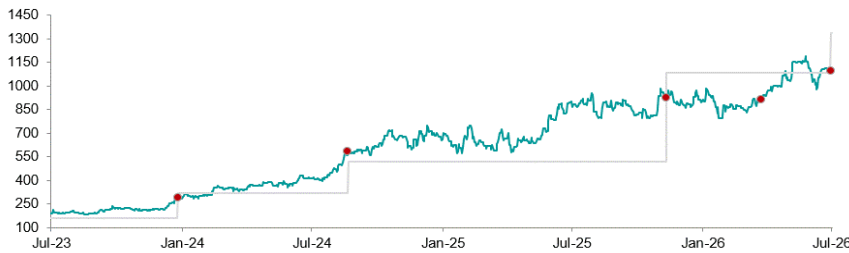
Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	161	113	189	225	241
Accts. Receivable	1,142	1,203	1,289	1,636	1,882
Inventories	1,126	1,278	1,635	1,777	2,119
Other Cur. Assets	404	376	339	350	421
Investments	315	420	292	342	392
Gross Fixed Assets	1,636	1,699	1,899	2,199	2,449
Net Fixed Assets	879	881	992	984	977
CWIP	80	100	161	110	120
Intangible Assets	1,057	1,115	1,394	1,279	1,267
Def. Tax -Net	267	269	284	324	364
Other Assets	410	295	352	363	374
Total Assets	5,840	6,049	6,927	7,389	8,155
Current Liabilities	961	1,198	1,485	1,551	1,753
Provisions	163	195	223	321	369
Debt Funds	2,499	1,828	1,706	1,356	1,006
Other Liabilities	145	241	364	410	471
Equity Capital	92	92	92	92	92
Res. & Surplus	2,034	2,460	3,015	3,618	4,421
Shareholder Funds	2,125	2,552	3,108	3,710	4,555
Total Liabilities	5,840	6,049	6,927	7,389	8,155
BVPS	232	277	337	402	489

Ratios

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitability. & Return					
EBITDA margin (%)	15.0	17.6	19.0	19.2	19.8
EBIT margin (%)	9.5	13.4	14.9	15.1	16.2
Net profit margin.(%)	2.4	7.5	12.4	10.8	12.3
ROE (%)	4.3	14.6	21.3	18.5	20.2
ROCE (%)	17.3	23.9	23.3	23.8	24.2
W.C & Liquidity					
Receivables (days)	114.5	93.7	93.6	91.2	95.3
Inventory (days)	106.6	96.1	109.4	106.4	105.6
Payables (days)	39.1	27.2	38.1	40.4	39.5
Current ratio (x)	2.5	2.1	2.0	2.1	2.2
Quick ratio (x)	1.4	1.1	1.0	1.2	1.2
Turnover & Leverage					
Gross asset T.O (x)	2.5	3.3	3.2	3.3	3.3
Total asset T.O (x)	0.6	0.8	0.7	0.8	0.9
Int. coverage. ratio (x)	1.3	2.5	4.0	5.5	9.2
Adj. debt/equity (x)	1.1	0.7	0.5	0.3	0.2
Valuation					
EV/Sales (x)	2.7	2.5	2.3	1.9	1.6
EV/EBITDA (x)	18.4	14.4	12.3	9.8	8.1
P/E (x)	92.6	29.8	16.9	16.1	12.5
P/BV (x)	4.0	4.0	3.3	2.7	2.3



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
25.Mar.26	Buy	1,119
02.Jul.26	Buy	1,352

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.

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