

Symbiotec Pharmalab Ltd – IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
24 August 2026	27 August 2026	₹938-988	Subscribe

Investment Summary

Symbiotec Pharmalab Limited is a research-driven pharmaceutical and biotechnology company with a strong global franchise in corticosteroid and steroidal-hormone APIs, supported by deep backward integration, differentiated chemistry capabilities and a long-standing customer base across regulated markets. Its established API business provides a solid earnings foundation, while recent investments in fermentation, biologics, CDMO and complex injectables create meaningful medium-term growth optionality and the potential to improve asset utilisation as new capacities commercialise. The company also benefits from a strong regulatory track record, high customer stickiness and significant in-house control over key starting materials, which support supply reliability and operating resilience. However, the current business remains concentrated in APIs and a relatively limited set of key products and customers, while the newer Ujjain and Mhow platforms are still at an early stage of commercial ramp-up and remain dependent on timely regulatory approvals, customer onboarding and successful scale-up. Future performance should therefore be monitored through the pace of commercialisation of new capacities, growth in CDMO and complex injectables, improvement in reported return ratios as recently commissioned assets mature, and continued regulatory compliance across key markets. Considering the quality of the core franchise and the visible optionality from already-created capacities, we adopt a **Subscribe** stance for medium-to-long-term investors, with further upside dependent on successful execution of the company's next phase of growth.

Company Overview

Symbiotec Pharmalab Limited is an R&D-driven pharmaceutical and biotechnology company with capabilities across **organic chemistry, biotechnology and complex injectables**. The company has a global leadership position in corticosteroid and steroidal-hormone APIs, with FY26 global volume market shares of **38.2% and 23.8%**, respectively, and is the only company globally with a presence across the top 10 corticosteroid and steroidal-hormone APIs. Its portfolio comprises **over 60 APIs**, including Hydrocortisone, Betamethasone, Methylprednisolone, Progesterone, Estrogen and Testosterone. As of March 31, 2026, Symbiotec had aggregate manufacturing capacities of **584.67 MT of chemical synthesis, 700 KL of fermentation and 20 million complex-injectable vials annually**, and catered to over **200 customers across more than 40 countries**, with international markets contributing **67.04% of FY26 revenue**.

Business Model

Symbiotec operates across three complementary verticals—API products, CDMO services and complex injectables. APIs remain the core business, contributing 96.07% of FY26 revenue, while complex injectables and CDMO services contributed 3.80% and 0.13%, respectively. The API portfolio primarily comprises corticosteroids, steroidal hormones and fermentation-based APIs, which are supplied to generic and specialty pharmaceutical companies across India, Europe, the US and other international markets.

The company follows a highly backward-integrated “farm/microbe-to-pharmacy” model, using fermentation and complex chemical synthesis to convert plant-derived raw materials and microbial strains into steroid and hormone precursors and ultimately finished APIs. This integration allows Symbiotec to internally manufacture or selectively procure key starting materials for products representing over 80% of its portfolio by revenue, reducing dependence on imported intermediates and providing greater control over costs, quality and supply continuity.

Alongside its own API portfolio, Symbiotec is expanding into higher-value CDMO and complex-injectable businesses. Its Ujjain facility provides a platform for fermentation-based pharmaceutical, nutraceutical and other biotechnology CDMO opportunities, while the Mhow facility has been developed for differentiated injectables such as double-chamber vials, bags and syringes. Through these capabilities, the company aims to provide customers an integrated offering extending from API development and manufacturing to finished complex injectable products.

Financial Performance

- **Revenue CAGR ~ (FY24–FY26): ~10.16%**, with revenue from operations increasing from ₹716.25 Cr in FY24 to ₹869.15 Cr in FY26, supported by growth in the core API business and commencement of complex-injectable revenues.
- **EBITDA growth** ₹177.04 Cr (FY24) → ₹206.11 Cr (FY25) → ₹231.97 Cr (FY26), while margins are at ~26.69% in FY26.
- **PAT trajectory:** ₹100.06 Cr (FY24) → ₹96.79 Cr (FY25) → ₹109.90 Cr (FY26) with a 12.64% margin.
- **Return metrics:** Reported ROCE stood at 11.56% in FY26, while adjusted ROCE excluding capital employed in the yet-to-be-fully-commercialised Knovea and Zenfold businesses improved from 24.59% to 30.43% over FY24–FY26.
- **Balance sheet:** Net worth ₹1,158.64 Cr, Net Debt/EBITDA ~1.64×, net cash from operating activities ₹174.59 Cr
- **Key ratios:** Basic EPS ₹17.82, NAV per share ₹184.69.

Financial Snapshot

Metric	INR CR		
	FY24	FY25	FY26
Revenue from Operations	716.25	751.55	869.15
EBITDA	177.04	206.11	231.97
EBITDA Margin	24.71%	27.42%	26.69%
Profit After Tax (PAT)	100.06	96.79	109.90
PAT Margin	13.97%	12.87%	12.64%
Basic EPS (₹)	16.22	15.69	17.82

Investment Rationale

1. Global Leadership in Corticosteroid and Steroidal-Hormone APIs:

Symbiotec holds a global volume market share of 38.2% in corticosteroid APIs and 23.8% in steroidal-hormone APIs and is the only company globally with a presence across the top 10 APIs in these categories. Its portfolio comprises over 60 corticosteroid and hormonal APIs, covering approximately 90% of the market, while it commands particularly high FY26 volume shares in Hydrocortisone (80.1%), Testosterone (76.4%) and Methylprednisolone (76.0%).

2. Backward-Integrated Manufacturing Provides Cost and Supply Advantages:

The company operates a vertically integrated "farm/microbe-to-pharmacy" platform, combining fermentation, biotransformation and complex chemical synthesis. It can undertake strategic make-versus-buy decisions for KSMs representing over 80% of its portfolio by revenue, reducing dependence on externally sourced and imported intermediates while improving control over costs, quality and supply continuity.

3. Sticky Global Customer Base with Significant Export Exposure:

As of March 31, 2026, Symbiotec served over 200 customers across more than 40 countries, including more than 150 export customers and leading generic and specialty pharmaceutical companies. International markets contributed 67.04% of FY26 revenue, while the top five customers have had an average relationship tenure of more than ten years, reflecting high switching costs associated with complex APIs, regulatory validations and supplier qualification.

4. Large Multi-Scale Manufacturing Platform with Strong Regulatory Credentials:

Following recent investments, Symbiotec has aggregate capacities of 584.67 MT of chemical synthesis, 700 KL of fermentation and 20 million complex-injectable vials annually. Its Rau and Pithampur facilities have approvals including US FDA, EU-GMP and WHO-GMP, and the company completed 11 regulatory and over 90 customer inspections during the last three fiscals, supporting its ability to supply regulated global markets.

5. **R&D-Led Expansion into Higher-Value CDMO, Biologics and Complex Injectables:**

Symbiotec operates three dedicated R&D centres and has invested consistently in complex chemistry, fermentation and drug-device technologies. Its growth pipeline includes GLP-1 and insulin-related biologics, classical fermentation APIs, precision-fermentation products and complex double-chamber injectables. The company has also entered into multi-year arrangements including a five-year insulin drug-substance agreement and ten-year take-or-pay contracts for fermentation-based APIs and alternate proteins, providing potential visibility as these businesses scale.

6. **Healthy Profitability with Improving Underlying Capital Efficiency:**

Revenue and EBITDA grew at CAGRs of 10.16% and 14.47%, respectively, between FY24 and FY26, while gross margin expanded by over 850 bps to 63.70%. Although reported ROCE remains suppressed by sizeable investments in facilities that are not yet fully commercialised, adjusted ROCE increased from 24.59% in FY24 to 30.43% in FY26, indicating stronger returns from the mature operating asset base.

Key Risk Factors

1. **High Dependence on APIs and Key Products:**

Symbiotec remains highly dependent on its core API business, which contributed 96.07%, 99.10% and 100% of revenue from operations in FY26, FY25 and FY24, respectively. Further, its top five APIs contributed 62.27% of FY26 revenue, exposing the company to changes in demand, pricing pressure or production disruptions affecting a relatively concentrated set of molecules.

2. **Regulatory and Manufacturing Compliance Risk:**

The company operates in a highly regulated pharmaceutical industry, with its manufacturing facilities subject to periodic inspections by authorities including the US FDA and EU regulators as well as customers. Any manufacturing or quality-control failure, adverse regulatory observation, suspension of approvals or inability to maintain required certifications could disrupt production, restrict access to regulated markets and materially affect revenue and profitability.

3. **Significant Customer Concentration:**

Symbiotec derives a substantial portion of its business from a limited number of customers, with its top ten customers accounting for 57.59% of product revenue in FY26, compared with 55.90% in FY25 and 61.65% in FY24. Loss of a major customer, reduction or delay in orders, pricing renegotiations or customer-specific issues could therefore materially affect revenues and capacity utilisation.

4. **Dependence on Third-Party Raw Material Suppliers:**

Despite its backward integration, Symbiotec continues to procure certain raw materials from third parties without long-term supply agreements. Its top ten suppliers accounted for 25.50% of total expenses in FY26, while certain inputs are sourced internationally, including from China and the US. Supply disruptions, higher raw-material prices or inability to pass cost increases to customers could adversely affect production and margins.

5. **Execution Risk in New Products and Complex Injectables:**

Future growth increasingly depends on successful commercialisation of newer CDMO, biologics and complex-injectable offerings. The company has invested ₹391.92 Cr in the Mhow complex-injectables facility, capable of producing 20 million DCVs annually, but several regulatory approvals are still being pursued and commercial scale-up is yet to be established. Delays in regulatory approvals, customer acquisition or product commercialisation could result in under-utilisation of newly created capacity and weaker returns on the significant capital invested.

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Symbiotec Pharmalab Ltd.
IPO Issue Size	Total Issue Size: ₹1,757.00 Cr Fresh Issue of ₹150 Cr & OFS of ₹1,607 Cr
Price Band	₹938 – ₹988 per share
Face Value	₹2 per share
Post-Issue Market Cap	Approx. ₹6244 Cr
IPO Opening Date	24 August 2026
IPO Closing Date	27 August 2026
Listing	NSE / BSE
Promoter Holding (Pre/Post)	Pre-IPO: ~ 36.40% → post-IPO: ~ 33.28%
Book Running Lead Managers	JM Financial Limited. Aventus Capital Private Limited Motilal Oswal Investment Advisors Limited Nomura Financial Advisory and Securities (India) Private Limited
Use of Proceeds	- Prepayment and/or repayment, in full or in part, of all or a portion of certain outstanding borrowings availed by our Company (~112.5 Cr) - General Corporate Purposes

Valuation and Outlook

At the upper price band of ₹988 per share, Symbiotec Pharmalab Limited is valued at a **post-issue market capitalisation of approximately ₹6,244 crore**. Based on FY26 post-issue EPS of approximately **₹17.39**, the stock is offered at a P/E multiple of **~56.8×**, which could moderate to around ~54-55× on a pro-forma basis after considering the potential finance-cost savings from the proposed ₹112.5 crore debt repayment. This compares with FY26 P/E multiples of approximately 61.1× for Concord Biotech, 87.8× for Divi's Laboratories, 95.0× for Cohance Lifesciences and 109.4× for Laurus Labs, resulting in an RHP peer average of around 88.3×. While Symbiotec's global leadership in corticosteroid and steroidal-hormone APIs, backward-integrated manufacturing platform and significant already-created fermentation and complex-injectable capacities provide strong medium-term earnings optionality, the valuation is not inexpensive on trailing earnings given its modest historical PAT growth, FY26 RoNW of 9.48% and the still-early commercialisation of its CDMO and complex-injectables businesses. Overall, we believe the IPO is reasonably valued rather than materially undervalued, with potential for earnings-led re-rating as new capacities scale, and accordingly assign a **"Subscribe"** rating subject to successful commercialisation of the company's new growth platforms.

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Registration and Contact Details: Name of Research Analyst - Mangal Keshav Financial Services LLP, Research Analyst
Registration No.: INH000018319.

LLPIN: AAM-3358

Registered Office: 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

Correspondence/Administrative Office Address - 501, Heritage Plaza, JP Road, Opp Indian Oil Colony, Andheri West, Mumbai 400053.

TEL: 022 61907900