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ALPHA TRADE - DIWALI PICK

Senores Pharmaceuticals Ltd.

6 October 2025

Senores Pharmaceuticals Ltd.

About the company –

Senores Pharmaceuticals Ltd is an India-based specialty generics and contract manufacturing company with a focus on regulated markets, primarily the US, Canada, and select emerging economies. The company operates USFDA-approved facilities in India and the US, maintains a strong regulatory track record, and has rapidly expanded its commercial portfolio since listing on the exchanges in late 2024. Its management team, led by industry veterans, continues to drive a strategy centered on new product filings, capacity expansion, and value accretive M&A.

Robust ANDA Approvals Driving Upcoming Launch –

In the past 12 months, Senores has secured multiple important US FDA approvals, most notably for Metoprolol Tartrate and Hydrochlorothiazide Tablets and for Tramadol, which position it to capitalize on high-value formulations in the US market. The management anticipates a sequential ramp-up in the US revenue base beginning H2FY26, driven by these launches and additional pending approvals.

Monetization of Acquired ANDAs –

The company recently acquired a basket of 14 approved ANDAs from Dr. Reddy's Laboratories and complementary portfolios from other US-based sellers, significantly enlarging its US addressable market. Management guidance states that commercialization of these acquired products will commence in a phased manner starting H2FY26, offering potential upside to both revenue and market share as these assets are integrated and launched.

Enhanced Realizations from EM to Double Per Unit Economics –

The Emerging Market (EM) segment, which contributed ~30% of revenue in FY25, is undergoing a product portfolio shift towards more niche molecules and a change in its go-to-market strategy. This repositioning, including entering a wider network of distributors, is expected to lead to a doubling of revenue per unit realization, significantly driving both growth and improvement in the segment's overall profitability.

Capex Plans and Growth Investments –

Company has advanced its US strategy through a series of focused capex initiatives designed to amplify growth. In early 2025, the company invested USD 1.99 million into its wholly-owned US subsidiary, Senores Pharmaceuticals Inc., via a rights issue. This targeted injection of capital supports both working capital needs and aligns with stated IPO objectives, directly financing the company's expanding ANDA pipeline and intellectual property management. Simultaneously, Senores is executing a significant expansion of its Atlanta manufacturing facility, nearly doubling annual production capacity to 2 billion units. By installing a third and fourth oral solids manufacturing line—set to become operational in Q3FY26 and by year-end FY26, respectively—the company aims to address growing demand from its US pipeline and bolster contract manufacturing services. Sterile injectable capability will follow this phase in FY27, strategically broadening product offerings.

Driving Profitability Through Backward Integration –

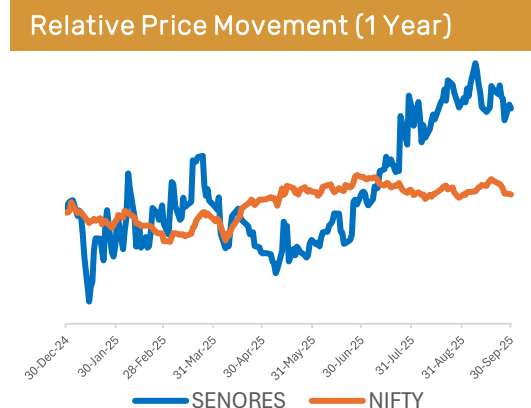
Senores is expanding its Active Pharmaceutical Ingredient (API) manufacturing capabilities in Gujarat, aiding backward integration for key products. This move is expected to support a margin expansion, with management guiding for improved fixed-cost absorption and an overall EBITDA margin expansion in the coming fiscal year, a key factor for bottom-line growth

Valuation –

Senores Pharmaceuticals' robust USFDA-approved portfolio, strong ANDA approvals, and strategic acquisitions underpin significant growth. EM portfolio repositioning and expanded distribution are set to double per-unit realizations, while US capex and backward integration enhance margins. We value the company at **₹832**, based on a PE of **30x** FY27E earnings, reflecting its high-quality pipeline and value-accretive growth catalysts

NSE/BSE	SENORES / 544319
CMP	720
TARGET	832
Upside	16%
Bloomberg Code	SENORES :IN
High/Low	751 / 435
Market Cap (in Rs)	33.08 bn

Shareholding %			
Particulars	Q1FY26	Q4FY25	Q3FY25
Promoter	45.78%	45.78%	45.77%
FII	3.66%	4.17%	4.25%
DII	9.51%	9.66%	11.77%
Others	41.03%	40.39%	38.20%
* Promoter pledge as on 01-10-25 – 10.89%			



Key Matrix			
Particulars	FY25	FY26E	FY27E
Revenue	3982.5	5973.8	7288.0
COGS	1807.0	2623.9	3243.8
EBITDA	897.0	1493.4	1749.1
EBIT	921.2	1508.2	1721.5
PAT	583.4	1033.0	1277.4
EPS	16.1	22.4	27.7
Growth (%)			
Revenue	85.6	50	22
Gross Profit	100.7	54.0	20.7
EBITDA	115.7	66.5	17.1
EBIT	167.9	63.7	14.1
PAT	78.4	77.1	23.7
Margins (%)			
Gross Profit	54.6	56.1	55.5
EBITDA	22.5	25	24
EBIT	23.1	25.2	23.6
PAT	14.6	17.3	17.5
Ratios			
PE	44.7	32.1	26
PB	4.1	3.6	3.2
EV/EBITDA	36.2	22.3	18.8
EV/SALES	8.1	5.6	4.5
ROE	7.2	11.3	12.2
ROCE	9.3	14.9	15.9

Senores Pharmaceuticals Ltd.

Financials

Income Statement				(Rs in mn)	Balance Sheet				(Rs in mn)
Particulars	FY25	FY26E	FY27E		Particulars	FY25	FY26E	FY27E	
Revenue from Operation	3,982.5	5,973.8	7,288.0		ASSETS				
COGS	1,807.0	2,623.9	3,243.8		Fixed Assets	1,988.5	3,369.2	4,167.0	
% of Sales	45.4	43.9	44.5		CWIP	441.7	1,000.0	0.0	
Gross Profit	2,175.5	3,349.9	4,044.2		Goodwill	2,208.1	2,075.6	1,951.1	
Gross margin (%)	54.6	56.1	55.5		Trade Receivable	1,238.8	1,858.2	2,267.0	
Employee Benefit Exp	603.7	876.6	1,083.7		Inventories	566.3	849.5	1,036.3	
Other expenses	674.8	979.8	1,211.4		Financial Assets	1,169.7	1,169.7	1,169.7	
EBITDA	897.0	1,493.4	1,749.1		Cash and cash equivalent	3,855.0	1,573.3	877.6	
EBITDA Margins (%)	22.5	25.0	24.0		Other Assets	800.5	139.9	949.6	
Other Income	192.6	298.7	364.4		Total Assets	12,268.6	12,035.3	12,418.4	
Depreciation	168.4	283.9	392.0		EQUITY				
EBIT	921.2	1,508.2	1,721.5		Equity Share Capital	460.5	460.5	460.5	
EBIT Margins (%)	23.1	25.2	23.6		Other Equity	7,661.9	8,694.9	9,972.4	
Finance Cost	215.5	183.8	83.8		Total Equity	8,122.4	9,155.4	10,432.9	
Profit before tax	705.7	1,324.4	1,637.7		Long Term Borrowings	1,706.6	907.0	373.9	
Total Tax expenses	122.3	291.4	360.3		Short Term Borrowings	1,440.9	740.5	273.6	
Tax rate (%)	13.3	22.0	22.0		Trade Payables	672.2	976.1	1,206.7	
Profit after tax	583.4	1,033.0	1,277.4		Other Liabilities	326.4	256.3	131.3	
PAT Margins	14.6	17.3	17.5		Total Liabilities	4,146.1	2,879.9	1,985.5	
Basic EPS	16.1	22.4	27.7		Total Equity and Liabilities	12,268.6	12,035.3	12,418.4	

Cash Flow Statement				(Rs in mn)	Ratio Analysis				
Particulars	FY25	FY26E	FY27E		Particulars	FY25	FY26E	FY27E	
Cash Flow from operating activities (OA)					Growth (%)				
PBT	705.7	1,324.4	1,637.7		Revenue	85.6	50.0	22.0	
Depreciation	168.4	283.9	392.0		Gross Profit	70.3	45.2	23.6	
Operating Profit before WC change	976.8	1,792.1	2,113.5		EBITDA	115.7	66.5	17.1	
Changes in Assets and liability	(1,344.3)	(598.7)	(365.1)		EBIT	167.9	63.7	14.1	
Cash from Operations	(367.5)	1,193.4	1,748.4		PAT	78.4	77.1	23.7	
Tax	(91.7)	(291.4)	(360.3)		% Of Revenue				
Net Cash from OA	(459.2)	902.1	1,388.1		Gross Profit	54.6	56.1	55.5	
Cash Flow from investing activities (IA)					EBITDA	22.5	25.0	24.0	
Capex	(1,575.2)	(1,500.0)	(1,000.0)		EBIT	23.1	25.2	23.6	
Net Cash from IA	(4,294.8)	1,200.0	(1,000.0)		PAT	14.6	17.3	17.5	
Cash Flow from financing activities (FA)					Return Ratios (%)				
Proceeds from Borrowings	1,210.1				ROCE	9.3	14.9	15.9	
Repayment of Borrowings	0.0	(1,500.0)	(1,000.0)		ROE	7.2	11.3	12.2	
Finance Cost	(215.5)	(183.8)	(83.8)		Valuation (x)				
Proceeds other than borrowing	4,717.6	0.0	0.0		P/E	44.7	32.1	26.0	
Net Cash from FA	5,731.3	(1,683.8)	(1,083.8)		P/B	4.1	3.6	3.2	
Net increase/(decrease) in Cash	977.3	418.3	(695.7)		EV/EBITDA	36.2	22.3	18.8	
Cash at the beginning of the year	76.5	1,053.8	1,472.1		EV/ Sales	8.1	5.6	4.5	
Cash at the end of the year	1,053.8	1,472.1	776.4		DEBT/EQUITY	(0.09)	0.01	(0.02)	

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