STRIDES PHARMA SCIENCE LIMITED

July 02, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	295.20 (Reduced from 311.80)	CARE A; Positive	Reaffirmed; Outlook revised from Stable
Long-term / Short-term bank facilities	464.80 (Enhanced from 218.20)	CARE A; Positive / CARE A2+	Reaffirmed; Outlook revised from Stable
Short-term bank facilities	1,440.00 (Reduced from 1,670.00)	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the outlook for long-term bank facilities of STRIDES PHARMA SCIENCE LIMITED (Strides) reflects the company's improved financial and operational performance in FY25. In FY25, Strides achieved ~17% revenue growth, driven by a recovery in the US market and a notable improvement in profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin to ~18%, improved from ~15% in FY24. The company saw debt reduction of over ₹500 crore in FY25 resulting in improved overall gearing to 0.97x from 1.63x reported as on March 31, 2024. This turnaround was achieved despite the demerger of softgel segment. CareEdge Ratings expects the company to maintain this positive momentum, particularly in the US market, supported by the launch of new products aimed at enhancing profitability. These initiatives are likely to strengthen liquidity and enable further debt reduction, improving the company's overall credit profile.

Ratings also factors successful completion of restructuring and improvement in credit profile as envisaged, presence of experienced promoters, established track record of operations with reputed clientele, accredited manufacturing facilities and low product concentration risks. Ratings also favourably factors established track record of the promoter in turning around the businesses successfully. Ratings also positively factor in the improvement in overall performance, and an improved working capital cycle and enhanced profitability margins in FY25. The above factors are constrained by inherent regulatory risks, high promoter share pledge, and a moderate credit profile. The elevated level of promoter pledging will remain a key rating monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Ability to successfully scaleup operations consistently by ~10% and achieve PBILDT margins consistently ~19%.
- Improvement in net total debt to PBILDT below ~1.6x on a sustained basis.

Negative factors

- Significant decline in total operating income (TOI) from current levels or decline in PBILDT margin below 13%.
- Large debt funded capex resulting in net total debt/PBILDT going beyond 2.5x on a sustained basis.
- Continuing losses in group companies, resulting in additional support either in the form of corporate guarantees or intercompany loans to be extended by Strides, which impact liquidity of Strides significantly resulting in adjusted overall gearing (where debt level factors the exposure towards group entities) going beyond 2x.

Analytical approach: Consolidated

CareEdge Ratings has adopted consolidated approach for Strides and its subsidiaries considering operational, financial and managerial linkages. Entities consolidated are listed under Annexure 6.

Outlook: Positive

The Positive outlook reflects CareEdge Ratings expectations of continued improvement in the company's performance, driven by new product launches and resulting improvement in its credit risk profile. The outlook may be revised to stable, if the company is unable to sustain expected improvement in performance.

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications. s

Detailed description of key rating drivers:

Key strengths

Experienced promoters with established track record

The primary promoter of Strides is Arun Kumar, who founded the company in 1990. Arun Kumar has demonstrated track record of turning around business and exiting them profitably. He has ~34 years' experience in the pharma sector. Over the years, he has cultivated a strong and positive relationship with clients. Top 10 customers accounted for ~50% of sales in FY25. The business model of Strides has been built on a mix of organic and inorganic growth, leveraging and scaling up of available opportunities.

Accredited manufacturing facilities

The company has seven manufacturing facilities, of which four are approved by the USFDA. The company exports to ~100 countries and the other key authorisations are the UK Medicines and Healthcare products Regulatory Agency (MHRA), World Health Organisation (WHO), Therapeutic Goods Administration, Australia (TGA), Brazilian Health Surveillance Agency (ANVISA), Pharmaceuticals and Medical Devices Agency, Japan (PMDA) and Health Sciences Authority, Singapore (HSA). All the company's plants are fully complaint.

Low product concentration risks

Strides has a diversified portfolio of over 70 products. The company has a healthy pipeline of approved products, of which ~60 products to be launched in the next 36 months. Given diversified products, Strides has the benefit of prioritizing other products if some products face price erosions. Having a product profile with diverse mix of acute and chronic products combined with having a large basket of approved products is expected to ensure lower dependency on new ANDA filings and approvals in the near term. The company currently has ~230+ abbreviated new drug applications (ANDAs) filings of which 215+ are approved as of May 2025. Per the management, the US business is expected to reach a sales level of US$400 million (~₹3500 crore) by FY28. This provides revenue visibility and will remain a key monitorable. Sales from top 10 products reduced from 54% in FY23 to 38% in FY24 to 35% in FY25, owing to the successful take-off of new products launched. The company is also focused on multiple therapeutic segments, reducing business concentration risk. The company exits certain products if there is a significant price erosion, and hence, there is a variance in product profile compared to previous data. CareEdge Ratings expects that given the company's healthy and well-diversified product pipeline, risks associated with product concentration will remain adequately mitigated. The continued addition of new products across therapeutic areas is likely to ensure a balanced revenue mix and reduce dependence on a single product or portfolio.

Robust overall improvement in operational performance

Strides witnessed overall improvement in its operational performance. In FY25, the company's revenue grew by ~17% to ₹4571.86 crore from ₹3901.65 crore reported in FY24. The growth was supported by the US, other regulated markets and emerging markets. Strides clocked revenue of ₹2445 crore from the US market in FY25 improved by ~21.80% (PY: ₹~2007 crore) from previous year. It plans to improve the revenue contribution from US market to US$400 million (~₹3500 crore) in three years. Revenue from other regulated markets improved by ~13.50% from ~₹1196 crore in FY24 to ~₹1358 crore in FY25. Driven by revenue growth, successful new product launches, and deriving benefits from increase in economies of scale, the company's PBILDT margin improved by 263 basis points, rising to 17.59% in FY25 from 14.96% in FY24. Going forward, this positive momentum is expected to continue, with margins likely to remain healthy or improve further as the company continues to scale its operations and enhance cost efficiencies.

New product launches

The company's growth in FY25 is attributable to new product launches. In FY25, Strides received five product approvals and launched seven products, which has led to 73 products being commercialised till May 31, 2025. Strides has filed over 230 ANDAs with approval received for over 215 ANDAs as of May 2025. The company identified 60 products, which are expected to be launched in a phased manner over three years. The company invested in new segments of control substances. Nasal spray and other products are part of the long-term strategy to propel its revenue growth in the US market.

Improving credit risk profile

The credit metrics of the company as envisaged earlier have seen improvement considering reduction in debt due to regular repayments and transfer of part of the debt (₹283 crore) to OneSource Speciality Pharma Limited, as part of the restructuring exercise and improving operational performance. In FY25, the company's total debt reduced by over ₹500 crore. Overall gearing has improved to 0.97x as on March 31, 2025, from 1.63x in the previous year. Other debt coverage metrics such as Total debt (TD) to PBILDT and Total Debt to gross cash accruals (TD/GCA) also improved in FY25 to 2.47x (PY:4.29x) and 3.14x (PY:21.68x) respectively. Net debt/PBILDT improved to 2.21x in FY25 from 3.80x in FY24. CareEdge Ratings expects the company's credit profile to remain stable and show gradual improvement, supported by stronger operating cash flow generation and a consistent reduction in debt levels. These developments are likely to strengthen key financial ratios, improve debt servicing capacity, and provide greater headroom for future growth initiatives.

Key weaknesses

Fluctuating performance; gradual signs of improvement

The company's performance in the last has been inconsistent, mainly due to several acquisitions, mergers, demergers, and the impact of the Covid-19 pandemic. These changes have led to periods of instability in operations and financial performance. However, the company's PBILDT margins are now gradually improving, reflecting the impact of ongoing changes in the business structure and strategy. Going forward, the ability to maintain this momentum and deliver consistent performance will remain a key factor to watch from a credit rating standpoint.

High pledge of promoter's shares

The level of promoter share pledging continues to remain elevated. As on March 31, 2025, 51.98% promoters' holdings were pledged, though this marks a reduction from 72.70% as on March 31, 2024. While the decline is a positive development, overall pledge level remains high and continues to be a key rating monitorable. In FY25, promoters increased their stake in the company by 2.42% to 28.30% up from 25.88% as on March 31, 2024.

Inherent exposure to regulatory risk

Strides is exposed to regulatory risk with its operations centered majorly around manufacturing pharmaceutical formulations. The pharmaceutical industry is highly regulated in many other countries and requires approvals, licenses, registrations and permissions for business activities. Approval process for a new product registration is complex, lengthy and expensive. The time taken to obtain approval varies by country but generally takes from six months to several years from the date of application. Delay or failure in getting approval for new product launch could adversely affect the business prospect of the company. Considering, India's significant share in the USA generic market, the USFDA has increased its scrutiny of manufacturing facilities and other regulatory compliance of the Indian pharma companies supplying generics drugs to the USA. Non-compliance may result in regulatory ban on products/facilities (as in the recent cases of import alerts issued by the USFDA to top pharma companies) and may impact a company's future approvals from USFDA. Hence, ongoing regulatory compliance has become critical for Indian pharma companies including Strides and its group companies as they seek to strengthen their position in the regulated markets such as the USA, and the UK among others.

Risk of raw material price volatility and forex fluctuation risk

The impact of pricing of raw material could be witnessed in FY22, which among others, contributed to moderation of the company's operating margins. The company derived ~100% revenue from international markets, of which 50% is from the US, thus it is exposed to the foreign currency fluctuation risk. The company's offshore pharma operations provide a natural hedge to an extent. Strides has forward hedging policy to mitigate the forex risk. Strides continues to hedge through forward covers against future forex exchange fluctuations.

Liquidity: Strong

The company's liquidity position is strong marked by healthy cash accruals of over ₹600 crore in FY25 against repayment obligations of ~₹200 crore (includes lease liabilities). As on March 31, 2025, the company has cash and liquid investments to the tune of ₹211.61 crore. It also has 1.61% stake in OneSource Speciality Pharma Limited with a market value of ~₹322.40 crore as on March 31, 2025. CareEdge Ratings expects Strides to generate GCA in the range of ₹700 crore to ₹800 crore every year against debt repayment obligation (including lease liability) of ~₹120 crore in FY26 and ~₹90 crore in FY27. The company is also expected to incur regular maintenance and capacity enhancement capex of ~₹100- ₹150 crore every year. Considering cash accruals generated by the company in the recent past and estimated accruals, it is expected that the company would be able to meet its debt obligations comfortably after meeting its capex and increased working capital requirements.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Among ESG factors, significant ones for pharma companies include product quality and safety in social, regulatory compliance in governance. Considering most Indian pharma companies undertake manufacturing activities of active pharmaceutical ingredients (APIs) or formulation for globally established innovator companies, environmental impact such as waste and water management, reduction of emissions also plays a vital role. Pharma companies focusing on exports also have exposure to different geographies, each having its own regulatory requirements which are continuously evolving, non-compliance with regulations or scrutiny process can result in product withdrawals, recalls, regulatory action, declining sales, reputational damage, increased litigation and related expenses. To avoid potential negative impact arising from such lapses, pharma companies are increasingly focusing on product safety and quality by increasing internal audits and quality checks, digital quality system initiatives, taking adequate insurance cover for clinical and product liability, setting up dedicated teams to constantly collaborate with the regulatory authorities and keep a close watch on latest legal changes among others.

Strides has remained compliant with the Business Responsibility and Sustainability Reporting (BRSR) requirements, with timely disclosures included in its annual report. This reflects the company's alignment with regulatory expectations and evolving stakeholder priorities. The company has established a comprehensive ESG framework, which outlines its approach to managing key sustainability areas. This framework is integrated into the company's overall governance and operational processes. Strides also has a structured risk management system in place. The risk register, which includes ESG-related risks and opportunities, is periodically reviewed by the Risk Management Committee of the Board of Directors to ensure appropriate oversight and response mechanisms. The company's ESG efforts have been externally assessed, with Strides receiving an overall ESG score of 76 of 100 from S&P Global, reflecting its performance relative to industry standards.

Applicable criteria

Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Pharmaceuticals
Financial Ratios – Non financial Sector
Short Term Instruments
Consolidation

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Healthcare	Healthcare	Pharmaceuticals & biotechnology	Pharmaceuticals

Strides was incorporated in 1990 and has its headquarters in Bengaluru. The company was promoted by Arun Kumar and has had multiple mergers, acquisitions, demerger and spin offs among others in the last 34 years. Strides has seven manufacturing facilities spread across four continents, including four US-FDA-approved facilities with ~70% of capacity utilisation. The company manufactures niche generic formulations across dosage forms focusing on three distinct target markets: regulated markets (the United States, Europe, and Australia), emerging markets (primarily in Africa) and donor-funded institutional business.

Brief Consolidated Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	3901.65	4571.86
PBILDT	586.76	804.30
PAT	-143.90	409.41
Overall gearing (times)	1.63	0.97
Interest coverage (times)	2.09	3.23

A: Audited, Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - ST-Working Capital Limits	-	-	-	-	955.00	CARE A2+
Fund-based/Non-fund-based-LT/ST	-	-	-	-	464.80	CARE A; Positive / CARE A2+
Non-fund-based - ST-Working Capital Limits	-	-	-	-	485.00	CARE A2+
Term Loan-Long Term	-	-	-	31/12/2029	295.20	CARE A; Positive

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Term Loan-Long Term	LT	295.20	CARE A; Positive	-	1)CARE A; Stable (31-Mar-25) 2)CARE A; Stable (12-Jul-24)	-	-
2	Fund-based/Non-fund-based-LT/ST	LT/ST	464.80	CARE A; Positive / CARE A2+	-	1)CARE A; Stable / CARE A2+ (31-Mar-25) 2)CARE A; Stable / CARE A2+ (12-Jul-24)	-	-
3	Non-fund-based - ST-Working Capital Limits	ST	485.00	CARE A2+	-	1)CARE A2+ (31-Mar-25) 2)CARE A2+ (12-Jul-24)	-	-
4	Fund-based - ST-Working Capital Limits	ST	955.00	CARE A2+	-	1)CARE A2+ (31-Mar-25) 2)CARE A2+ (12-Jul-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - ST-Working Capital Limits	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Non-fund-based - ST-Working Capital Limits	Simple
4	Term Loan-Long Term	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Amexel Pte Ltd	Full consolidation	Subsidiary
2	Apollo Life sciences Holdings Proprietary Limited	Full consolidation	Subsidiary
3	Arco Lab Private Limited	Full consolidation	Subsidiary
4	Strides Consumer LLC	Full consolidation	Subsidiary
5	Beltapharm S.p.A	Full consolidation	Subsidiary
6	Strides Consumer Private Limited	Full consolidation	Subsidiary
7	Strides Pharma International AG	Full consolidation	Subsidiary
8	Fairmed Healthcare GmbH	Full consolidation	Subsidiary
9	Strides Global Consumer Healthcare Limited	Full consolidation	Subsidiary
10	Pharmapar Inc.	Full consolidation	Subsidiary
11	Strides Pharma International AG	Full consolidation	Subsidiary
12	Strides Arcolab International Ltd.	Full consolidation	Subsidiary
13	Strides CIS Limited	Full consolidation	Subsidiary
14	Strides Pharma New Zealand	Full consolidation	Subsidiary
15	Strides LifeSciences Limited	Full consolidation	Subsidiary
16	Strides Netherlands B. V.	Full consolidation	Subsidiary
17	Strides Nordics ApS	Full consolidation	Subsidiary
18	Strides Pharma (Cyprus) Limited	Full consolidation	Subsidiary
19	Strides Pharma (SA) Pty Ltd.	Full consolidation	Subsidiary
20	Strides Pharma Global (UK) Ltd.	Full consolidation	Subsidiary
21	Strides Pharma Asia Pte. Ltd.	Full consolidation	Subsidiary
22	Strides Pharma Science Pty Ltd	Full consolidation	Subsidiary
23	Strides Pharma Canada Inc.	Full consolidation	Subsidiary
24	Strides Pharma Global Pte. Limited	Full consolidation	Subsidiary
25	Strides Pharma Inc.	Full consolidation	Subsidiary
26	Strides Pharma International Limited	Full consolidation	Subsidiary
27	Strides Pharma UK Ltd.	Full consolidation	Subsidiary
28	SVADS Holdings SA	Full consolidation	Subsidiary
29	Trinity Pharma (Pty) Ltd.	Full consolidation	Subsidiary
30	Vensun Pharmaceuticals. Inc.	Full consolidation	Subsidiary
31	UCL Brands Limited	Full consolidation	Subsidiary
32	Neviton Softech Private Limited	Full consolidation	Subsidiary
33	Neviton Technologies Inc.	Full consolidation	Subsidiary
34	Universal Corporation Limited	Moderate	Associate

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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