Pick of the Week

FDC Limited

July 07, 2025

FDC Limited

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Pharmaceuticals	**Rs 489.4**	**Buy in Rs 485-496 band and add on dips to Rs 443**	**Rs 543.5**	**Rs 589**	**2-3 quarters**

HDFC Scrip Code	FDCLTDEQNR
BSE Code	531599
NSE Code	FDC
Bloomberg	FDCLT: IN
CMP July 04, 2025	489.4
Equity Capital (Rs Cr)	16.28
Face Value (Rs)	1
Equity Share O/S (Cr)	16.28
Market Cap (Rs Cr)	7985
Book Value (Rs)	140
Avg. 52 Wk Volumes	364280
52 Week High	658.8
52 Week Low	366.5

Share holding Pattern % (Mar, 2025)	
Promoters	69.66
Institutions	8.93
Non Institutions	21.41
Total	100.0

* Refer at the end for explanation on Risk Ratings

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Our Take:

FDC Ltd. has presence across domestic formulations (84% of total sales), International formulations (10.5%) and APIs (~5.5%) businesses. The company has ~1.1% market share in Indian Pharmaceuticals Market (IPM) as on March-2025. The key therapeutic areas of focus include Anti-Infective, GastroIntestinal, Vitamins/Minerals/Supplements, Ophthalmology, Dermatology and Gynaecology in the domestic market. The key brands include Zifi, Electral, Enerzal, Zifi O, Zathrin, Vitcofol, Zocon, Zoxan, Cotaryl, Simyl, and Mycoderm etc.

FDC is a leading player in the Oral Rehydration Salt (ORS) segment, with its well-known brands Electral and Enerzal. Electral is the first FDC brand to cross Rs 400 crore club. It is the leading brand with a market share of over 70% in the category. Recently, Electral emerged amongst top-5 brands in IPM. As per IQVIA, the brand reported sales of around Rs 90cr in April-2025. As on YTD CY25, Electral registered a robust 36% growth. In India, the company markets over 130 brands, comprising around 250 SKUs, across various therapeutic segments. FDC has several high growth brands in its portfolio, including Electral (a category leader in ORS), and Zifi (a category leader in Cefixime). The company has approximately 3,600 medical representatives (MRs) across 10 divisions in the domestic market. FDC enjoys strong brand recall of its two brands Zifi and Enerzal in the respective areas. It has about 35-40% of its domestic portfolio under price control. The company crossed the revenue landmark of Rs 2000 crore for the first time during FY25. Revenue grew 5.5% YoY at Rs 2108 crore in FY25.

FDC ranks 23rd in the Indian Pharmaceutical Market (IPM) as of March-2025. In terms of market performance, the flagship brands - Electral, Zifi, and Enerzal continue to be among the top-300 brands in the industry, with revenue of Rs 452 crore, Rs 330 crore and Rs 198 crore, respectively. Its leadership in the antibiotic segment is evident from the double-digit growth of key products such as Zifi-O, Flemiclav, Zefu and Zefu-CV. In April 2025, the Board approved the proposal for the expansion of the Liquid Oral facility at the Company's Sinnar Plant. Existing capacity utilization was in the range of 70-80%. It is expected to invest Rs 140 crore through internal accruals. It is expected to be commissioned within the next 18-24 months. In FY24, US sales grew 11.2% YoY at Rs 149 crore while RoW formulation sales increased 15% YoY at Rs 139 crore. Export Formulation business reported a decline of 10% YoY, primarily due to lower sales in the US market during FY25. Lower sales in US market were majorly due to regulatory issues.

Management commented that the regulatory issues of US market have now been addressed, and they believe the business should be back in its normal flow in FY26. The company spends 2-2.5% of its revenue on R&D. India formulation sales registered 8% growth at Rs 1555cr in FY24, led by strong traction in its top brands, new launches and market share gains in the existing products. Company derives large part of domestic revenue from acute segment. Anti-infective and Gastrointestinal therapeutic areas contribute to ~60%+ of domestic revenue.

Typically, H1 remains strong for FDC while H2 remains little weak due to seasonality. In Aug-2024, US FDA had conducted an inspection at Baddi unit, Himachal Pradesh which is dedicated for manufacturing Cephalosporin Oral dosage forms. The audit was successfully completed by the US FDA with no observations (zero 483s).

FDC has approval for about nine ANDAs in the US market. Exports business contributed to 16% of sales in FY25. With a pickup in ORS sales and Ophthalmic solutions to key markets like US and Europe, we expect international sales to grow at ~14% CAGR over FY25-27E. The company had non-current investments of Rs 543cr and cash & equivalents of Rs 537cr as of March 2025. FDC has conducted buybacks five times in the past six years at prices ranging from Rs 350 to Rs 500 per share and distributed Rs 630 crore among shareholders.

We had issued report on FDC on Jun 12, 2023 and recommended to buy in the band of Rs 297-301.5 for target of Rs 326 and Rs 349 over the 2-3 quarters (link). The stock had achieved both targets in just 1.5 months.

We had again issued a report on FDC on Mar 04, 2024 and recommended to buy in the band of Rs 446-452 for target of Rs 491.5 and Rs 529.5 over the 2-3 quarters (link). The stock had achieved both targets in the given time frame.

FDC reported strong numbers for FY24; however, during FY25, operational performance was a little weak as the US business reported a sharp decline. Given a strong domestic franchisee and healthy growth outlook in the International business, and an attractive entry point, we are again recommending investors to buy the stock.

Valuation & Recommendation:

FDC reported an 8.5% increase in overall sales while operating profit declined 4% YoY due to lower gross margin in FY25. Weak operational performance and lower other income led to a 12% decline in net profit. For FY24, the company had registered 9% YoY growth in sales at Rs 1943cr, led by 8% growth in the domestic formulation business. Operating margin had expanded 330bps YoY to 17.4%.

Domestic formulation sales reported 13% growth during FY25, led by strong momentum in its key products and new launches. As the company’s top brands enjoy excellent brand recall, we expect domestic business to outperform the IPM despite its Acute heavy portfolio. We estimate 11% CAGR in revenue led by 14% growth in the export business and 10% CAGR in the India formulation business over FY25-27E. Strong revenue growth and margin improvement could drive a nearly 17.5% CAGR in net profit over the same period. FDC has a strong market position in anti-infective and gastrointestinal segments and has also increased its presence in chronic segments by entering into areas such as cardiac, Vitamins (VMN), etc. Healthy growth in robust balance sheet, healthy return ratios, and buybacks at regular intervals are the key positives for the company.

We recommend investors to buy the stock in the band of Rs 485-496 and add more on dips to Rs 443 (19.5x FY27E EPS) for base case target of Rs 543.5 (24x FY27E EPS) and bull case target price of Rs 589 (26x FY27E EPS) over the next 2-3 quarters.

Financial Summary:

Particulars (Rs cr)	Q4FY25	Q4FY24	YoY (%)	Q3FY25	QoQ (%)	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Revenue	492	462	6.5	464	6.0	1,333	1,528	1,784	1,943	2,108	2,326	2,593
EBITDA	54	56	-4.1	47	15.6	334	254	251	338	325	389	460
Depreciation	16	10	48.9	13	16.5	38	37	39	40	54	58	61
Other Income	16	20	-20.7	19	-14.4	97	76	50	102	91	86	97
Interest Cost	1	1	26.3	1	26.3	3	3	4	4	4	3	2
Tax	15	19	-23.0	14	3.5	87	73	64	91	91	105	125
PAT	39	46	-16.4	37	4.6	301	216	194	305	267	309	369
EPS (Rs)						17.9	12.8	11.7	18.7	16.4	19.0	22.7
RoE (%)						18.4	11.7	9.9	15.0	12.2	12.8	13.8
P/E (x)						27.3	38.1	41.7	26.0	29.7	25.7	21.5
EV/EBITDA (x)						24.7	32.3	32.7	24.3	25.3	21.2	17.8

(Source: Company, HDFC sec)

Q4FY25 result update

Operational performance was little weak in the quarter. Revenue grew 6.5% YoY at Rs 492cr. EBITDA margin contracted 120bps YoY at 11%. Gross margin improved 40bps YoY at 67.2%. Net profit was down 16.4% YoY at Rs 38.7cr. Other Income declined 21% YoY at Rs 16cr.
The company has non-current investments of Rs 543cr and cash & equivalents of Rs 537cr as of March-2025.
Capex for the year stood at Rs 90cr. EPS for the quarter stood at Rs 2.38, and it stood at Rs 16.39 for FY25.
API business showed good traction with sales of Rs 30 crore in Q4FY25, up 11.5% over YoY and 7.4% growth on QoQ basis and accounted for 6% of total consolidated sales. During FY25, API business increased 21% and stood at Rs 112 crore.
Company crossed revenue landmark of Rs 2000 crore for the first time during FY25. Total revenue grew 5.5% YoY at Rs 2108 crore.

Other Key Highlights

- Export Formulation business reported a decline of 7% YoY primarily due to lower sales in the US market. Lower sales in the US market were mainly due to regulatory issues.
- Management commented that the regulatory issues of the US market have now been addressed, and they believe the business should be back in its normal flow in FY26.
- In FY25, overall profitability was impacted primarily due to a drop in the Export formulation business, reduction in price of Electral

due to NLEM price revision announcement during Q1FY25, and higher employee costs in view of the given moderate expansion in the field force in certain clusters of the Indian market.

- As per secondary sales data by IQVIA for the quarter ended Mar, 2025, Electral has moved up to 15th rank in IPM in MAT Mar'25 as compared to 22th rank in the same period last year. Further, the company was the 2nd fastest growing company as per MAT Mar'25 among the Top-25 companies, supported majorly by flagship brands Electral, Zifi and Enerzal.
- In April 2025, FDC reported 6.2% YoY growth while it stood at 5.5% in May 2025. The growth was largely volume-led as key products continued to perform well. Volume growth was at ~20%/13.5% for April-2025/May-2025, respectively.
- Company derives 60-65% of sales from top-10 products while ~15% from next-15 products and 20% from other products. The contribution has been largely stable in the last 12 months.
- In the Exports formulation business, key markets include US, UK, New Zealand, Malaysia, Chile and the Netherlands. The company is expanding its presence in Europe, Asia-Pacific, and selective markets of Africa and Latin America.
- Apart from the top three, which are Electral, Zifi and Enerzal, and the brands such as Zifi CV, Vitcofol, Zathrin, Zocon, Zifi-O, Simyl MCT and Flemiclav are in the Rs 50-100cr category.
- The company would increase its presence in Europe, Asia and select markets of Latin America and Africa in the medium to long term. FDC has a strong presence in the Ophthalmology area in the US market.
- Till 2-3 years back, the company had a heavy dependency on the top-3 brands at ~50%, however, it has gradually reduced and stands around 40%.
- Company had launched Nutraceutical business under Nutrica. Company has brands like Simyl MCT, Mum Mum, Humyl powder, Zefrich powder.
- Zifi has been consistent category leader in Cefixime with ~25% market share with second leading brand being Taxim-O. Enerzal enjoys market share of ~45% in Energy drinks category with second largest being ORS.
- H1 remains strong while H2 remains relatively weak. This is due to higher sales from Acute segment. Management stated that the goal is to reduce seasonality by entering new areas and launching new products.
- The company has been focusing more on areas such as cardio-diabetology and dermatology. It has also lined up new products (line extension) in its key therapeutic areas.
- FDC would invest Rs 80cr in capital expenditure for the ophthalmic line at the Waluj facility, and that is likely to be operational in the medium term. It is also setting up an office building at the Oshiwara (Mumbai) plot. Over the next 24 months, it will spend approximately Rs 200 crore on construction, among other expenses.

Key Triggers

Top brands continue to be a growth driver in the domestic business

FDC has a strong presence in the anti-infective, Oral Rehydration Salt (ORS), vitamin, dermatology, and nutraceutical segments, with well-known brands in the domestic market. Domestic business is anchored by a portfolio of leading brands including Electral, Enerzal, Vitcofol, Zifi, Zifi CV, Zocon, Zoxan, Zathrin, Zipod, Zefu, Simyl MCT and Mycoderm. Among these, Zifi has become synonymous with the product category while Electral and Enerzal, dominate their respective categories. We expect its top brands along with new launches to drive future growth in the domestic business. The brands such as Zifi CV, Vitcofol, Zathrin, Zocon, Zifi-O, Simyl MCT and Flemiclav are in Rs 50-100cr category.

The flagship product, Electral, dominates the Oral Rehydration Salt (ORS) market, commanding a market share of > 40%, where the ORS Powder Market share is at 70%. The company has a well-acclaimed ophthalmic portfolio featuring Moxifloxacin, Timolol, Latanoprost and Dorzolamide.

While the primary focus remains on India, the company has also presence in the United States, Europe, and Africa, where it provides high-quality pharmaceutical formulations and active pharmaceutical ingredients (APIs).

The company's brands span diverse therapeutic segments. In the ophthalmology segment, it enjoys legacy strength by being among the first to manufacture and market products using the advanced BFS (Blow, Fill, Seal) technology. The company has over 3,600 medical representatives across 10 divisions, marketing more than 130 products. Company continues its focus on growing its market share in Anti-infective, Gastroenterology and Vitamins and Dermatology area. FDC is venturing into newer therapeutic areas, such as Infant formulations, Nutraceuticals, Dermatology, Cardiology, and Anti-diabetic products, to diversify and drive growth. It is establishing a dedicated vertical to elevate brand recall and customer engagement, focusing on catering to higher brand recall requirements. The total field force stood at about 4,800, which includes the managers all put together, and in the last 12 months, there have been no significant changes.

With ~45% of the domestic business under price control, FDC plans to grow volumes, whereas competitors are looking to achieve growth through upward price revisions. Enerzal and Electral have established themselves as wellness brands and are over-the counter products (OTC). The company continues to invest in enhancing brand visibility and customer outreach. The company has launched innovative tetra pack variants of Electral, a ready-to-drink ORS solution to meet evolving preferences. It has also launched Enerzal in 500 ml PET bottles and a zero-sugar variant called Enerzal Zero in 400 ml PET bottles, thus expanding its direct-to-consumer portfolio. We estimate a 10% CAGR in the domestic formulations business over FY25-27E.

Export formulations business

FDC has built a strong reputation for its products in the Ophthalmic and ORS categories, which in turn drives its extensive reach and penetration across continents. FDC was the first Indian company to introduce sterile ophthalmic products using BFS technology in the UK. A primary advantage of this technology is that it reduces human intervention, which lowers the risk of microbial contamination and foreign particulates. The company exports its pharmaceutical formulations in over 50 countries with key being US, Denmark, UK, Africa, Middle East and Asia. The company has filed several ANDAs and intends to focus more on R&D. The Company spends 2-2.5% of sales on R&D, and that is likely to continue.

The company is confident of sustained growth in the US, its key market, despite the prevailing challenges. In the US, few of the major setback are: price erosion due to customer consolidation, tougher competition, and tight regulatory controls. In the export market, the key focus area has been Ophthalmology. The company has 8-9 approved ANDAs in the US, all in the Ophthalmology area. US business continues to remain a focus area for formulations exports, and the company has announced an investment of approximately Rs 80 crore to expand capacity and capability during FY23. FDC is in the process of expanding its production capacity by installing an additional BFS machine at the existing plant. This would help in catering to further pipeline export orders for the regulated market. This would largely drive growth from H2FY26E onwards. The company would also foray into new markets, introduce new products and increase penetration of existing products. We estimate a 14% CAGR in the export formulations business over FY25-27E.

The company continues to supply its anti-diarrheal and ophthalmic products to reputed global NGOs such as UNICEF-Denmark, WHO (through partners), and Government bodies in Africa, thereby maintaining its reputation of being among the preferred suppliers for emergency supplies worldwide. Company has also ventured into new markets such as Mauritius, Ghana, Nigeria, French West African nations in the African region and Uzbekistan, Kazakhstan, Oman, and UAE in the Middle East region and Asian markets.

In the US market, the company had registered weak numbers for FY22 due to reduced volumes, price erosion and also lower profit share. However, the business bounced back strongly in FY23 and FY24. The Export Formulation business reported a decline of 7% YoY primarily due to lower sales in the US market. Lower sales in US market were majorly due to regulatory issues. FDC has accreditations from the US FDA, UK MHRA, MCC-RSA, etc. FDC is a forerunner in manufacturing and marketing of Oral Rehydration Salts (ORS) and Ophthalmic Solutions. The company has also set up globally approved, multi-location manufacturing facilities for Active Pharmaceutical Ingredients (APIs) as well as Finished Dosage Forms. These facilities are located at Roha, Waluj and Sinnar in Maharashtra, Verna in Goa and Baddi in Himachal Pradesh.

Recent Update

In August-2024, US FDA had inspected manufacturing facility at Baddi, Himachal Pradesh which is dedicated for manufacturing Cephalosporin Oral dosage forms. In Nov-2024, the company said that the audit has been completed by the US FDA with No observations (Zero 483's). The

Inspection was carried out to the ANDA–Cefuroxime Proxetil tablets and the ANDA-Cefixime 400 mg Tablets. This bodes well for the export business.

In April 2025, the Board approved the proposal for the expansion of the Liquid Oral facility at the Company's Sinnar Plant. Existing capacity utilization was in the range of 70-80%. It is expected to invest Rs 140 crore through internal accruals. It is expected to be commissioned within the next 18-24 months.

Buyback at regular intervals and distributed Rs 630cr through the same

FDC has done buy backs five times in the past 6 years at prices ranging from Rs 350 to Rs 500 per share and distributed Rs 630cr among the shareholders.

In March 2018, the company bought back 34.2 lakh equity shares at Rs 350 per share and distributed Rs 120 crore to the shareholders. In July 2019, the company bought back 34.3 lakh equity shares at Rs 350 per share and spent Rs 120 crore. In September 2020, the company bought back 21.6 lakh equity shares at Rs 450 per share and distributed Rs 98 crore to the shareholders.

In April 2022, the company concluded the buyback of 29 lakh equity shares at Rs 475 per equity share through the tender offer route. It had spent Rs 138cr in the said buyback.

In August 2023, the company repurchased 31 lakh equity shares at Rs 500 per share and incurred an expenditure of Rs 155 crore in the said buyback.

As the company is implementing capex for export markets and also constructing an office in Mumbai, buybacks may not be as frequent as in the past.

IPM 2025 Update

India pharma market (IPM) grew 9.3% YoY in Mar-25, while for the March-2025 quarter, the growth stood at 7.3%.

For the quarter, therapeutic areas such as Cardiac reported a growth of 10%, Gastro at 10%, CNS at ~9%, while Pain Management, Vitamins, Dermatology and Anti-diabetic at 7% each.

For the 12 months ending in Mar'25, IPM grew 8% YoY, led by price/new launches/volume growth of 4.3%/2.3%/1.4% YoY. Indian Pharma Market (IPM) stood at ~Rs 2.35 lakh crore as on March-2025.

We expect IPM to grow at a healthy 8-10% in FY26, supported by healthy volume growth and new launches. However, the muted volume growth remains a concern, given strong competition from Jan Aushadhi and trade generics. With Jan Aushadhi's rapid expansion plan (~15000+ stores now), there is a risk of this hitting IPM swelling further.

IPM Q1FY26 update
IPM reported growth of 7.4% in Apr-2025 on a base of 9.5% growth in Apr-2024. Chronic reported 9% growth while Acute at 6% for the month.
IPM growth in MAT Apr-2025 stood at 7.9% YoY, with volume contributing 130 bps, much higher than the nil contribution in MAT Apr-2024. The pricing contributed to the bulk of the growth, volume traction in the end-market still remains sluggish.
J B Chemicals and Dr. Reddy's reported 12% growth while Sun Pharma, Torrent Pharma and Abbott at ~10% each and Zydus Life and FDC at 6% each for the month.

India Pharma Market (IPM) grew 6.9% YoY in May 2025 vs. 10% in May 2024. The growth was driven by strong outperformance in cardiac, respiratory, and anti-diabetic therapies, which outperformed IPM by 470bps/350bps/190bps.
Acute therapy growth stood at 5% in May 2025 vs. 9% in May 2024 and 6% Apr-2025 2025, the second consecutive month of muted YoY growth.
In May'25, Indian companies grew 6.6%, while MNCs reported 8.4% YoY growth.
FDC reported a growth of 6.2% for April-2025 and 5.5% for May-2025. Volume growth stood at ~20% for April while 13.5% for May-2025.

One of the key reasons for muted branded IPM volume growth is the continued traction in alternative channels, including Jan Aushadhi, trade generics, and private generic pharmacy chains. With Jan Aushadhi's rapid expansion plan (15000+ stores now), there is a risk of this hit on IPM swelling further. The current domestic players' valuation implies the ongoing steady decline in the share of branded generics to continue; however, it doesn't factor in significant growth deceleration in the next few years.

Jan Aushadhi/Pradhan Mantri Bhartiya Jan Aushadhi Pariyojna (PMBJY)
Generic-generics market forms a small segment of IPM (about Rs 10,000 crore) dominated by Cipla, Alkem, Mankind etc. Jan Aushadhi scheme under the Government of India has been relaunched as Pradhan Mantri Bhartiya Jan-Aushadhi Pariyojana (PMBJP) in Nov-2016 to provide quality medicines at affordable prices (by at least 50% and in some cases up to 80-90%).

The objectives of the Jan Aushadhi scheme include Providing quality medicines, consumables, and surgical items at affordable prices to reduce out-of-pocket expenses for consumers and patients. Popularizing generic medicines among the masses and dispelling misconceptions about their quality and effectiveness and generating employment opportunities by engaging individual entrepreneurs in the establishment of PMBJP Kendras.

The government's focus has been on incrementally bringing down healthcare prices in India, mainly by pushing generic products through Jan Aushadhi stores, where prices are usually at 20-30% of branded products. As on Mar-2025, the government has operationalised about 16,000

Jan Aushadhi Kendras with products comprising 1,800+ lifesaving medicines and ~300 surgical, nutraceuticals and medical devices, at 60-80% cheaper than the branded ones. The scheme aims to increase its product basket to 2,100 medicines and 310 surgicals, medical consumables, and devices.
For further expansion of the scheme, the government has set a target of 25,000 Jan Aushadhi Kendras (JAKs) by March, 2027. This may have an impact on the company's domestic business as it has a strong presence in the branded generic space.

Jan Aushadi Kendras reported sales of Rs 893cr in FY22, Rs 1236cr in FY23 and it was up 19% YoY at Rs 1470cr for FY24 while it stood at Rs 1800cr+ for FY25.
scale-up. A significant scale-up of this may hurt branded players. The government's focus has been on incrementally bringing down healthcare prices in India, mainly by pushing generic products through Jan Aushadhi stores, where prices are usually at 20-30% of branded products. As on Jun-2024, the government has operationalised about 12,500 Jan Aushadhi Kendras with products comprising 1,800+ lifesaving medicines and ~300 surgical, nutraceuticals and medical devices, at 60-80% cheaper than the branded ones.

Key Concerns

Regulatory overhang: The Drug Price Control (Amendment) Order limits price increases in schedule drugs mentioned in the National List of Essential Medicines (NLEM). While it has been observed that competitive forces in the market have been more effective in controlling prices, amendments in the list will continue to pose challenges for the industry.
Concentration Risk: The company derives ~70%+ of its business from therapeutic areas (i.e. Gastro, VMN, Anti-Infective). Any adverse news flow or heightened competition may lead to lower growth.
The company has a strong presence in the acute therapeutic area in the domestic market (70%+ of revenue), which is seasonal in nature.
Elevated price erosion in the US generic business could hurt the performance. Incremental competition in existing key products in the US business may impact growth. US business declined 54% YoY during FY22 due to price erosion and competitive environment; however, US revenue grew significantly in FY23 and reported healthy growth in FY24. Lower-than-expected growth in the US business could hurt revenue and profitability.
Any slowdown in IPM growth, delay in new launches and sales ramp-up of new products may hurt its earnings.

Company Background

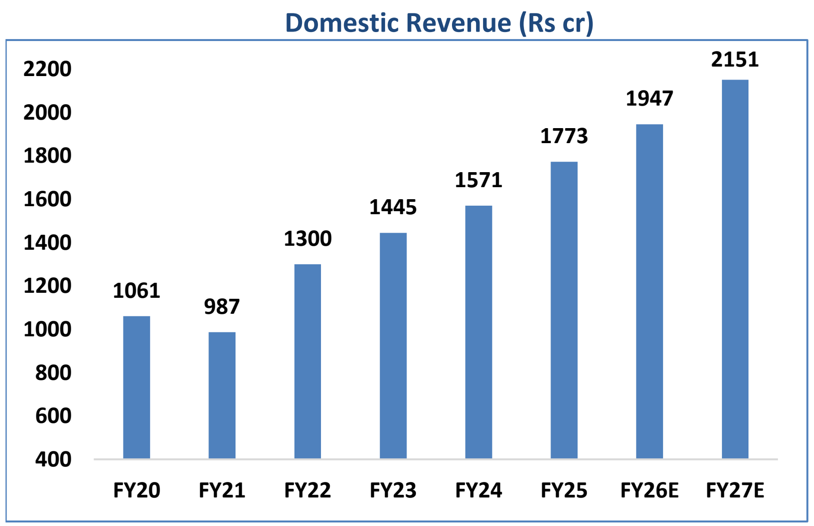
FDC was established in the year 1936 as a partnership firm. In 1940, the partnership firm was incorporated as a private limited company - Fairdeal Corporation (Private) Limited, and in 1986, its name was changed to FDC Private Limited. FDC is one of the leading players in the manufacturing and marketing of Oral Rehydration Salts (ORS), anti-infective and ophthalmic. In 1972, FDC entered into an agreement with Electral for oral rehydration salts (ORS). The product was introduced as a substitute to IV fluids and it has become a household name in the last 35+ years.

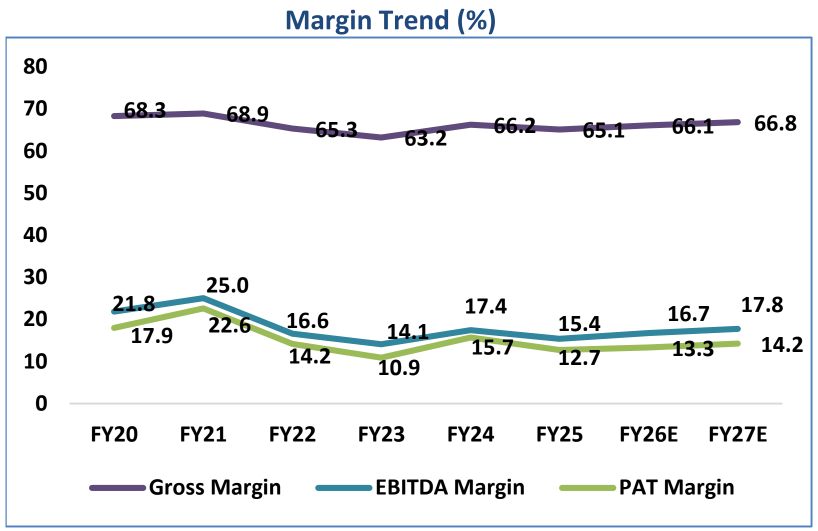
FDC has also set up globally approved, multi-location manufacturing facilities for Active Pharmaceuticals Ingredients (APIs) as well as Finished Dosage Forms. These facilities are located at Roha, Waluj and Sinnar in Maharashtra, Verna in Goa and Baddi in Himachal Pradesh. FDC markets over 300 products in India and exports many of these to more than 50 countries.

FDC strives to explore, innovate and integrate solutions with modern technology, empowering talent and expanding healthcare horizons for a better quality of life to millions globally. The company has presence in various therapeutic segments, such as anti-infective, gastrointestinal, ophthalmology, vitamins (VMN), dietary supplements, anti-diabetes, gynaecology, dermatology, and others. The company's products are sold under brand names, Electral, Enerzal, Vitcofol, Zocon, Zoxan, Zathrin, Zifi CV, Amodep AT, Cotaryl and Mycoderm.

FDC has seven manufacturing plants located at five locations, such as Waluj, Baddi, Roha, Sinnar and Goa. It has R&D Centre at Kandivali, Mumbai. Company exports its products to 50+ countries with key being US, Europe, Ethiopia and New Zealand. Company spends 2-2.5% of revenue as R&D expenses. In FY23/FY24, R&D expenses were at Rs 39.7cr/Rs 40cr or 2.2% of sales. During FY25, API business increased 21% YoY at Rs 112 crore. The company is setting up an office building at its Oshiwara, Jogeshwari (Mumbai) plot for approximately Rs 200 crore.

(Source: Company, HDFC sec)





(Source: Company, HDFC sec)

Financials (Consolidated)

Income Statement

(Rs Cr)	FY22	FY23	FY24	FY25	FY26E	FY27E
Net Revenue	1528	1784	1943	2108	2326	2593
Growth (%)	14.6	16.7	8.9	8.5	10.3	11.5
Operating Expenses	1274	1533	1605	1783	1937	2133
EBITDA	**254**	**251**	**338**	**325**	**389**	**460**
Growth (%)	-24.0	-1.2	34.8	-4.0	19.8	18.4
EBITDA Margin (%)	**16.6**	**14.1**	**17.4**	**15.4**	**16.7**	**17.8**
Depreciation	37	39	40	54	58	61
EBIT	217	212	298	271	331	399
Other Income	76	50	102	91	86	97
Interest expenses	3.1	4.0	4.0	3.8	2.8	1.8
PBT	289	258	396	358	414	495
Tax	73	64	91	91	105	125
RPAT	**216**	**194**	**305**	**267**	**309**	**369**
Growth (%)	-28.2	-10.3	57.3	-12.4	15.5	19.6
EPS	12.8	11.7	18.7	16.4	19.0	22.7

Balance Sheet

As at March	FY22	FY23	FY24	FY25	FY26E	FY27E
SOURCE OF FUNDS						
Share Capital	16.9	16.6	16.3	16.3	16.3	16.3
Reserves	1940	1966	2081	2265	2510	2804
Shareholders' Funds	1957	1982	2097	2281	2526	2820
Long Term Debt	1	1	0	0	1	3
Net Deferred Taxes	-18	-30	-33	-49	-54	-58
Long Term Provisions & Others	25	38	43	48	51	56
Total Source of Funds	**1965**	**1990**	**2108**	**2281**	**2525**	**2821**
APPLICATION OF FUNDS						
Net Block & Intangibles	810	897	941	988	1037	1046
Non Current Investments	385	349	393	543	570	609
Long Term Loans & Advances	42	29	18	22	27	35
Total Non Current Assets	**1236**	**1275**	**1352**	**1553**	**1634**	**1690**
Current Investments	501	457	450	485	515	538
Inventories	305	329	389	375	414	468
Trade Receivables	82	123	117	109	129	149
Short term Loans & Advances	2	2	3	2	3	6
Cash & Equivalents	39	25	26	52	136	307
Other Current Assets	72	89	81	66	77	92
Total Current Assets	**1001**	**1027**	**1067**	**1089**	**1275**	**1561**
Trade Payables	137	178	186	205	212	235
Other Current Liab & Provisions	99	109	105	132	145	161
Short-Term Provisions	36	24	19	24	29	33
Total Current Liabilities	**272**	**311**	**311**	**361**	**386**	**429**
Net Current Assets	729	716	756	728	890	1132
Total Application of Funds	**1965**	**1990**	**2108**	**2281**	**2525**	**2821**

(Source: Company, HDFC sec)

Cash Flow Statement

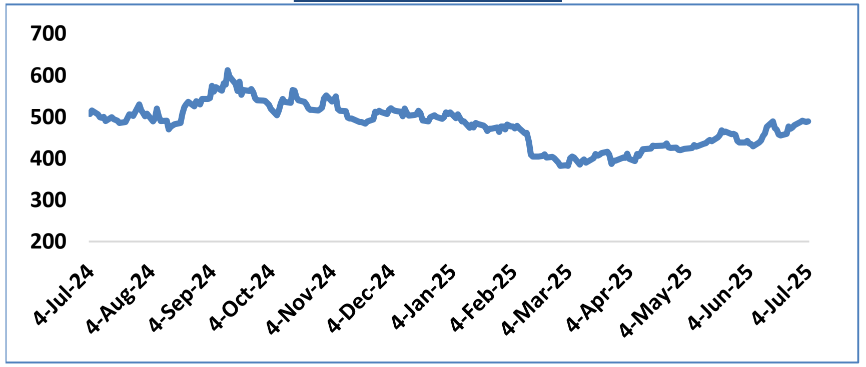
(Rs Cr)	FY22	FY23	FY24	FY25	FY26E	FY27E
Reported PBT	289	258	396	358	414	495
Non-operating & EO items	-76	-50	-102	-91	-86	-97
Interest Expenses	3	4	4	4	3	2
Depreciation	37	39	40	54	58	61
Working Capital Change	-13	-19	-14	96	-78	-71
Tax Paid	-80	-78	-104	-103	-105	-125
OPERATING CASH FLOW (a)	**162**	**155**	**221**	**318**	**205**	**264**
Capex	-127	-113	-69	-91	-108	-70
Free Cash Flow	35	42	152	227	97	194
Investments	-94	74	-50	-199	-36	-49
Non-operating income	76	50	102	91	86	97
INVESTING CASH FLOW (b)	**-145**	**11**	**-17**	**-200**	**-58**	**-21**
Debt Issuance / (Repaid)	-7	-7	-6	-7	3	5
Interest Expenses	-3	-4	-4	-4	-3	-2
FCFE	25	31	142	216	97	197
Share Capital	0	0	0	0	0	0
Dividend/Buyback	0	-169	-192	-81	-64	-75
FINANCING CASH FLOW (c)	**-10**	**-180**	**-202**	**-92**	**-64**	**-72**
NET CASH FLOW (a+b+c)	**7**	**-14**	**2**	**26**	**84**	**171**

Key Ratios

	FY22	FY23	FY24	FY25	FY26E	FY27E
Profitability (%)						
Gross Margin	65.3	63.2	66.2	65.1	66.1	66.8
EBITDA Margin	16.6	14.1	17.4	15.4	16.7	17.8
EBIT Margin	14.2	11.9	15.4	12.9	14.2	15.4
PAT Margin	14.2	10.9	15.7	12.7	13.3	14.2
RoE	11.7	9.9	15.0	12.2	12.8	13.8
RoCE	10.8	10.4	13.8	11.5	12.7	13.8
Solvency Ratio (x)						
Net Debt/EBITDA	-2.1	-1.9	-1.4	-1.7	-1.7	-1.8
D/E	0.0	0.0	0.0	0.0	0.0	0.0
Net D/E	-0.3	-0.2	-0.2	-0.2	-0.2	-0.3
PER SHARE DATA (Rs)						
EPS	12.8	11.7	18.7	16.4	19.0	22.7
CEPS	15.0	14.0	21.2	19.7	22.5	26.5
BV	116	119	129	140	155	173
Dividend	0.0	0.0	0.0	5.0	3.8	4.5
Turnover Ratios						
Debtor days	20	25	22	19	20	21
Inventory days	62	65	67	66	65	66
Creditors days	59	66	66	67	65	66
VALUATION (x)						
P/E	38.1	41.7	26.0	29.7	25.7	21.5
P/BV	4.2	4.1	3.8	3.5	3.1	2.8
EV/EBITDA	32.3	32.7	24.3	25.3	21.1	17.8
EV/Revenue	5.4	4.6	4.2	3.9	3.5	3.2
Dividend Payout (%)	0.0	0.0	0.0	30.4	20.0	19.8

(Source: Company, HDFC sec)

One year price chart



(Source: Company, HDFC sec)

Kushal Mahendra Rughani

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HDFC sec Prime Research rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

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