Retail Equity Research

Strides Pharma Science Ltd.

Accumulate

Q2FY26 Result Update

Sector: Pharmaceuticals

11th November, 2025

Key Changes:	Target ▲		Rating ▲		Earnings ▼
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame
Small Cap	STR:IN	83,871	STAR	532531	12 Months

Target	**Rs.1,085**
CMP	**Rs.928**
Return	**+17%**

Data as of: 11-11-2025,16:00 hrs

Company Data	
Market Cap (Rs.cr)	8,565
52 Week High — Low (Rs.)	1,025-531
Enterprise Value (Rs. cr)	10,327
Outstanding Shares (cr)	9.22
Free Float (%)	71.4
Dividend Yield (%)	0.4
6m average volume (cr)	0.5
Beta	1.2
Face value (Rs.)	10.0

Shareholding (%)	Q4FY25	Q1FY26	Q2FY26
Promoters	28.3	28.3	27.9
FII's	28.3	28.0	28.5
MFs/Institutions	13.7	13.3	13.0
Public	29.7	30.4	30.6
Total	100.0	100.0	100.0
Promoter Pledge	51.9	50.1	44.1

Price Performance	3 Month	6 Month	1 Year
Absolute Return	11.7%	39.5%	36.6%
Absolute Sensex	4.1%	3.9%	5.3%
Relative Return	7.6%	35.6%	31.3%

over or under performance to benchmark index

Consolidated (Rs.cr)	FY25A	FY26E	FY27E
Sales	4,565	4,998	5,692
Growth(%)	*17.4*	*9.5*	*13.9*
EBITDA	803	925	1,110
EBITDA Margin(%)	17.6	18.5	19.5
PAT Adj.	341	479	644
Growth(%)	*268.1*	*40.7*	*34.4*
Adj.EPS	37.0	52.0	69.9
Growth(%)	*266.5*	*40.7*	*34.4*
P/E	24.7	17.5	13.1
P/B	3.3	2.8	2.3
EV/EBITDA	12.3	10.3	8.1
ROE (%)	14.6	17.3	19.5
D/E	0.7	0.5	0.4

Healthy Margin Expansion Fuels Strong Performance

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

- Strides reported a 5% YoY revenue growth, driven by new product launches and an expanding market share in newer markets.
- Strides recorded a robust 25% YoY growth in EBITDA, driven by lower raw material costs, an improved product mix, and effective cost-optimization initiatives that helped reduce operating expenses.
- Adj. PAT rose sharply by 80% YoY, driven by a stronger gross margin mix, better operating leverage, and lower financing costs.
- The company remains committed to its target of achieving $400mn in revenue by FY28. A robust product portfolio, supported by over 60 pending low-competition launches, is expected to drive this growth in the U.S. market.
- Management remains optimistic about performance in other regulated markets, anticipating stronger revenue growth in FY26 as European partners prepare for product launches. The company also expects these markets to eventually generate revenue on par with its U.S. operations.

Outlook & Valuation

The company is poised to deliver a strong performance, supported by new product launches in diverse markets and continued cost optimization efforts. Its broad and differentiated portfolio provides near-term revenue visibility and supports further debt reduction, with capex expected to remain largely stable. **Accordingly, we upgrade our rating to Accumulate, valuing the stock at 16x FY27E EPS with a revised target price of Rs.1,085.**

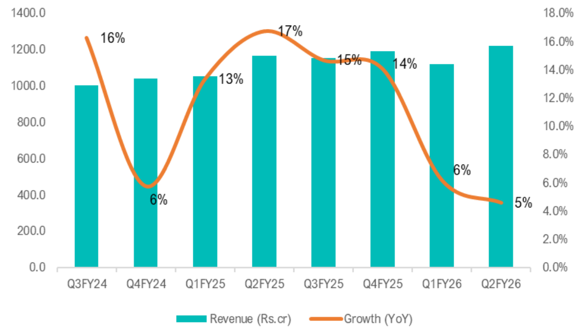
Quarterly Financials (Consolidated)

Rs.cr	Q2FY26	Q2FY25	YoY (%)	Q1FY26	QoQ (%)	H1FY26	H1FY25	YoY (%)
Sales	1,221	1,167	4.6	1,120	9.0	2,341	2,221	5.4
EBITDA	232	185	25.4	218	6.2	450	375	20.0
Margin (%)	19.0	15.8	310bps	19.5	-50bps	19.2	16.9	230bps
EBIT	182	136	33.6	169	7.5	351	280	25.6
PBT	136	62	117.9	122	11.6	276	269	-97.3
Rep. PAT	132	72	83.1	106	24.6	237	3,423	-193.1
Adj PAT	136	76	80.0	108	26.2	244	141	73.6
EPS (Rs)	15	8	79	12	26.2	26	15	73.6

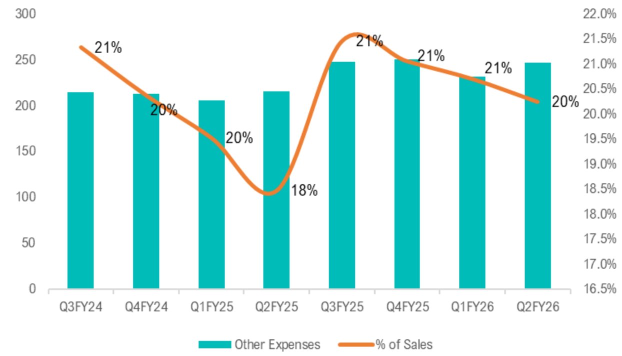
Key Highlights

- The Growth markets demonstrated steady growth on the back of strong performance in South Africa. The management is optimistic about robust growth in the growth markets beyond FY28, driven by newer filings and entry to additional markets.
- The management believes that the Access markets will exhibit better growth in H2 as compared to H1, but growth in the Access markets depends on the donor agencies for funding decisions.
- The management believes the gross margins will be sustainable at the current levels of 58-60%.
- The company expects the effective tax rate to be in the range of 15% to 20% for the year.
- The company expects to incur an R&D spend of approximately $15mn to 20mn in this fiscal year to develop the beyond generics products, especially nasal sprays. The company expects to file another nasal spray in the next 12 months.
- The company has spent Rs.149cr as capex in H1, primarily attributed towards the acquisition of intangibles (Rs.100cr towards acquisition of certain ANDAs), and the remaining amount has been allocated towards maintenance capex.

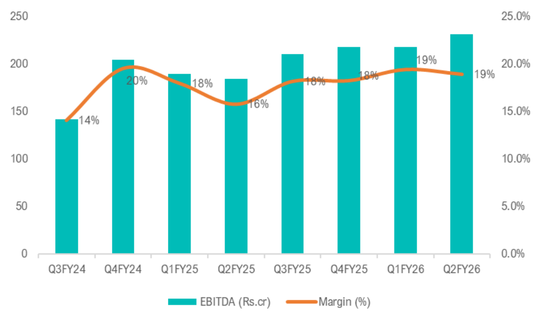
Revenue



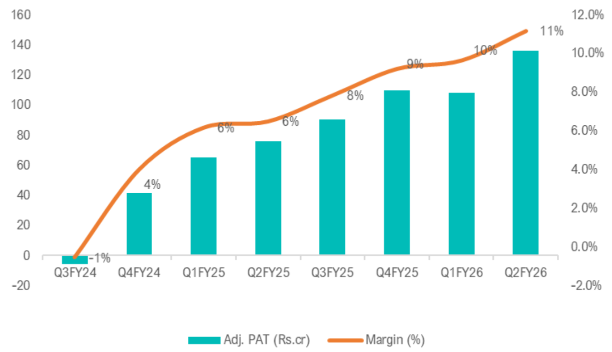
Other Expenses



EBITDA



Adj PAT



Change in Estimates

	Old estimates		New estimates		Change (%)	
Year / Rs cr	**FY26E**	**FY27E**	**FY26E**	**FY27E**	**FY26E**	**FY27E**
Revenue	5,090	-	4,998	5,692	-2	-
EBITDA	1,008	-	925	1,110	-8	-
Margins (%)	*19.8*	-	*18.5*	*19.5*	*130bps*	-
Adj. PAT	540	-	479	644	-11	-
EPS	59	-	52	70	-12	-

Consolidated Financials

Profit & Loss

Y.E March (Rs cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Sales	**3,688**	**3,890**	**4,565**	**4,998**	**5,692**
% change	*20*	*5*	*17*	*9*	*14*
EBITDA	**430**	**582**	**803**	**925**	**1,110**
% change	*2,240*	*35*	*38*	*15*	*20*
Depreciation	243	214	192	218	239
EBIT	**187**	**369**	**611**	**707**	**871**
Interest	261	280	249	190	153
Other Income	90	40	59	61	68
PBT	**-286**	**-115**	**487**	**578**	**786**
% change	*56*	*60*	*524*	*19*	*36*
Tax	-55	29	78	98	141
Tax Rate (%)	19	-25	15	17	18
Reported PAT	**-221**	**-71**	**3,593**	**479**	**644**
Adj.*	285	-213	65	0	0
Adj. PAT	**-506**	**93**	**341**	**479**	**644**
% change	*29*	*118*	*268*	*41*	*34*
No. of shares (cr)	9.0	9.2	9.2	9.2	9.2
Adj EPS (Rs)	**-56**	**10**	**37**	**52**	**70**
% change	*30*	*118*	*267*	*41*	*34*
DPS (Rs)	0	0	3	3	3

Balance Sheet

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Cash	304	161	113	286	444
Accts. Receivable	1,299	1,142	1,203	1,342	1,591
Inventories	1,147	1,126	1,278	1,325	1,490
Other Cur. Assets	153	404	376	356	405
Investments	502	315	420	470	520
Gross Fixed Assets	2,046	1,636	1,699	1,899	2,124
Net Fixed Assets	1,324	879	881	925	893
CWIP	48	80	100	100	45
Intangible Assets	1,077	1,057	1,115	1,066	1,052
Def. Tax -Net	265	267	269	309	349
Other Assets	519	410	295	304	313
Total Assets	**6,638**	**5,840**	**6,049**	**6,484**	**7,103**
Current Liabilities	1,086	961	1,198	1,244	1,460
Provisions	196	163	195	274	312
Debt Funds	2,870	2,499	1,828	1,628	1,278
Other Liabilities	314	145	241	300	398
Equity Capital	90	92	92	92	92
Res. & Surplus	2,122	2,034	2,460	2,911	3,528
Shareholder Funds	2,212	2,125	2,552	3,004	3,620
Total Liabilities	**6,638**	**5,840**	**6,049**	**6,484**	**7,103**
BVPS	**245**	**232**	**277**	**326**	**393**

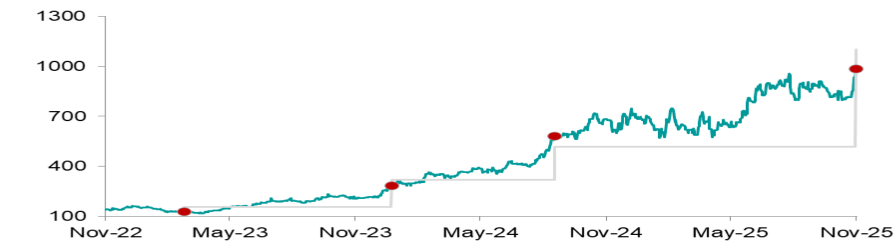
Cash Flow

Y.E March (Rs. cr)	FY23A	FY24A	FY25A	FY26E	FY27E
Net inc. + Depn.	-24	158	3,867	796	1,025
Non-cash adj.	439	622	-2,917	171	49
Changes in W.C	-458	-79	-164	-121	-247
C.F. Operation	**44**	**701**	**684**	**845**	**827**
Capital exp.	-88	-29	-174	-263	-152
Change in inv.	-138	-81	81	-3	-36
Other invest.CF	528	-46	3	-9	-9
C.F - Investment	**302**	**-150**	**-90**	**-274**	**-198**
Issue of equity	1	1	6	0	0
Issue/repay debt	75	-627	-74	-200	-350
Dividends paid	0	-14	0	-28	-28
Other finance.CF	-328	-106	-575	-171	-94
C.F - Finance	**-214**	**-693**	**-643**	**-399**	**-472**
Chg. in cash	133	-143	-48	173	158
Closing Cash	304	161	113	286	444

Ratios

Y.E March	FY23A	FY24A	FY25A	FY26E	FY27E
Profitability. & Return					
EBITDA margin (%)	11.7	15.0	17.6	18.5	19.5
EBIT margin (%)	5.1	9.5	13.4	14.1	15.3
Net profit margin.(%)	-13.7	2.4	7.5	9.6	11.3
ROE (%)	-22.2	4.3	14.6	17.3	19.5
ROCE (%)	8.4	17.3	23.9	23.5	24.0
W.C & Liquidity					
Receivables (days)	124.0	114.5	93.7	92.9	94.0
Inventory (days)	114.8	106.6	96.1	95.0	90.3
Payables (days)	63.8	39.1	27.2	32.6	36.7
Current ratio (x)	2.3	2.5	2.1	2.2	2.2
Quick ratio (x)	1.5	1.4	1.1	1.3	1.4
Turnover &Leverage					
Gross asset T.O (x)	2.0	2.5	3.3	3.3	3.3
Total asset T.O (x)	0.5	0.6	0.8	0.8	0.8
Int. coverage. ratio (x)	0.7	1.3	2.5	3.7	5.7
Adj. debt/equity (x)	1.2	1.1	0.7	0.4	0.2
Valuation					
EV/Sales (x)	2.9	2.7	2.2	1.9	1.6
EV/EBITDA (x)	24.9	18.0	12.3	10.3	8.1
P/E (x)	n.m	90.4	24.7	17.5	13.0
P/BV (x)	3.7	3.9	3.3	2.8	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

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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