

OneSource Specialty Pharma | BUY

Strategic deal: Adds potential USD 100mn to revenue by FY27

OneSource Specialty Pharma has approved a strategic deal to acquire Steriscience's Poland-based CDMO business and Brooks Steriscience's anti-infective unit in India. The acquisitions, valued at a relative discount, are expected to add USD 100mn revenue and USD 35mn EBITDA by FY27, taking OneSource's top line beyond USD 500mn by FY28. While the transaction entails ~18.5% dilution and increases promoter holding to ~36%, it diversifies the portfolio beyond GLP-1, strengthens injectables capacity, and de-risks operations with a European footprint. Although this transaction was announced a few months back, the company published merger ratios and valuation over the weekend.

- **Overview:** OneSource has approved a strategic transaction aimed at strengthening its global capabilities and expanding capacity. The transaction involves the acquisition of Steriscience's European CDMO business in Poland and Brooks Steriscience's anti-infective operations in Vadodara, India. The merger process is expected to take up to 15 months, with approvals required from SEBI, NCLT, Singapore courts, and other regulatory authorities.
- **Brooks Steriscience:** Brooks Steriscience JV, which has a manufacturing unit to produce penem injectable products, is likely to be added at ~USD 105mn valuation (10.4x EV/EBITDA). It expects the Brooks Steriscience entity to generate ~USD 34mn in revenue by FY27 (FY25 at ~USD 4.7mn) at ~29.4% margin, led by the ramp-up in key products like Meropenem, Ertapenem, and others. Steriscience holds a 51% stake in the Brooks Steriscience entity, which will be merged with OneSource. Brooks, which holds a 49% stake, will receive OneSource shares.
- **Steriscience Singapore:** The second entity, which is the larger of the two, Steriscience Singapore, owns an injectable unit in Poland. This unit is likely to generate ~USD 73mn in sales and ~39.7% margin by FY27, while FY25 revenue was ~USD 27.7mn. This growth will be led by certain European customer contracts, which consist of some 505(b)(2) product opportunities. This business is valued at ~USD 520mn at an 18.3x EV/EBITDA multiple.
- **Financial implication:** Both entities combined can add ~USD 107mn to the top line and ~USD 39mn EBITDA by FY27, taking OneSource's total top line guidance for FY28 beyond USD 500mn.
- **Valuation:** The transaction values OneSource at USD 2.7bn, reflecting an 18.6% premium to the company's closing price as of 26th Sep'25, while the incoming assets are acquired at a relative discount to OneSource's multiples. Shareholders of Brooks Steriscience will receive 137 shares of OneSource for every 10 shares held, and shareholders of Steriscience Singapore will receive 53 shares of OneSource for every 100 shares held. The transaction will lead to approximately 18.5% dilution for existing OneSource shareholders. Post-merger, promoter shareholding will increase from ~30% to ~36%, while public shareholding will dilute from ~70% to ~64%.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,719	14,449	18,939	28,609	39,425
Sales Growth (%)	344.1	740.4	31.1	51.1	37.8
EBITDA	-882	4,665	6,439	11,587	16,362
EBITDA Margin (%)	-51.3	32.3	34.0	40.5	41.5
Adjusted Net Profit	-2,357	3,434	3,632	7,905	11,686
Diluted EPS (INR)	-21.7	30.0	31.7	69.1	102.1
Diluted EPS Growth (%)	0.0	0.0	5.8	117.6	47.8
ROIC (%)	-18.5	8.8	25.6	40.5	50.3
ROE (%)	-39.9	10.9	6.1	12.3	16.0
P/E (x)	-82.4	59.6	56.4	25.9	17.5
P/B (x)	49.1	3.5	3.4	3.0	2.6
EV/EBITDA (x)	-236.8	44.7	32.1	17.5	11.8
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 26/Sep/2025



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	2,417
Upside/(Downside)	35.0%
Previous Price Target	2,113
Change	14.4%

Key Data – ONESOURC IN

Current Market Price	INR1,790
Market cap (bn)	INR205.0/US\$2.3
Free Float	51%
Shares in issue (mn)	114.4
Diluted share (mn)	114.4
3-mon avg daily val (mn)	INR338.3/US\$3.8
52-week range	2,250/1,163
Sensex/Nifty	80,426/24,655
INR/US\$	88.7

Price Performance

%	1M	6M	12M
Absolute	-3.5	2.1	0.0
Relative*	-4.3	-1.7	0.0

* To the BSE Sensex

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

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- **Key positives:** **1.** It will help OneSource diversify its business to non-GLP-1 opportunities, as by FY27 more than 50% of revenue would come from non-GLP-1; **2.** It has valued both entities at a minimum 25% discount to OneSource's perceived valuation. This will add value to existing OneSource investors despite dilution; **3.** It is adding 25% EBITDA by FY27 for the combined OneSource entity, which will then be valued at the full company multiple versus the discount currently; **4.** The company can build GLP-1 capacity in Poland, which can reduce the single-plant risk for OneSource.
- **Probable investor concerns:** **1.** The company needs to demonstrate that the entities, which are projected to grow more than 2x in topline over 2 years, can deliver, as both businesses are currently subscale; **2.** Valuation multiples for non-traded, standalone entities with subscale businesses could have been at a substantial discount to actively traded companies. At present, they appear to be at par with traded companies like Gland Pharma, etc., based on the expected jump in revenue and EBITDA by FY27.

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,719	14,449	18,939	28,609	39,425
Sales Growth	344.1%	740.4%	31.1%	51.1%	37.8%
Other Operating Income	0	0	0	0	0
Total Revenue	1,719	14,449	18,939	28,609	39,425
Cost of Goods Sold/Op. Exp	705	4,350	5,492	7,438	10,251
Personnel Cost	794	2,153	0	0	0
Other Expenses	1,103	3,280	7,008	9,584	12,813
EBITDA	-882	4,665	6,439	11,587	16,362
EBITDA Margin	-51.3%	32.3%	34.0%	40.5%	41.5%
EBITDA Growth	0.0%	0.0%	38.0%	79.9%	41.2%
Depn. & Amort.	763	2,739	2,862	3,139	3,239
EBIT	-1,645	1,926	3,577	8,447	13,122
Other Income	42	175	201	228	394
Finance Cost	894	1,663	1,070	650	525
PBT before Excep. & Forex	-2,498	440	2,709	8,025	12,991
Excep. & Forex Inc./Loss(-)	-1,159	-1,111	0	0	0
PBT	-3,657	-671	2,709	8,025	12,991
Taxes	0	-498	433	1,445	2,598
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	-3,657	-173	2,275	6,581	10,393
Adjusted Net Profit	-2,357	3,434	3,632	7,905	11,686
Net Margin	-137.1%	23.8%	19.2%	27.6%	29.6%
Diluted Share Cap. (mn)	108.5	114.4	114.4	114.4	114.4
Diluted EPS (INR)	-21.7	30.0	31.7	69.1	102.1
Diluted EPS Growth	0.0%	0.0%	5.8%	117.6%	47.8%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	-3,912	-678	2,709	8,025	12,991
Depn. & Amort.	954	2,739	2,862	3,139	3,239
Net Interest Exp. / Inc. (-)	894	1,663	1,070	650	525
Inc (-) / Dec in WCap.	-41	-4,199	-160	-2,119	-2,371
Others	1,032	-134	0	0	0
Taxes Paid	0	-70	-433	-1,445	-2,598
Operating Cash Flow	-1,072	-679	6,048	8,251	11,786
Capex	4,898	-1,281	-4,000	-3,800	-1,000
Free Cash Flow	3,826	-1,959	2,048	4,451	10,786
Inc (-) / Dec in Investments	0	0	0	0	0
Others	207	-730	0	0	0
Investing Cash Flow	5,105	-2,011	-4,000	-3,800	-1,000
Inc / Dec (-) in Capital	0	8,755	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-2,807	-2,229	-1,250	-1,250	-1,000
Others	-1,098	-2,406	1,056	-650	-525
Financing Cash Flow	-3,905	4,120	-194	-1,900	-1,525
Inc / Dec (-) in Cash	128	1,431	1,854	2,551	9,261
Opening Cash Balance	95	223	3,098	3,507	6,058
Closing Cash Balance	223	1,653	4,952	6,058	15,319

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	3,957	58,806	61,081	67,661	78,054
Share Capital	0	0	0	0	0
Reserves & Surplus	0	0	0	0	0
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	5,622	7,716	6,466	5,216	4,216
Def. Tax Liab. / Assets (-)	0	0	0	0	0
Total - Equity & Liab.	9,579	66,522	67,547	72,877	82,270
Net Fixed Assets	10,506	63,359	63,815	64,476	62,237
Gross Fixed Assets	6,824	8,974	12,138	14,534	14,031
Intangible Assets	3,254	52,202	49,493	47,757	46,022
Less: Depn. & Amort.	0	0	0	0	0
Capital WIP	427	2,184	2,184	2,184	2,184
Investments	0	0	0	0	0
Current Assets	2,580	12,143	14,589	21,114	34,820
Inventories	112	1,581	2,076	3,135	4,321
Sundry Debtors	552	4,166	5,708	8,622	11,882
Cash & Bank Balances	761	3,098	3,507	6,058	15,319
Loans & Advances	0	0	0	0	0
Other Current Assets	1,154	3,299	3,299	3,299	3,299
Current Liab. & Prov.	3,507	8,981	10,858	12,712	14,787
Current Liabilities	917	5,123	7,000	8,854	10,929
Provisions & Others	2,590	3,858	3,858	3,858	3,858
Net Current Assets	-927	3,162	3,732	8,402	20,034
Total - Assets	9,579	66,522	67,547	72,877	82,270

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	-137.1%	23.8%	19.2%	27.6%	29.6%
Asset Turnover (x)	0.1	0.4	0.3	0.4	0.5
Leverage Factor (x)	2.2	1.3	1.2	1.1	1.1
RoE	-39.9%	10.9%	6.1%	12.3%	16.0%

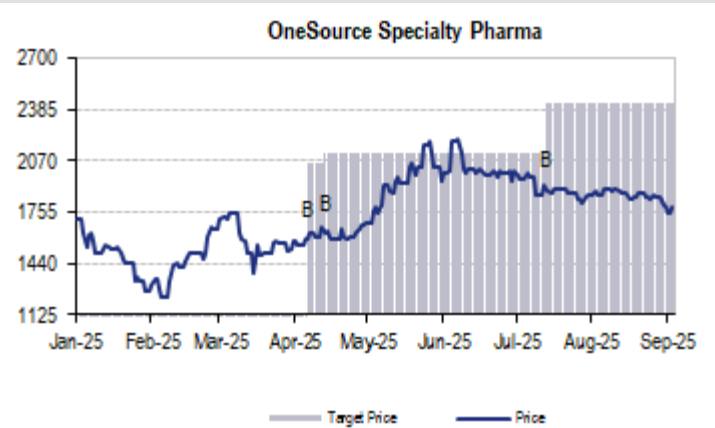
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	36.5	513.9	533.8	591.3	682.1
ROIC	-18.5%	8.8%	25.6%	40.5%	50.3%
ROE	-39.9%	10.9%	6.1%	12.3%	16.0%
Net Debt/Equity (x)	1.2	0.1	0.0	0.0	-0.1
P/E (x)	-82.4	59.6	56.4	25.9	17.5
P/B (x)	49.1	3.5	3.4	3.0	2.6
EV/EBITDA (x)	-236.8	44.7	32.1	17.5	11.8
EV/Sales (x)	121.5	14.4	10.9	7.1	4.9
Debtor days	117	105	110	110	110
Inventory days	24	40	40	40	40
Creditor days	114	65	106	118	120

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
29-Apr-25	Buy	2,049	
6-May-25	Buy	2,113	3.1
5-Aug-25	Buy	2,417	14.4

Recommendation History



APPENDIX I

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return \geq 15% over the next twelve months.
ADD	Expected return \geq 5% and $<$ 15% over the next twelve months.
REDUCE	Expected return \geq -10% and $<$ 5% over the next twelve months.
SELL	Expected return $<$ -10% over the next twelve months.

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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