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FREDUN

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INNOVATIVE
HEALTHCARE
SOLUTIONS

Fredun Pharmaceuticals Ltd

BSE: 539730 Market cap: 800 Crs. CMP: 1700 Rs.

Initiating Coverage Report

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► Investment Thesis: Transitioning Toward a Scalable, Brand-Led Growth Story:

Fredun Pharmaceuticals Ltd. is undergoing a structural transformation from a contract-based exporter into a multi-vertical healthcare company with a strong domestic focus. The company has built its foundation on a robust export business catering to over 50 countries, but over the past few years, management has strategically diversified into higher-margin branded categories like generics, pet care, nutraceuticals, cosmeceuticals, and mobility products.

This shift has changed the business profile from volume-driven exports to brand-driven domestic growth, with operating leverage and margin expansion clearly visible. Fredun today stands as a self-sufficient, integrated pharmaceutical and wellness platform that combines product diversification, in-house manufacturing capability, and strong R&D execution.

► Key Drivers of the Investment Case:

Driver	Summary Insight
1. Balanced Portfolio Between Stability & Growth	- Vintage export business ($\approx 78\%$ of revenue) provides stable cash flows. - New-Age segments ($\approx 22\%$ in FY25) — Fredun Gx, Freossi, Fredun Nutrition, BeautyFred, BraceOn — drive domestic growth with $>50\%$ gross margins. - Management targets $>50\%$ branded business share by FY28, improving overall profitability.
2. Margin Expansion & Operating Leverage	- Gross margin expanded from 21% (FY22) to 27% (FY25). - Major capex complete; incremental revenue to flow directly to profits. - EBITDA margin guided to 15-18% by FY27-FY28.
3. Expanding Domestic Presence	- Subsidiaries (Freossi, Fredun Retail Pvt Ltd) drive entry into consumer healthcare. - Targeting 25-50 retail outlets by FY27. - Shifting from B2B export model to B2C branded model.
4. Strong Infrastructure & Regulatory Readiness	- WHO-GMP Palghar facility (1.63 lakh sq. ft.) operating at 60% utilization. - PIC/s accreditation expected by FY26; opens access to regulated markets. - Front-loaded capex ensures growth without new debt-heavy investment.
5. Working Capital Efficiency	- High inventory historically due to export model. - Domestic focus and digital processes to normalize working capital by FY27. - Expected to unlock internal cash flows and reduce short-term debt reliance.

► Valuation and Outlook:

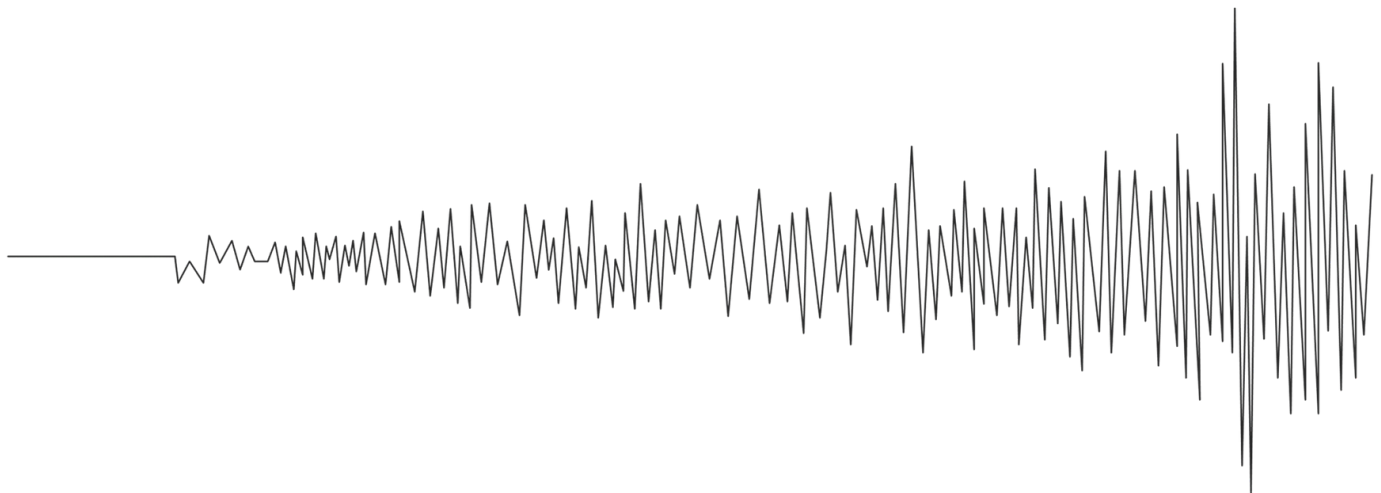
The company's valuation was analyzed using multiple methods Discounted Cash Flow (DCF), Reverse DCF, Exit Multiple, and Relative Valuation to build a holistic view of intrinsic worth and market-implied expectations.

In the Reverse DCF model, the current market capitalization of ₹729 crore and trailing twelve-month PAT of ₹22 crore imply a P/E of 32.6x. If an investor expects a 20% CAGR return over the next three years, the business must grow its PAT at approximately 27% CAGR. Assuming a median exit multiple of 27x, this translates to an exit market cap of around ₹1230-1250 crore and a FY28E PAT of ₹46 crore.

In simple terms, if Fredun sustains 27% PAT growth over the next three years consistent with management's 25-30% revenue CAGR guidance, investors can expect to compound returns at around 20% annually from current levels, validating the upside potential reflected by the reverse DCF output.

➤ Risks to Monitor:

Low ←————→ High



Execution Risk	Regulatory Approvals	Execution in New Segments	Input Cost Volatility	Working Capital Intensity
Management has strong delivery record	Delays impact product launches	Growth depends on consumer acceptance	Imported materials expose to fluctuations	Elevated levels impact cash flow

➤ Conclusion:

Fredun Pharma is moving up the pharmaceutical value chain from a third-party exporter to a brand-led healthcare company with multiple scalable verticals. Its front-loaded capex, strong regulatory foundation, and increasing domestic mix provide both earnings visibility and balance sheet comfort. With steady growth in the core business, margin expansion from new-age products, and strong operating leverage, Fredun is well-positioned for long-term compounding.

Thesis Summary: A structurally transforming mid-cap pharma player with visible earnings growth, improving capital efficiency, and multi-vertical expansion potential.

► How the company began

Fredun Pharmaceuticals was founded in 1987 by Mr Nariman Medhora and Dr Daulat Medhora, and was named after their son, Fredun. Before starting this company, they managed another firm called D.N. Pharma, whose operations were gradually merged into Fredun Pharmaceuticals as the new business took shape.

In 1994, the company transitioned from a private to a public limited firm and got listed on the Bombay Stock Exchange. Around the same time, it began commercial production at its main facility in Palghar, Maharashtra. Initially, Fredun operated as a contract manufacturer for larger pharmaceutical companies, gaining valuable experience in quality manufacturing processes. By 1996, the Palghar unit received WHO GMP certification, opening doors for exports to regions like East Africa.

Over the years, continuous investments in technology and infrastructure helped the company strengthen its manufacturing capabilities and meet global standards. A major turning point came in 2007 when Fredun Medhora, the founder's son, joined the business. Under his leadership, the company shifted focus from contract manufacturing to building its own branded products and expanding into new divisions.

Today, Fredun Pharmaceuticals is an established Indian formulation company committed to delivering accessible, effective, and affordable healthcare. Its vision is to become one of India's leading pharmaceutical manufacturers and a trusted name in producing innovative and quality medicines.

Particular	Note
Business divisions	Generics, Pet Healthcare, Nutraceuticals, Cosmeceuticals, and Fredun Mobility.
Registered products	697 global registrations (1200+ large pipeline).
Manufacturing area	163,000 sq.ft. manufacturing; 215,000 sq.ft. warehousing.
Employees	261 people.
Promoter holding	48.93%
Company scale	Revenues scaled from ₹25 crore (2015) to ₹450+ crore by FY2025 (long-term growth 30% CAGR).
Geographical revenue split	Domestic: 83% ; Export: 17% (The Company has presence across 52 countries.)

► Core Business Structure and Portfolio Diversification:

Fredun Pharmaceuticals is transforming its business model from a legacy export-based contract manufacturer (OEM/CMO) into a diversified, branded, and multi-vertical healthcare company. The company's operations are now divided into two key parts – **the Vintage Business and New-Age Segments.**

► Vintage Business – The Backbone:

Fredun's vintage business forms the backbone of its operations, **focusing on exporting general pharmaceutical formulations through branded generics and contract manufacturing.** This –

segment primarily covers products such as **antidiabetics, antiretrovirals, and antihypertensives**. It contributes around **66% of FY25 revenue** and is expected to grow steadily at **15–20% CAGR over the next 7–9 years, supported by over 1,290 product registrations in the pipeline**. The vintage business provides **stable cash flows** that help fund Fredun’s expansion into high-growth, consumer-focused segments.

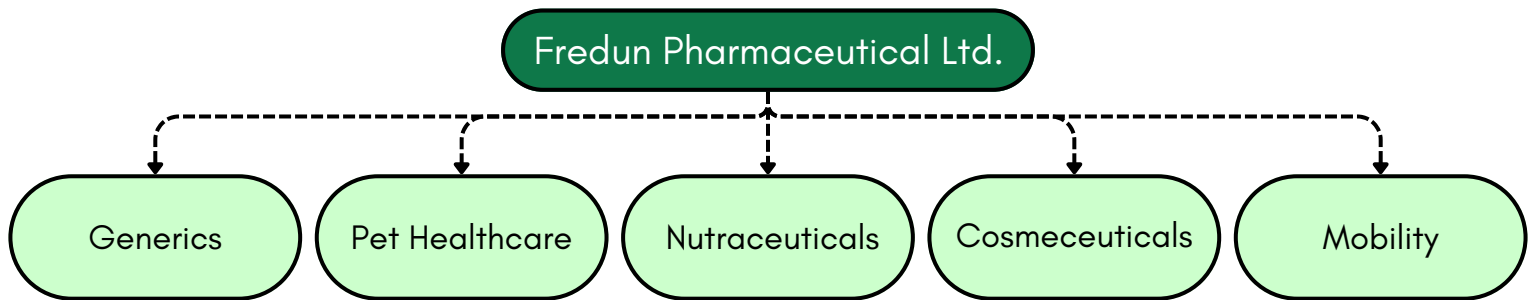
► New-Age Segments – The Growth Drivers:

The company is actively expanding into high-margin, consumer-driven verticals. Management aims for these segments to contribute over 50% of revenue by FY32, driving overall profitability improvement (target EBITDA margin of 14–16%).

Segment	Brand's	Key Focus Area	FY25 Revenue (%)	FY25 EBITDA Margin (%)	Growth Strategy
Generics (Domestic)	<i>Fredun Gx</i>	Branded generics for Indian markets.	~12%	~18%	Expanding across Tier 2–4 cities to reduce export dependence.
Pet Healthcare	<i>Freossi</i>	Complete pet care ecosystem supplements, feed additives, grooming, pharma, diagnostics (India’s first 24x7 pet diagnostic centre).	~7%	~23%	Building a full-stack pet care business; 35–40% CAGR expected.
Mobility Aids	<i>BraceOn, NebOn, DigiOn, Chuu Balm</i>	Orthopaedic supports, rehabilitation aids, pain relief (e.g., Chuu Balm).	~8%	40%+	Targeting sports and critical-care markets via existing channels.
Nutraceuticals	<i>Fredun Nutrition</i>	Herbal and natural supplements — focus on immunity, liver support, and fertility.	~5%	~28%	Ethical doctor-driven promotions to build premium brand equity.
Cosmeceuticals	<i>Bird N Beauty (BnB), BeautyFred</i>	Skin, hair, and body care; Emu Oil-based premium products.	~2%	24–26%	Focused digital and e-commerce marketing approach.

Fredun has a strong global presence with registered **products in 52 countries, mainly in Africa, Southeast Asia, the CIS, and Latin America**. While exports once accounted for **70% of sales, the company is now focusing on the Indian market, accounting for 86% domestic revenue**. They plan to improve cost efficiency and prioritize branded products, targeting a **25–30% revenue CAGR** and a **12–15% EBITDA margin by FY26**, with goals to **double revenue and PAT in the next 3–4 years**.

➤ Segmentation of Company:



➤ Indian Pharmaceutical Industry Overview

- **India's pharmaceutical industry is one of the largest in the world, ranking 3rd globally by production volume and 14th by value.** The sector has evolved into a key pillar of global healthcare, earning the title "Pharmacy of the World."
- **As of FY2024, the industry's market size stands at around USD 55-65 billion**, growing at a steady **10-12% CAGR since 2000**. India operates over 10,000 manufacturing units and more than 650 USFDA-approved plants, the second-highest globally.
- The domestic market is valued at USD 41 billion, driven by rising chronic diseases, better healthcare access, and increasing demand from Tier-2 and Tier-3 cities. The country supplies 20% of global generic medicines and over 60% of global vaccines, making it a crucial part of global healthcare supply chains.
- Key therapy areas such as cardiology, anti-diabetic, gastrointestinal, and oncology drugs show consistent double-digit growth. **Government initiatives like the Production Linked Incentive (PLI) Scheme and Jan Aushadhi have further strengthened local manufacturing and affordability.**

Source: IBEF (2024), RBSA Advisors (2023), Brickwork Ratings (2024), Pharmexcil (2025), Bain & Company (2024), PIB India, and IQVIA

Segment-wise Deep Dive

➤ Generics (formulations & exports):

- India is the world's largest supplier of generic medicines, forming the backbone of its pharmaceutical industry. **The Indian generic drugs market is valued between USD 24.9-28.1 billion (2024) and is projected to reach USD 35.6 billion by 2030 and USD 51.5 billion by 2033, growing at around 6-7% CAGR.**
- The **branded generics sub-segment alone generated USD 22.7 billion in 2021 and is expected to reach USD 41.9 billion by 2030 (7% CAGR).** Exports of generics have also **increased from USD 14-16 billion (FY 2019) to USD 22.9 billion (FY 2025).**

Major therapy areas driving this growth include:

- Cardiology: 10.7-11% YoY growth; market size above INR 30,000 crore.
- Anti-Diabetic: 16% CAGR; market expected to rise from INR 316 billion (2023) to INR 1,202 billion (2032).
- Oncology and Anti-Infectives: 10-12% YoY growth; 19.6% market share in 2024.
- Globally, the generic drug market is worth USD 413.6 billion (2024) and expected to reach USD 508.8 billion by 2029 (4.2% CAGR), driven by patent expiries and rising chronic disease cases.
- Overall, India's cost-efficient production, patent expiries, and export strength make its branded generics segment a key growth engine for the pharmaceutical industry.

➤ Pet Healthcare and Animal Pharmaceuticals:

India's pet care and animal-health sector has developed rapidly due to rising pet ownership, urban lifestyles, and growing awareness about animal well-being. The industry includes pet pharmaceuticals, nutraceuticals, grooming products, pet food, and veterinary services.

Segment / Category	Reported Value
Overall Pet Care Market (2024)	INR 30,434 crore $\approx$ USD 3.6 bn
Pet Products Market (2024)	USD 628.15 m
Pet E-Commerce (2023)	USD 2,214.3 m
Veterinary Pharma (2024)	USD 1,155.8 m (IMARC)
Animal Health Overall (2024)	USD 1.97 bn
Pet-Food Retail (2018 $\rightarrow$ 2023)	USD 245.4 m $\rightarrow$ USD 629.6 m
Pet Population (2016 $\rightarrow$ 2025)	10 m $\rightarrow$ 100 m
Veterinary Infrastructure (FY 2022)	> 12,000 hospitals; ~68,000 institutions; 81,938 practitioners
Pet-Pharma Share of Market	42.55 % of animal-health

Sources: IBEF, IMARC, TechSci Research, Transparency Market Research, Grand View Research, Mordor Intelligence, Government of India (FY 2022).

➤ Nutraceuticals:

- **The global nutraceuticals market is valued at USD 488.41 billion in 2024 and is projected to reach USD 626.02 billion by 2029, growing at a 5.09% CAGR.**
- India represents one of the fastest-growing markets within this space. **The Indian nutraceutical industry integrates food, pharmaceuticals, and biotechnology to promote preventive healthcare through dietary supplements, functional foods, beverages, and herbal products.**
- **As of 2024, India's nutraceutical market stands at USD 32 billion, accounting for about 9% of global market value, and is expected to expand at a 13.5% CAGR (2024–2030).** The market is driven by rising health awareness, increasing cases of lifestyle-related diseases, higher disposable incomes, and a growing preference for natural and Ayurvedic products.
- Functional beverages and dietary supplements dominate market share, while demand for **herbal and plant-based formulations is rising rapidly. The sector is also seeing innovation in new formats such as gummies, snack bars, and fortified foods.** E-commerce growth, especially across Tier 2 and Tier 3 cities, is improving accessibility.
- Despite regulatory hurdles and seasonal demand variations, India's nutraceutical sector continues to expand strongly, supported by product innovation, mergers and acquisitions, and stricter quality regulations. The overall outlook remains positive, with growing emphasis on natural, preventive, and personalized nutrition.

Sources: Grand View Research (2024), IMARC Group (2024), Mordor Intelligence (2024), IBEF (2024), Company Report.

➤ Cosmeceuticals and Dermaceuticals:

- **The global cosmeceutical market is valued at USD 180.67 billion in 2024 and is projected to reach USD 248.70 billion by 2029, growing at a 6.6 % CAGR.** Cosmeceuticals represent a convergence of cosmetics and pharmaceuticals, featuring biologically active ingredients that provide therapeutic benefits for skin and hair health. Unlike traditional beauty products, they target the root causes of ageing, pigmentation, acne, and scalp issues, bridging the gap between beauty and dermatology.
- **Growth is fueled by rising disposable incomes, an ageing population, increased awareness of skin and hair disorders, and a strong preference for natural and plant-based ingredients.** The Asia-Pacific region, led by India, China, and Japan, is witnessing the fastest expansion due to rapid urbanization, social-media influence, and technological innovation in skincare.
- In India, **consumers are shifting from ordinary cosmetics to clinical-grade cosmeceuticals that deliver long-term skin and hair health results.** The market benefits from the growing adoption of Ayurvedic ingredients, CBD-infused products, and vegan formulations. **E-commerce platforms such as Nykaa, Amazon, Purplle, and Meesho are expanding access across Tier-2 and Tier-3 cities, while offline sales continue through pharmacies, dermatology clinics, and speciality stores.**

Category / Segment	Reported Data
India Market Size	USD 1,645 m (2024) → USD 2,272.7 m (2030) CAGR 5.4 %
Dermacosmetics (Skincare)	USD 256.2 m (2023); CAGR 10.3 % (2024-2030)
Broader Skincare Market	USD 2.96 bn (2024) → USD 7.11 bn (2030); CAGR 15.78 %
Leading Sub-Segments	Skin-shine & Acne care, Hair care, Anti-ageing solutions
Key Growth Drivers	Aging population, higher incomes, pollution effects, Ayurvedic & natural products, e-commerce expansion
Popular Active Ingredients	Vitamin B3 (Niacinamide), Ginkgo biloba, Ginseng, Green tea, Bio-collagen (plant-based 2025 launch)

Sources: Grand View Research (2024); IMARC Group (2024); TechSci Research (2024); Transparency Market Research (2023); IBEF (2024).

➤ Mobility Aids:

- The mobility aids segment includes products such as **wheelchairs, walkers, canes, crutches, and assistive devices that help people with movement difficulties.** These devices are essential for the elderly, accident victims, and individuals with physical disabilities, supporting independence and recovery.
- **In 2024, India’s mobility aid medical devices market was valued at USD 253.25 million and is expected to reach USD 390.30 million by 2030, growing at a 7.5% CAGR.** Growth is driven by an **aging population, rising disability awareness, road and sports injuries, and supportive government programs such as the Accessible India Campaign and the ADIP Scheme.**

- New technologies like **ergonomic designs, lightweight materials, and smart mobility devices** are improving product comfort and accessibility. However, challenges remain in rural availability and healthcare infrastructure.

Generics



Pet Healthcare



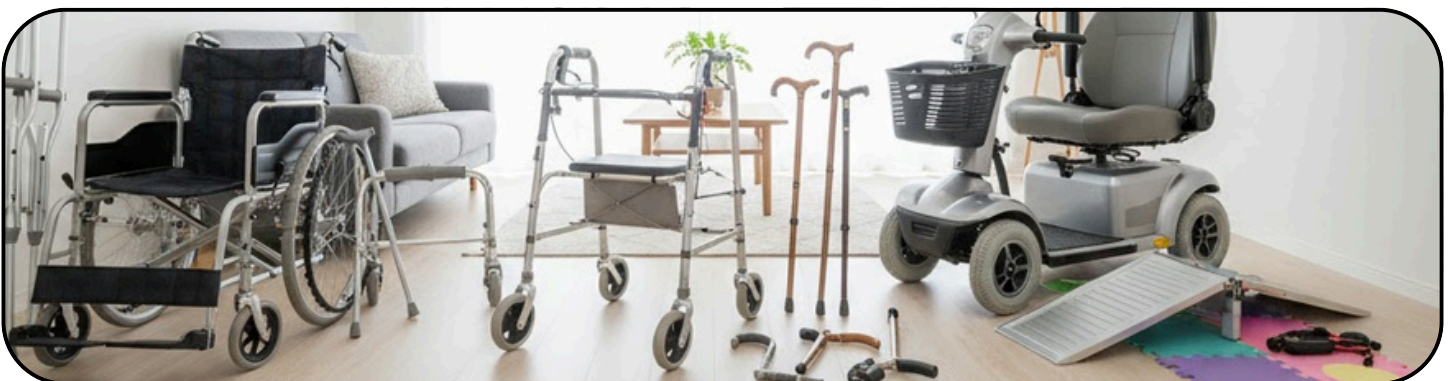
Nutraceuticals



Cosmeceuticals



Mobility Aids



➤ Segment Level Products:

Segment	Key Product Categories	Form / Type	Brand Examples	Product Photos
1. Generics (Fredun Gx)	Antibiotics, Antacids, NSAIDs, Antihypertensives, Antidiabetics, Vitamins, Antifungals, Antidepressants	Tablets, Capsules, Dry Syrups, Ointments	Ciprofred, Azifred, Panfred, Freflox, Acarfre, Amlofre, Frepiride, Folifred, Temtrin, Fredcal, Folic Acid	 
2. Nutraceuticals (Fredun Nutrition)	Multivitamins, Immunity Boosters, Calcium & Protein Supplements, Herbal Blends	Tablets, Capsules, Powders	Fredcal, Fredun HP, Ossitone-F, Fraqua Guard	 
3. Cosmeceuticals (BnB / BeautyFred)	Emu oil-based skincare and haircare products, herbal lotions, and creams	Lotions, Creams, Oils	Bird N Beauty (Emu Oil Range), BeautyFred	 
4. Pet Healthcare (Freossi)	Veterinary supplements, feed additives, animal health formulations	Powders, Liquids, Granules	Freossitone, Freossipower, Freprimecal	 
5. Mobility Aids (BraceOn, Chuu Balm, NebOn, DigiOn)	Orthopedic supports, rehabilitation aids, pain relief balms	Braces, Balms, Devices	Chuu Balm, BraceOn, NebOn, DigiOn	 

Sources: Company Website.



► Revenue From Operations:

Year (In Crs.)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenue from Operation	₹ 25	₹ 42	₹ 57	₹ 60	₹ 97	₹ 113	₹ 134	₹ 224	₹ 275	₹ 348	₹ 454
YOY (%)		67%	34%	5%	63%	16%	19%	68%	22%	27%	30%
3-Yr CAGR (%)				33%	32%	26%	31%	32%	35%	38%	26%
5-Yr CAGR (%)						35%	26%	32%	36%	29%	32%
10-Yr CAGR (%)											33%

- FY16: Strong growth from **new ARV** and psychotropic launches and **rising exports to Africa and ASEAN markets**. (ARV: Anti-Retroviral)
- FY17: Growth supported by **capacity expansion through new high-speed tableting** and blister lines, enhancing **production efficiency**.
- FY18: Growth muted due to **GST transition and Demonetization impact**, which disrupted sales cycles and **inventory movement for several months**. Continued focus on Palghar expansion and new ARV product launches.
- FY19: Sharp uptrend driven by **infrastructure upgrades, new manufacturing licenses, and entry into Government Tender Business**.
- FY20: Steady growth supported by **R&D investments, process optimization**, and lower conversion costs of raw materials.
- FY21: Maintained momentum amid pandemic via **WHO-cGMP certifications, launch of Fredun Gx, and deeper penetration in Southeast Asia & Africa**.
- FY22: Strong expansion through cost optimization, scale leverage, and **launch of Freossi (Pet Healthcare); geographic diversification aided exports**.
- FY23: Record revenue driven by **₹65 Cr institutional contract, 50% QoQ institutional sales growth**, and diversification into **Pet Care, Beauty, and Mobility**.
- FY24: Growth from Generics, Nutraceuticals, and Pet Healthcare, **110+ Fredun Gx launches, and 75% QoQ rise in institutional sales in Q4**.
- FY25: Continued momentum from high-margin segments (Pet Care, Nutraceuticals, Cosmeceuticals, Mobility) and **TNMSC tender win (₹150-180 Mn); strengthened focus on branded generics**.

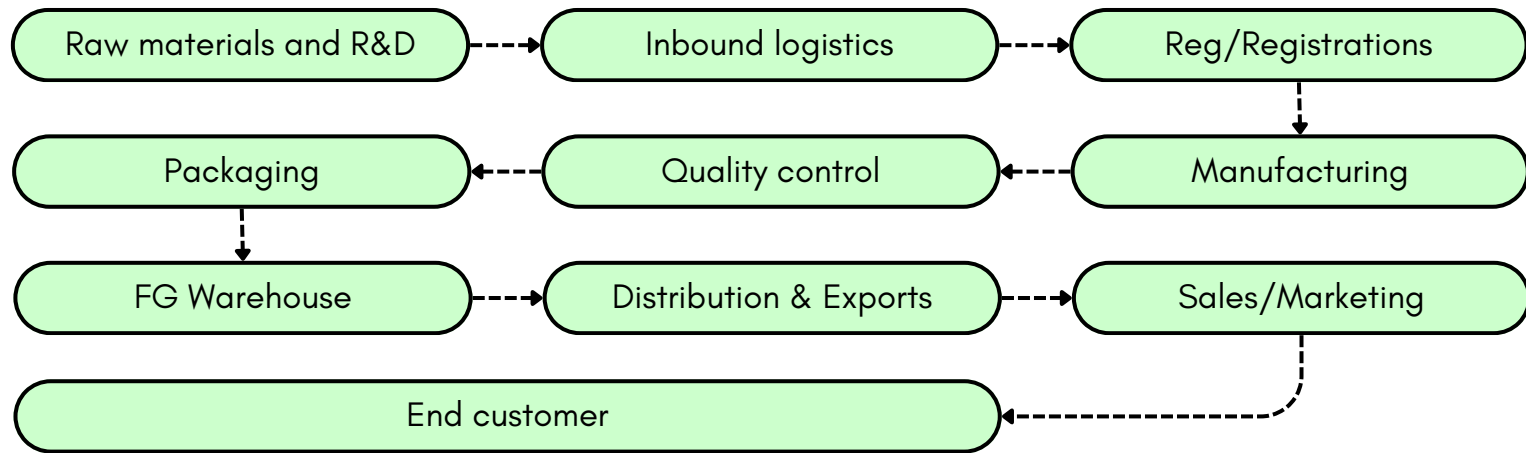
► Geography wise revenue:

Year (In Crs.)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenue from Operation	₹ 23	₹ 40	₹ 54	₹ 58	₹ 95	₹ 110	₹ 131	₹ 222	₹ 274	₹ 347	₹ 454
Domestic Sales	₹ 7	₹ 17	₹ 21	₹ 35	₹ 55	₹ 76	₹ 87	₹ 148	₹ 212	₹ 269	₹ 377
As % of Revenue	29%	41%	39%	60%	57%	69%	66%	67%	77%	78%	83%
Export Sales	₹ 16	₹ 24	₹ 33	₹ 23	₹ 41	₹ 35	₹ 44	₹ 74	₹ 62	₹ 78	₹ 77
As % of Revenue	71%	59%	61%	40%	43%	31%	34%	33%	23%	22%	17%

Fredun Pharma has shifted from being export-focused to largely domestic-driven, with about 83% of revenue coming from India in FY25. This change reflects the company's **strategy to build strong consumer-facing brands such as Fredun Gx (Generics), Freossi (Pet Healthcare), Fredun Nutrition (Nutraceuticals), BeautyFred/BnB (Cosmeceuticals), and BraceOn (Mobility Aids)**. Rising health awareness, growing demand in Tier 2-4 cities, and **government tenders have boosted domestic sales**, while **exports faced margin pressure** and global competition. **Upgraded manufacturing capacity and cost efficiency further supported this shift toward India's high-growth, high-margin market.**



► Vintage & New-Age Business Value Chain:



This value chain represents the complete flow of Fredun Pharmaceuticals' operations, covering both its vintage and new-age businesses. While the vintage segment focuses on export-led generics and contract manufacturing, the new-age segment emphasizes branded products across pet care, nutraceuticals, cosmeceuticals, and mobility, targeting higher-margin domestic and consumer markets.

(Source: Company Filings, Management Discussion)

Deep Dive of Vintage Business

► Raw materials and R&D:

Raw Materials

Fredun sources most of its **APIs from China, UAE, and Hong Kong, with over 50 import consignments every year** worth around \$0.45 million. Key **APIs include Metformin, Amlodipine, Diclofenac, Celecoxib, Fluconazole, Betamethasone, and Tadalafil, covering major therapy areas like diabetes, cardiac care, pain relief, and infections.**

APIs and excipients **together account for 70-75% of total cost of sales**, showing the material-intensive nature of the business. The company follows strict BP, USP, and IP quality standards and imports **mainly through Nhava Sheva Port (JNPT).**

Fredun also produces **Microcrystalline Hydroxyapatite Complex (MCHC) in-house, a key raw material for bone health products.** This gives cost control and supports both human and pet-care formulations.

Quality checks are done for every batch, ensuring **zero product rejections or bad debts in its 37-year history.**

Research & Development (R&D)

Fredun's R&D lab at Palghar, started in Nov 2021, is **WHO-cGMP certified and supports a 1,200+ product registration pipeline across 52 countries.** The lab works on tablets, capsules, gels, creams, and pellets, with a team of **28 research scientists.**

The company's **R&D focuses on patent cliff products, drugs whose patents will expire in 2-3 years, allowing Fredun to launch cost-effective generics early.** Around **185+ products are already registered, and 1,000+ new approvals are targeted in the next few years.**

Fredun has also **developed direct compressible granules, sustained-release pellets, and bone graft materials (FREOSI Granules), which are patented in India.** Advanced tools like **HPLC, FTIR, and stability chambers help ensure global quality standards.**

➤ Inbound Logistics:

Raw materials arrive at the **Palghar manufacturing facility after rigorous supplier qualification and pre-shipment testing**. Each incoming batch undergoes identity verification, purity testing, and certificate of analysis (COA) validation before release to production.

Fredun's inbound logistics are supported by a **centralized warehousing system totaling 160,000 square feet, enabling bulk procurement and inventory management for over 430 active formulations**. The company holds **190-200 days of inventory to support production continuity and manage the complexities of manufacturing across 430+ SKUs**. This inventory strategy, while working capital intensive, ensures an uninterrupted supply to export markets operating on 6-month order cycles.

➤ Regulation and Product Registrations:

Product registration constitutes a critical stage in the vintage business value chain. **Fredun has secured 697 product registrations across 52 countries, with an additional 1,290 registrations expected to materialise over the next 3-4 years**. The regulatory team prepares **dossiers** that comply with country-specific requirements, ranging from simplified **registrations in African markets to more stringent documentation for CIS and Southeast Asian countries**.

The registration process typically involves submitting **Master Formula Records (MFR), Batch Manufacturing Records (BMR), Certificates of Analysis (COA), stability data, and Certificate of Pharmaceutical Products (COPP) from Indian regulators**. For export markets, the **Drug Controller General of India (DCGI) issues clearance certificates after verification of all commercial documents**. The company's WHO-GMP certification serves as a foundational credential, recognized by **regulatory authorities in the Philippines, Iraq, UAE, Yemen, Vietnam, Cambodia, and multiple African nations**.

➤ Manufacturing:

Aspect	Details
Facility Overview	Located at Palghar, spanning 163,000 sq. ft. – the core manufacturing hub.
Installed Capacity	35 million tablets/day, 8 million capsules/day, and 160,000 tubes/day
Utilization Level	In FY22, the utilization rate ranged from 50% to 60%. Since FY17, production lines have expanded between 1.6 and 3 times.
Line Capacities	Compression – 35 million units/day, Granulation – 20,000 kg/day, Coating – 35 million units/day
Third-Party Network	37 partner units across India for specialized products (balms, lotions, suspensions).
Collaboration Model	Operates under loan licensing agreements.
Quality Standards	Fully GMP-compliant, following strict SOPs and in-process checks (uniformity, dissolution, content).
Production Flow	Dispensing → Granulation → Compression/Encapsulation → Coating → Blister Packing → Final Packaging.

➤ Quality Control:

Post-manufacturing, **every batch enters rigorous quality control testing before release.** Fredun's QC laboratories conduct finished product testing covering identity verification, assay (strength/potency), purity profiling, dissolution testing, and stability assessment. Microbiological testing ensures products meet sterility and microbial limits specifications, particularly for semi-solid formulations like ointments and creams. The company maintains **WHO-GMP certification, requiring adherence to stringent quality protocols throughout the supply chain.** The quality control process includes equipment calibration logs, analyst qualification records, and method validation documentation to ensure result authenticity critical for export markets requiring full audit trails. **Batches failing specifications trigger investigation protocols, and no product releases to the market without final QC clearance and batch certification.** For export consignments, the Assistant Drug Controller (ADC) conducts pre-shipment inspections, verifying commercial invoices, packing specifications, purchase orders, manufacturing licenses, **COPP certificates, and COA reports before issuing customs clearance.**

➤ Packaging and Finished Goods Warehouse:

Following Quality Control (QC) approval, products are transferred to packaging lines that are **equipped with automatic blister packing machines, strip packing units, and newly installed automatic carton packaging machines.** The company has also recently commissioned a **second Italian tube filling machine.** Additionally, the manufacturing capacity for ointments has been increased by 200%.

Packaging materials **undergo separate quality checks to ensure moisture barrier properties, light protection, child-resistant features, and compatibility with the drug product.** Labels include country-specific regulatory information, such as the drug name, composition, dosage instructions, batch number, **manufacturing and expiry dates, and storage conditions.**

The finished goods are stored in a recently commissioned dedicated warehousing facility that spans 160,000 square feet. This facility features temperature and humidity controls to maintain product stability. The company currently maintains high inventory levels (over ₹200 crore) as part of its strategy to support rapid dispatch against a ₹200 crore order book and 6-month export order cycles.

➤ Distribution and Exports:

The vintage business generates around **17% of its revenue from exports, mainly to East Africa, South Africa, Southeast Asia (Philippines, Vietnam, Cambodia), CIS countries, and Latin America.** Exports operate under a **B2B model, where Fredun supplies directly to importers, distributors, and institutional buyers.** Most export orders are tender-based and span six months, offering good revenue visibility and supporting efficient production planning. Shipments are routed **through the Nhava Sheva Port (Mumbai) to major destinations such as Manila, Mombasa, Apapa, Colombo, and Umm Qasr, with full export documentation including invoices, bills of lading, CoAs, COPPs, and ADC clearances.**

The remaining **73-75% of revenue comes from the domestic market,** served through multiple channels third-party distributors for Fredun-branded products, **direct institutional sales to government hospitals and public health programs, and OEM/contract manufacturing under loan licensing for other pharmaceutical companies.** This mix provides both stability and scalability to the company's overall business model.

➤ Sales and Marketing:

The vintage business employs a differentiated sales strategy across domestic and international markets. Established distributor relationships spanning 52 countries. The sales process begins 6-12 months before product launch, coordinating with in-country distributors on demand forecasting, inventory positioning, and regulatory compliance.

Marketing for vintage products relies primarily on scientific detailing to healthcare professionals, supported by product literature emphasizing therapeutic equivalence, competitive pricing, and reliable supply.

Domestic institutional sales target government tender opportunities, where Fredun participates in L1 (lowest price) bidding for essential medicines.

For the OEM/loan licensing channel, Fredun operates as **a white-label manufacturer for established pharmaceutical brands**. These partnerships, some spanning 20-30 years, involve technical transfer agreements where Fredun manufactures to partner specifications while the partner handles marketing and distribution under their brand.

The company **maintains a receivables cycle of 120-130 days in domestic markets, in line with industry norms for distributor credit terms**. Export receivables follow similar cycles, though institutional **government orders may extend to 90-180 days depending** on country-specific payment protocols. Notably, Fredun has maintained **zero bad debt over 31 years of operations**, reflecting disciplined credit management and **"air-tight" distributor agreements**.

➤ End Customer:

The vintage business ultimately serves **patients through retail pharmacies, hospital dispensaries, and government health programs**. In export markets, products reach patients through **local pharmacy chains and community health centres supplied by Fredun's distributor partners**. The therapeutic focus on anti-diabetics, cardiovascular drugs, anti-infectives, NSAIDs, and anti-retrovirals addresses chronic and acute conditions across demographic segments.

In India, **the institutional channel serves economically disadvantaged populations through government hospitals and public health schemes, while the distributor channel reaches middle-income consumers through retail pharmacies in Tier 2-4 cities**. The OEM channel indirectly reaches end consumers under partner brands, though Fredun has articulated a strategic goal to eliminate all non-Fredun-branded products from its manufacturing ecosystem by January 2029.

Deep Dive of New Age Business



➤ Raw materials and R&D:

Segment	Raw Material Focus	R&D & Product Development Focus
1. Fredun Gx (Branded Generics)	Leverages the vintage API sourcing network; uses cost-efficient, high-quality APIs and excipients tailored for Tier 2-4 Indian markets.	Focus on adapting existing molecules with cost-optimized, patient-friendly formulations and packaging designed for Indian climatic conditions.
2. Freossi (Pet Healthcare)	Uses Microcrystalline Hydroxyapatite Complex (MCHC) produced in-house as a key calcium-phosphorus source. Other ingredients include vitamins, proteins, and minerals for pet health.	Operates dedicated veterinary R&D labs at Palghar; currently running Stage 3-4 clinical trials on pet formulations targeting unmet health conditions in Asian markets.
3. Fredun Nutrition (Nutraceuticals)	Sources natural botanical extracts such as Curcuma Longa (Curcumin), Ocimum Sanctum (Tulsi), and Asparagus Racemosus (Shatavari) from certified suppliers; all ingredients are heavy-metal and additive-free.	R&D develops clinically backed formulations with natural actives for human health and wellness; trials conducted on leading brands like Mamalait.
4. BnB / BeautyFred (Cosmeceuticals)	Uses purified Emu Oil rich in Omega 3, 6, and 9 fatty acids; proprietary purification ensures nearly 100% pure, odorless, and colorless oil.	Years of in-house R&D have created proprietary skincare and haircare formulations, leveraging Emu oil's natural therapeutic properties.
5. Fredun Mobility (Mobility Aids)	Sources orthopedic-grade materials such as reinforced polymers, adjustable straps, and medical textiles from specialized suppliers.	Product development focuses on ergonomic design, durability, and comfort, supporting rehabilitation and post-injury recovery.

All R&D activities are based at the Palghar facility, managed by PhD-level scientists and specialized teams for each vertical. The setup ensures clinical validation, cost efficiency, and regulatory readiness across all segments.

➤ Inbound Logistics:

Fredun's new-age divisions follow a more specialised supply chain compared to the vintage business. The focus is on premium quality, shorter lead times, and product-specific handling to maintain consistency across all verticals.

Pet Healthcare (Freossi):

The pet care segment **manages separate inventories for MCHC-based supplements, grooming items, functional treats, and prescription foods.** A new 18,000 sq. ft. **functional food facility at Palghar** (commissioning in Q3 FY26) will include dedicated receiving and testing units for ingredients used in veterinary prescription diets for chronic conditions like diabetes and heart disease.

Nutraceuticals (Fredun Nutrition):

All **botanical ingredients such as Curcumin, Tulsi, and Shatavari are sourced from certified suppliers and come with Certificates of Analysis ensuring purity and potency.** These are stored in temperature-controlled sections within the central warehouse to preserve active components.

Cosmeceuticals (BnB / BeautyFred):

Inbound logistics **involve controlled storage for volatile inputs such as essential oils, botanical extracts, and natural emollients.** These are handled separately to maintain stability, aroma, and color for the premium **"Bird & Beauty"** product range.

Mobility Aids (Fredun Mobility):

This division uses a **just-in-time (JIT) model for sourcing metal and polymer components,** while keeping buffer stock for fast-moving items like braces and supports. **This ensures quick assembly and on-time deliveries.**

Overall, Fredun operates 160,000 sq. ft. of warehousing capacity, divided into specialized zones for temperature-sensitive nutraceuticals and cosmeceuticals, efficiently managing over **430 SKUs across its new-age and vintage portfolios.**

➤ Regulation and Product Registrations:

Pet Healthcare (Freossi):

Products in this segment are **regulated under veterinary product guidelines, requiring detailed formulation disclosures, safety data, and animal efficacy documentation.** Fredun has obtained state-level **registrations across India and is expanding internationally, with 20+ products currently under review in Sri Lanka.**

Nutraceuticals (Fredun Nutrition):

These products are classified as dietary supplements or food products under **FSSAI regulations.** They follow **GMP-compliant manufacturing and labelling standards instead of WHO-GMP norms,** allowing faster market entry while ensuring safety, purity, and validated health claims.

Cosmeceuticals (BnB / BeautyFred):

This **category operates under a dual regulatory structure** products with therapeutic **claims need drug licenses, while cosmetic items adhere to Bureau of Indian Standards (BIS) specifications.** The **Bird & Beauty range has completed stability and clinical validation,** making it eligible for export market approvals.

Branded Generics (Fredun Gx):

Fredun Gx **continues under DCGI's standard pharmaceutical registration process,** leveraging existing **WHO-GMP-certified licenses and the regulatory coverage of 37 approved contract manufacturing partners.** This facilitates rapid product **expansion without new licensing delays.**

Mobility Aids (Fredun Mobility):

These are classified as medical devices under the **Medical Device Rules, 2017, covering Class A and B categories.** Products **comply with ISO-based Quality Management Systems and device-specific documentation, ensuring regulatory compliance without pre-market clinical trial requirements.**

➤ Manufacturing:

Pet Care:

The Palghar plant produces **pet supplements and grooming products like shampoos, sprays, and powders (43 SKUs).** A new 18,000 sq. ft. functional food unit for prescription pet diets will start by Q3 FY26. Tube capacity will rise to 4 crore annually with new Italian machinery.

Nutraceuticals:

Made at the **WHO-GMP Palghar facility**, these include **tablets, capsules, and powders for liver health, fertility, calcium, and immunity**. The **Game Changer fitness cream is made in the new lotion unit**.

Cosmeceuticals:

The Bird & Beauty range uses purified **Emu Oil for hair, skin, and body care**. The **balm unit delivered 9 million+ units by Q2 FY24**. All batches follow pharma-grade SOPs and strict quality checks.

Fredun Gx (Branded Generics):

Utilizes both in-house and partner plants to rapidly **expand products, growing from 264 SKUs in FY26 to over 500 by FY27**. The Palghar facility operates at 50-60% capacity.

Mobility Aids:

Products like braces, supports, and belts are made by OEM partners using medical-grade materials under Fredun's quality supervision.

➤ Quality Control:

Pet Care:

Follows veterinary-grade **QC with ingredient verification, potency and dissolution testing, and microbiological checks**. Grooming products undergo dermatological **safety, pH, and stability tests to ensure skin compatibility**.

Functional Foods:

The Palghar plant will follow **HACCP and GMP standards**, ensuring full batch traceability and protection against contamination or nutrient loss.

Nutraceuticals:

QC labs verify active ingredients, test for heavy metals and microbes, and validate product claims. Clinical trials (like Mamalait) back health benefits before launch.

Cosmeceuticals:

Products are dermatologically tested and assessed for stability, microbiological limits, and ingredient compatibility (especially with Emu Oil). **These checks ensure safety even for sensitive-skin products.**

Fredun Gx (Generics):

Tested under pharmaceutical QC standards, **identity, assay, purity, dissolution, and microbial limits, giving Fredun an edge in consumer healthcare quality.**

Mobility Aids:

Undergo strength, load-bearing, and fit testing, with **biocompatibility checks for materials used in skin-contact products.**

➤ Packaging, Warehousing, and Distribution:

Fredun's new-age business focuses on premium, safe, and compliant packaging with efficient, temperature-controlled warehousing. Its multi-channel distribution covering digital, retail, institutional, and direct-to-consumer routes ensures a wide market reach across all five segments.



Palghar facility.



Segment	Packaging Strategy	Warehousing / Storage	Distribution Channels
Freossi	• Vibrant, pet-friendly labels in regional languages. • MCHC supplements in HDPE bottles with child-safe caps. • Grooming range in recyclable bottles with pumps/sprays. • Functional foods: retort pouches & vacuum packs with feeding guides.	• Dedicated warehouse zones for pet supplements & grooming products. • Functional food plant to handle wet/dry foods under pharma-grade storage.	• Multi-channel: vet clinics, pet stores, e-commerce (Amazon, Flipkart, Freossi site). • One Pet Stop grooming vans (MMRDA region) with 4,000+ clients. • Wagr pet-tech app integrating telemedicine, marketplace & GPS tracking. • Export to Sri Lanka (20+ products) & African markets.
Fredun Nutrition	• FSSAI-compliant labeling (ingredients, nutrition, dosage). • Premium blister packs for products like Fertifre & Mamalait. • Tubes for fitness creams; alu-alu blisters for tablets.	• Temp.-controlled storage (15-25°C) for sensitive supplements. • tracking for 12-24 month shelf life.	• Pharmacies, health stores, e-commerce & D2C website. • Export via vintage pharma network (Africa, GCC, SE Asia). • Distributor margins 25-30%, improving retailer participation.
BnB / BeautyFred	• Premium glass/plastic bottles with Emu Oil branding. • Decorative cartons for soaps & creams. • 8-12% of product cost in packaging for premium look.	• Light-protected zones in 60,000 sq. ft finished goods warehouse. • Shelf life: 12-24 months.	• Digital-first launch (Amazon, company site). • Retail kiosks at airports & stations. • Exports to Nigeria & French West Africa. • Pharmacy channel for dermatological credibility.
Fredun Gx	• Cost-efficient alu-alu or PVC blister packs. • Basic bottles & cartons for value positioning. • Packaging cost <6% of sales.	• Shared warehouse with pharma zone at Palghar. • Ambient storage for tablets & syrups.	• Tier 2-4 cities via 90-120 day credit distributors. • Institutional sales to Indian Railways & Defence (₹35-40 Cr FY26).
Fredun Mobility	• Poly bags with info cards; master cartons for bulk. • Extra protective e-commerce packaging.	• Ambient storage zones with separate SKU tracking. • 12-24 month shelf life for physical products.	• Hospitals, physiotherapy clinics, health marketplaces. • E-commerce (Amazon, Mobility website). • OEM partnerships & white-label manufacturing.

► Sales, Marketing:

Pet Care (Freossi):

Uses a mix of veterinary **marketing, digital outreach, and service-based promotion**. Collaborations with veterinarians, **participation in pet events, and the One Pet Stop doorstep grooming service help create direct consumer touchpoints**. The diagnostic centre and Wagr **pet-tech platform integrate e-commerce, telemedicine, and AI-based recommendations**, reinforcing Freossi's position as India's only full-service pet care ecosystem.

Nutraceuticals (Fredun Nutrition):

Marketed as science-backed and natural, focusing on **clinical validation and premium quality**. Digital marketing targets **health-conscious consumers, fitness communities, and young professionals**. Export sales leverage Fredun's established distribution network in **Africa, Southeast Asia, and GCC countries**.

Cosmeceuticals (Bird & Beauty):

Centres around **Emu Oil-based skincare and haircare with a premium natural positioning**. Promotion relies **on e-commerce, influencer collaborations, and niche retail counters at airports and pharmacies**.

Fredun Gx (Branded Generics):

Marketing focuses on affordability, WHO-GMP certification, and reliable quality rather than heavy advertising.

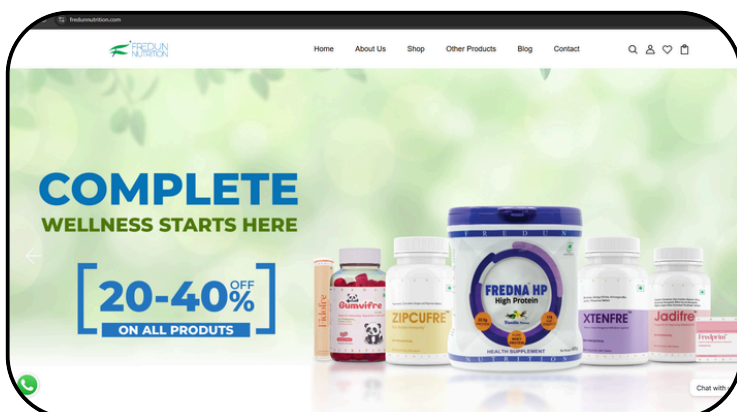
Mobility Aids (Fredun Mobility):

Markets through physiotherapists, **orthopaedic specialists, and sports professionals using product demos, events, and digital campaigns**. OEM partnerships and e-commerce platforms help expand brand reach while maintaining high margins.

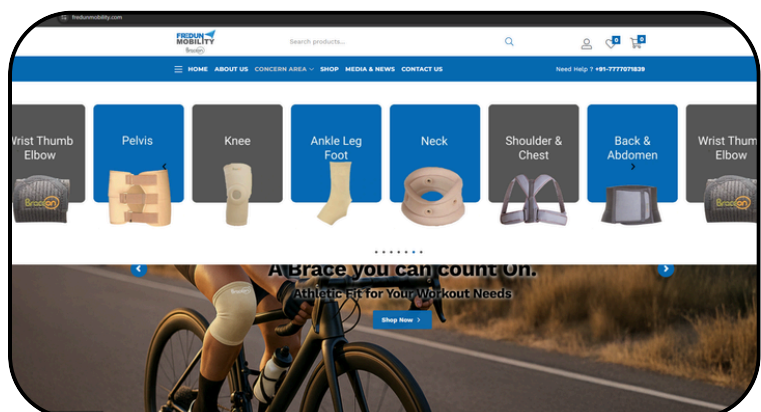
► End Customer:

Fredun's new-age businesses cater to a wide consumer base from **urban pet owners and health-conscious families to athletes and elderly consumers seeking effective, trusted, and affordable wellness solutions**.

Freossi builds loyalty through multi-touchpoint engagement, grooming services, diagnostics, and digital platforms. Fredun Nutrition and Bird & Beauty serve consumers prioritizing natural, science-driven products for wellness and beauty. Fredun Gx reaches middle-income patients needing affordable generics, while Mobility focuses on recovery and comfort solutions for patients and fitness users.



fredunnutrition.com



fredunmobility.com

➤ India’s Pharmaceutical Market Expansion:

India’s domestic pharmaceutical industry is witnessing strong growth driven by rising healthcare expenditure, increasing disease burden, and supportive government programs like Ayushman Bharat and PMBJP. The Indian pharma market is projected to grow from USD 42 billion in 2021 to USD 130 billion by 2030, while the generic drug segment is expected to expand at a 6% CAGR through 2030.

➤ Global Generics Market Growth:

The worldwide demand for affordable and quality generics continues to rise as healthcare systems seek cost-efficient alternatives. The global generics market is valued at USD 413.6 billion in 2024 and is expected to reach USD 508.8 billion by 2029, registering a CAGR of 4.23%. This steady growth provides long-term volume visibility for Indian exporters.

➤ Patent Cliff Opportunity:

Several blockbuster drugs are losing patent protection over the next few years, allowing generic manufacturers to enter global markets. Products worth ~USD 240 billion are expected to go off-patent by 2026, creating a total opportunity of nearly USD 250 billion for generic replacements.

➤ Operational Advantage & Supply Chain Diversification:

India’s pharmaceutical industry enjoys ~33% lower manufacturing costs due to skilled labor, efficient processes, and scale benefits. At the same time, global companies are shifting production from China, creating multi-billion-dollar opportunities for Indian firms in APIs and contract manufacturing.

➤ Other Segments Industry Growth Drivers:

Segment	Growth Driver	Quantitative Data
Pet Healthcare	Rapid expansion driven by rising pet adoption, urbanization, and premiumization. Growing awareness shifting from “pet owners” to “pet parents,” increasing spending on nutrition, vet care, and grooming.	Indian pet market US\$ 590M (2022) growing at 17-19% CAGR through FY32. Global pet care market to reach US\$ 350B by 2027.
Nutraceuticals	Strong growth due to preventive health awareness, rising disposable income, and focus on immunity post-pandemic.	Indian nutraceutical market US\$ 4B US\$ 18B by 2025; ~14% historical CAGR. Preventive health segment grew ~15% in 2020.
Cosmeceuticals	Rising demand for dermatology-backed skincare and medicated cosmetics. Increasing dermatologist prescriptions for cosmeceuticals.	Global market US\$ 55B (2022) US\$ 96B (2029) at 8.4% CAGR. 40% of dermatologic prescriptions are cosmeceuticals. Indian market to reach US\$ 38B by 2028 at 6.5% CAGR.
Mobility	Expanding demand for orthopaedic and rehabilitation aids due to aging population, chronic conditions, and injury recovery needs.	Indian orthopaedic devices market growing at 7.4% CAGR (2024-2030); increased hospital adoption and retail availability boosting market reach.

► I. Vintage Business (Generics Exports & OEM/CMO):

- Established Global Presence: Long-standing relationships and exports to **52+ countries, ensuring consistent international demand.**
- Regulatory Strength: **697 product registrations and 1,200+** under registration, supporting continuous product launches and market entry.
- Therapy Diversification: **Focus on chronic segments like Anti-Diabetics, Anti-Retrovirals, and Anti-Hypertensives, offering steady, high-volume demand.**
- Institutional Partnerships: Strong **OEM/CMO client base ensures repeat business and stable order inflows (₹200+ crore order book).**
- Strategic De-risking: Gradual shift from **third-party manufacturing (down from 66% to ~40%) to own-branded portfolio by 2029, improving margins and brand equity.**
- Operational Efficiency: Enhanced process integration and **cost competitiveness in formulations manufacturing strengthen recurring revenue streams.**

► II. New-Age Business (High-Growth, High-Margin Verticals):

- Portfolio Diversification: Expansion across domestic and niche **high-margin verticals – Generics (Fredun Gx), Pet Care (Freossi), Nutraceuticals, Cosmeceuticals, and Mobility.**
- Market Tailwinds: Benefiting from rising **Indian pharma demand (US\$42B → US\$130B by 2030), pet care growth (17%+ CAGR),** and global wellness trends in nutraceuticals and cosmeceuticals.
- Brand Building in Domestic Generics: **Strong institutional contracts (Railways, Defence) and expanded distribution across 17 Indian states to scale reach.**
- Pet Care Expansion: First **24x7 veterinary diagnostic center, MCHC manufacturing, and acquisition of One Pet Stop Pvt Ltd, enhancing direct consumer access.**
- Nutraceutical Innovation: Focus on **high-value functional formulations (immunity, liver, fertility) and 18 upcoming SKUs by FY26.**
- Cosmeceuticals Growth: Scaling through **Emu Oil-based premium products and mass retail network via BeautyFred kiosks.**
- Mobility & Wellness: Rapid **SKU expansion (50+ products) and affordable positioning** of brands like Chuu Balm, supporting strong domestic volume growth.

► III. Overarching Strategic Catalysts:

- Capacity Expansion: Manufacturing capacity **increased by 530% since pre-2019, adding WHO-cGMP certified units for ointments, creams, and pellets.**
- Backward Integration & Efficiency: **Cost-efficient operations in India** (production costs ~33% lower than peers) enhance competitiveness globally.
- Regulatory Upgradation: Progress toward **PIC/s accreditation by FY26, enabling entry into regulated markets (US/EU).**
- Shift to High-Margin Mix: Focus on **newer, branded, and speciality verticals to drive margin-led revenue growth (EBITDA target 14-16% by FY27).**
- Innovation-Driven Growth: Commercialization of patented **Bone Grafting Technology (valid till 2042) establishes leadership in niche biotech applications.**
- Supply Chain Diversification: Benefiting from global reallocation of **API and contract manufacturing away from China, capturing new export demand.**

► P&L Trend:

Particular (As % of Revenue)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Revenue from Operations (in Crs.)	₹ 25	₹ 42	₹ 57	₹ 60	₹ 97	₹ 113	₹ 134	₹ 224	₹ 275	₹ 348	₹ 454
Cost of goods sold	60.5%	45.0%	43.3%	66.4%	61.7%	72.5%	76.4%	78.9%	76.0%	75.1%	72.7%
Cost of material consumed	61.0%	55.4%	38.1%	72.2%	68.0%	77.0%	75.5%	78.9%	89.7%	81.5%	71.4%
Changes in Inventory	-0.5%	-10.4%	5.3%	-5.8%	-6.3%	-4.5%	0.9%	0.0%	-13.7%	-6.4%	1.3%
Gross Profit	39.5%	55.0%	56.7%	33.6%	38.3%	27.5%	23.6%	21.1%	24.0%	24.9%	27.3%
Employee Benefit Expenses	12.7%	9.0%	8.7%	8.7%	8.3%	7.9%	6.5%	4.7%	4.2%	3.6%	4.9%
Other expenses:	20.3%	35.0%	39.6%	15.2%	19.6%	12.2%	10.2%	10.2%	9.7%	10.4%	10.8%
Job Work/Processing Charges	0.3%	0.0%	0.3%	0.2%	0.5%	0.2%	0.1%	0.8%	1.4%	1.8%	0.0%
Power & Fuel Cost	3.3%	2.8%	2.9%	2.7%	2.8%	2.8%	2.2%	1.6%	1.2%	1.3%	0.1%
Packing Material Consumed	0.0%	17.2%	21.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rent, Taxes and lighting	1.4%	1.2%	1.2%	1.0%	1.8%	1.3%	1.2%	2.0%	1.9%	1.8%	1.6%
Professional and legal fees	3.1%	1.3%	2.2%	2.3%	1.9%	1.2%	1.0%	0.7%	0.8%	1.0%	0.8%
Sales Commissions & Incentives	1.0%	2.8%	2.1%	1.9%	1.2%	0.6%	0.1%	0.1%	0.0%	0.0%	0.0%
Freight and Forwarding	4.0%	1.7%	2.1%	1.8%	0.9%	0.6%	1.1%	2.2%	0.9%	0.6%	0.5%
EBITDA	6.5%	11.0%	8.4%	9.7%	10.4%	7.4%	7.0%	6.2%	10.1%	10.9%	11.6%
Depreciation & Amortization	2.2%	1.9%	2.0%	2.2%	1.4%	1.7%	1.5%	1.0%	1.0%	1.1%	1.1%
EBIT	4.4%	9.1%	6.4%	7.6%	9.1%	5.7%	5.5%	5.2%	9.1%	9.8%	10.4%
Finance Cost	4.1%	4.9%	3.3%	3.3%	3.2%	4.0%	3.3%	2.1%	3.4%	3.9%	4.9%
Other income	1.9%	2.0%	3.4%	0.3%	0.6%	0.5%	1.0%	0.7%	0.7%	0.3%	0.5%
Profit before Tax	2.2%	6.2%	6.4%	4.6%	6.4%	2.2%	3.3%	3.8%	6.4%	6.2%	6.1%
Tax expense	1.0%	1.8%	1.4%	1.5%	1.8%	0.5%	0.9%	1.0%	2.4%	1.7%	1.7%
Profit after Tax	1.1%	4.4%	5.0%	3.1%	4.7%	1.7%	2.4%	2.8%	3.9%	4.5%	4.3%
Effective Tax Rate	51%	30%	22%	33%	27%	24%	37%	26%	38%	27%	28%

Cost of Goods Sold:

FY15-FY19 Trend:

From FY15 to FY19, COGS rose from ₹15 crore to ₹60 crore as **the company expanded from small-scale manufacturing to a strong export-driven business**. In FY15-FY17, **better procurement and higher capacity utilization improved efficiency, reducing the COGS ratio from 60.5% to 43.3%**. From FY18 onward, **costs increased sharply due to a 95% jump in raw material expenses (₹22 crore to ₹43 crore), advance purchases for the Palghar plant, and export product mix changes**. By FY19, **material use reached ₹66 crore with a ₹6 crore inventory reduction, reflecting higher production and faster stock turnover**. Overall, the rise in COGS during this phase was primarily due to expansion and preparation for larger export operations.

FY20: This rise was due to **higher capacity utilization and execution of new manufacturing contracts**. Material usage climbed to ₹87 crore, **while inventory fell by ₹5 crore, reflecting strong production activity and efficient working-capital use**.

FY21: The **COVID-19 pandemic caused sharp increases in raw material and freight costs**. To manage supply risks, the **company built ₹1 crore of additional safety stock**. The COGS ratio rose to 76.4%, but the increase was largely driven by external market disruptions.

FY22: COGS rose sharply to ₹177 crore, a 73% increase, **as the company launched new business verticals such as Fredun Gx, Freossi, and Fredun Nutrition**. **Material consumption rose in line to ₹177 crore (up 75%), while inventory remained flat**. The spike in COGS reflected large-scale expansion and diversification, not inefficiency.

FY23: In FY23, COGS grew moderately to ₹209 crore, up 18%. **Although material consumption increased to ₹246 crore (up 39%), the company released ₹38 crore worth of old inventory**. This strategic de-stocking helped normalise working capital and reduced the overall growth in reported COGS.

FY24: Material usage reached ₹284 crore (up 15%), and **another ₹22 crore of inventory was released**. **A better product mix with higher-margin new-age segments helped contain the COGS ratio despite volume growth**.

FY25: In FY25, COGS rose to ₹330 crore, up 26%, as **operations scaled further**. Mc consumption was ₹324 crore (up 14%), and **inventory increased slightly by ₹6 crore due to expanded operations**. The **COGS ratio improved to 72.5%**, driven by better capacity utilization, stable input costs, and a favourable product mix that contributed to stronger margins.

Employee Benefit Expense:

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Number of Employees	174	223	246	267	256	260	256	261
Revenue Per Employee in Crs.	₹0.34	₹0.44	₹0.46	₹0.50	₹0.88	₹1.06	₹1.36	₹1.74
Employee Benefit Expenses	₹5	₹8	₹9	₹9	₹11	₹12	₹12	₹22
Average Salary Per Employee in Lac.	₹2,98,205	₹3,60,552	₹3,63,727	₹3,24,199	₹4,16,258	₹4,43,962	₹4,88,273	₹8,51,770

Fredun's employee benefit expenses rose from **₹3 crore in FY15 to ₹22 crore in FY25, a 7.3x increase driven by expansion, vertical launches, and capacity building**. Despite this rise, the expense ratio declined sharply from **12.7% to 4.9%**, reflecting strong productivity gains and cost discipline. From **FY15-FY19**, hiring was strategic and aligned with export growth and the **Palghar facility setup**. During **FY20-FY22**, the company maintained best-in-class cost control, holding employee cost flat at ₹9 crore in FY21 despite 18.6% revenue growth and resumed hiring in FY22 for new verticals (Fredun Gx, Freossi, Nutrition). FY23-FY24 saw **two years of a hiring freeze, even as revenue rose over 50%, pushing revenue per employee benefit to ₹29.0, the highest in company history**. In FY25, employee costs rose to ₹22 Cr (+83%) as Fredun hired a few highly skilled, premium paid professionals and integrated acquisitions to scale pet care, branded generics, and manufacturing a planned expansion that lifted average salaries 74% without adding significant headcount.

Other Expenses:

Fredun's Other Expenses improved significantly from **20.3% of revenue in FY15 to 10.8% in FY25, showing a 9.5-percentage-point efficiency gain despite an 18x rise in revenue**. This exceptional leverage came from major structural shifts **elimination of outsourced packaging costs (which had peaked at ₹12 Cr in FY17 and were brought fully in-house by FY18)**, a transition from distributor-based exports to direct institutional sales (cutting ₹1 Cr+ of annual commission costs), and continuous manufacturing optimization through energy-efficient systems and process automation. Freight expenses dropped from 4.0% to 0.5% of revenue through container consolidation and route planning, while power and fuel costs fell sharply from 3.3% to just 0.14% by FY25. Legal and regulatory costs also normalized as the **company matured and stabilized its global compliance base**. Temporary spikes in FY23-FY24 from validation job work were eliminated in FY25 once all new verticals moved in-house.

EBITDA Margin:

FY16: 10.97%: Margin improved sharply from scale higher volumes and fixed-cost absorption.
FY17: 8.38%: Margin pulled back due to a one-off spike in outsourced packaging/distribution costs.
FY18: 9.74%: Recovery as packing moved in-house and gross margin normalized.
FY19: 10.43%: Export scale-up (large overseas contracts) improved gross leverage and EBITDA.
FY20: 7.39%: Raw-material inflation and higher logistics/working-capital costs (COVID onset pressure) compressed margin.
FY21: 6.98%: COVID supply-chain effects and safety-stock build kept margins subdued despite revenue growth.
FY22: 6.20%: Upfront investment to launch three new verticals (Fredun Gx, Freossi, Nutrition) and associated operating costs compressed EBITDA.

FY23: 10.11%: Strong rebound as new verticals began contributing, and a ₹38 Cr inventory unwind improved margins.

FY24: 10.91%: Continued margin expansion from higher-margin branded/pet businesses and ongoing other-expense efficiencies.

FY25: 11.56%: Further improvement driven by COGS efficiency (better product mix and utilisation), lower other-expense ratio and matured new-vertical economics.

EBIT Margin:

FY15-FY18 Trend

Between FY15 and FY18, Fredun's EBIT margin improved from 4.4% to 7.6%, showing the early benefits of operating leverage as the company scaled up production. In FY15, margins were weak due to small scale and high setup costs. As revenue grew in FY16, fixed-cost absorption improved, doubling EBIT margin to 9%. FY17 saw a temporary dip as outsourced packaging and distribution expenses increased operating costs, reducing efficiency. However, by FY18, margins recovered when packaging was brought in-house, and process efficiencies began to reflect, supported by stable depreciation and controlled overheads.

FY19-FY22 Trend

From FY19 to FY22, EBIT margin moved from 9.1% down to 5.2%, largely due to changing cost structures and strategic investments. FY19 was a strong year, benefiting from higher export volumes and steady operating leverage. The margin compressed sharply in FY20 as raw material inflation and COVID disruptions hit EBITDA, while depreciation remained constant. FY21 continued to face pressure from low-capacity utilization and pandemic-related inefficiencies, though cost control helped limit the fall. By FY22, margins stayed subdued as the company invested heavily in launching new verticals Fredun Gx, Freossi, and Nutrition leading to higher operating expenses ahead of revenue realization.

FY23-FY25 Trend

EBIT margin expanded consistently from 9.1% in FY23 to 10.5% in FY25, reflecting strong business recovery and better operating leverage. As new verticals matured, EBITDA strengthened, and with depreciation remaining low (~1% of sales), most of the operational gains directly flowed into EBIT. FY23 marked a turning point with improved inventory management and volume recovery. FY24 and FY25 saw further expansion, driven by higher-margin branded products, cost efficiencies across COGS and other expenses, and disciplined overhead control. This phase highlights Fredun's shift from a cost-heavy investment cycle to a lean, profit-accretive growth model, where each rupee of revenue contributes more to operating profit.

Finance Cost and Other Income Trend (FY15-FY25):

Over FY15-FY25, Fredun's finance cost as a percentage of revenue is in the **range of 4-5%**, followed by reinvestment for expansion. In the early years (FY15-FY19), **borrowing levels were moderate, and revenue grew faster than interest costs, which helped bring the ratio down from above 4% to around 3%**. During the COVID period (FY20-FY21), **working capital requirements rose due to supply chain disruptions and higher inventory holding, temporarily lifting finance costs**. Post-COVID, in FY22, financial discipline and better cash flow **management brought the ratio down to its decade low of 2.1%**. However, from FY23 onward, as the company **entered a new expansion phase scaling Fredun Gx, Pet Care (Freossi), and new manufacturing facilities, borrowings rose again to fund growth, leading to an increase in FY24-FY25 (reaching 4.9% in FY25)**. Importantly, this increase was strategic, supporting long-term capacity and market expansion, not operational inefficiency.

On the other hand, other income remained relatively small and stable throughout the decade, averaging 0.5-1% of revenue. It mainly comprised interest on deposits, export incentives, and miscellaneous non-operating gains. The ratio appeared higher in the early years due to a smaller revenue base but normalized as operations scaled. Its limited contribution underscores that Fredun's earnings growth has been driven primarily by core operations, not by non-recurring income streams.

Effective Tax Rate:

Effective tax rate (ETR) moved from 50.7% in FY15 to around 28% in FY25, showing a steady normalization over time. In FY15, the **ETR was unusually high due to one-time tax adjustments on low profits**. It normalized in FY16-FY17 as profitability improved and tax credits were utilized, then fluctuated between 25-33% during FY18-FY20 based on profit mix and timing differences. A spike in FY21 and FY23 (to 37-38%) came from prior-year provisions and regulatory adjustments. By FY24-FY25, **the rate stabilized near the standard corporate tax level of 27-28%, reflecting a mature and consistent tax structure aligned with recurring profitability**.

PAT Margin:

Fredun's PAT margin rose from 1.1% in FY15 to 4.4% in FY25, reflecting stronger operations and financial discipline. **Margins improved after FY16 as scale and cost control kicked in, dipped during FY18-FY21 due to expansion spending and COVID-related pressure, and recovered sharply from FY22 with new verticals turning profitable**. Despite higher finance costs in FY24-FY25, steady EBITDA growth and a normalised tax rate (28%) supported stable margins, showing Fredun's shift from a low-margin setup to a sustainable, efficient business model.

➤ Working Capital and Cash Conversation:

Working Capital	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Trade Receivable											
Days	75	98	131	94	67	126	112	147	46	68	142
Turnover	5	4	3	4	5	3	3	2	8	5	3
Inventory											
Days	62	89	45	113	153	163	184	76	199	183	193
Turnover	6	4	8	3	2	2	2	5	2	2	2
Payable											
Days	101	140	147	239	127	150	163	79	79	66	116
Turnover	4	3	2	2	3	2	2	5	5	6	3
Cash Conversion Cycle											
Days	36	47	29	-32	94	140	133	143	167	185	219
Turnover	10	8	13	-11	4	3	3	3	2	2	2
Particular	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Cumulative Cash Conversion					117%	58%	44%	25%	-20%	-11%	-16%
Y-O-Y Cash Conversion	124%	88%	100%	314%	25%	-121%	15%	-1%	-28%	14%	-41%

Over FY15-FY25, Fredun's working capital expanded from ₹2.7 Cr to ₹272 Cr, and the cash conversion cycle (CCC) stretched from 36 days to 219 days. At first glance, this seems like deterioration, but it reflects the company's strategic transformation from a small contract manufacturer to a multi-vertical, export and retail-driven pharma business.

In the early phase (FY15-FY17), working capital was tightly managed with quick collections, moderate inventory, and long supplier credit, achieving one of the best CCC levels in the sector (as low as 29 days in FY17). By FY18, Fredun even achieved a negative CCC (-32 days), where suppliers effectively financed operations through extended credit linked to a large Southeast Asia contract.

The real strain began post-FY19, when exports scaled and new verticals (Fredun Gx, Freossi, Nutrition) were launched. Inventory days shot up from 113 in FY18 to over 180 by FY21, as the company built product pipelines, stocked safety inventory, and navigated COVID supply disruptions. Accounts receivable also stretched with the introduction of institutional and retail credit terms, while payables normalized, causing a sharp rise in net working capital.

By FY25, CCC reached 219 days, with inventory at 193 days and receivables at 142 days, both intentionally high due to new product launches and channel expansion. On a normalized basis, management expects to release ₹70-80 Cr of cash by FY27 as inventory days normalize to 125-130 and AR improves to ~110 days.

The cash conversion ratio, however, remains weak because a significant portion of profits has been absorbed by working capital buildup. This poor cash conversion is not due to inefficiency but rather front-loaded investment in working capital for scaling manufacturing, multi-location inventory stocking, and entering credit-heavy retail channels.

► ROE Trend:

Year	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
ROE	9.2%	36.2%	34.8%	7.1%	10.2%	4.0%	6.9%	8.7%	9.7%	11.8%	11.4%
Net Profit Margin	1.1%	4.4%	5.0%	3.1%	4.7%	1.7%	2.4%	2.8%	3.9%	4.5%	4.3%
Leverage	7.4	8.3	6.8	3.1	2.4	3.0	3.5	2.6	2.3	2.3	2.8
Debt	₹ 8	₹ 13	₹ 15	₹ 10	₹ 19	₹ 35	₹ 40	₹ 53	₹ 83	₹ 100	₹ 167
Equity	₹ 3	₹ 4	₹ 7	₹ 22	₹ 39	₹ 41	₹ 43	₹ 68	₹ 96	₹ 121	₹ 141
Debt/Equity	2.6	3.3	2.0	0.4	0.5	0.8	0.9	0.8	0.9	0.8	1.2
Asset Turnover	1.1	1.0	1.0	0.8	0.9	0.8	0.8	1.2	1.1	1.1	0.9
Total Assets	₹ 23	₹ 43	₹ 56	₹ 79	₹ 105	₹ 141	₹ 162	₹ 187	₹ 257	₹ 308	₹ 487

ROE has fluctuated due to changes in leverage, margins, and asset turnover:

Over FY15 to FY25, Fredun's ROE moved through three clear phases: an **early leverage-led rise, a mid-cycle decline due to heavy investment and margin pressure, and a later recovery driven by stronger profitability and operational efficiency.**

In the early years (FY15-FY17), ROE increased sharply from around 9 per cent to above 35 per cent, **mainly because of a strong improvement in net profit margin, which rose from 1.1 per cent to 5 per cent. This was supported by better cost control and higher leverage that amplified returns on a small equity base.** Asset turnover stayed relatively steady during this period, reflecting good utilization of existing assets.

Between FY18 and FY22, ROE fluctuated between 7 and 9 per cent as the company **invested heavily in new capacity and verticals. In FY18, higher raw material costs and the commissioning of the Palghar plant reduced margins and asset efficiency, bringing down ROE. Although profitability improved slightly in FY19, the pandemic years (FY20-FY21) again pressured both margins and turnover. By FY22, new verticals like Fredun Gx, Freossi, and Nutrition increased the asset base faster than profits, which kept returns moderate despite growing revenue.**

From FY23 to FY25, ROE improved again, **stabilizing around 11 per cent. This recovery came from higher operating efficiency, better product mix, and improved profitability across new-age segments.** Net profit margin strengthened from 3.9 per cent to 4.3 per cent, and asset turnover began to recover as volumes increased. **The small decline in FY25 was due to lower asset turnover following large capital expenditure and higher working capital tied up in inventory and receivables.**

► Leverage and Asset Turnover Constant:

Particular	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Return on Equity (Leverage Constant)	9%	32%	38%	17%	32%	10%	15%	25%	31%	38%	30%
NPM	1%	4%	5%	3%	5%	2%	2%	3%	4%	4%	4%
Asset Turnover	1.1	1.0	1.0	0.8	0.9	0.8	0.8	1.2	1.1	1.1	0.9
Financial Leverage	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4	7.4
Return on Equity (Asset Turnover Constant)	9%	41%	38%	10%	12%	6%	9%	8%	10%	12%	14%
NPM	1%	4%	5%	3%	5%	2%	2%	3%	4%	4%	4%
Asset Turnover	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Financial Leverage	7.4	8.3	6.8	3.1	2.4	3.0	3.5	2.6	2.3	2.3	2.8

To assess the core driver of ROE, Leverage and Asset Turnover are kept constant:

When leverage stays the same, we can see that the drop in return on equity (ROE) mainly comes from lower financial leverage. This is not due to weaker profit margins or less efficiency. The decline shows a clear decision to reduce debt, which naturally reduces the extra benefit that leverage gives to returns on equity.

➤ ROIC Trend:

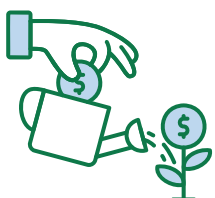
Particular	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
ROIC	4.9%	13.7%	11.3%	13.7%	11.4%	6.6%	6.8%	7.2%	9.4%	11.1%	10.5%
NOPAT Margin	2.3%	6.4%	5.0%	5.1%	6.6%	4.4%	4.0%	3.9%	5.6%	7.2%	7.5%
Overall Invested Capital Turnover	2.1	2.1	2.3	2.7	1.7	1.5	1.7	1.9	1.7	1.6	1.4

Between FY15 and FY25, the company's ROIC improved from 4.9% to 10.5%, driven **mainly by a sharp rise in profitability**. In FY15, returns were low due to the **early-stage nature of operations, with a 2.3% NOPAT margin on a small ₹11 crore capital base**. From FY16-FY18, ROIC rose to 13.7% as margins expanded to 6.4% and capital turnover improved to 2.7x, reflecting strong operating leverage and efficient use of assets. However, during FY18-FY20, ROIC fell to 6.6% due to a profit collapse and higher working capital needs NOPAT halved to ₹1.5 crore while capital surged to ₹81 crore, reducing turnover to 1.4x. In FY20-FY22, ROIC stayed weak as the company invested heavily in new verticals (Fredun Gx, Freossi) that were yet to generate profits. By FY25, returns recovered to 10.5%, supported by margin expansion (7.5%) as new businesses turned profitable, while invested capital growth moderated around ₹300 crore.

➤ Reinvestment Rate:

Particular	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Re-Investment Rate		288%	48%	-191%	563%	237%	64%	267%	160%	155%	184%
Net Capex		₹7	₹3	₹1	₹16	₹1	₹1	₹4	₹9	₹8	₹6
Change in WC		₹3	₹-1	₹-10	₹30	₹18	₹5	₹39	₹37	₹52	₹95
CFO Before Working Capital		₹4	₹4	₹4	₹8	₹8	₹11	₹16	₹29	₹38	₹55

In the initial years (FY16-FY18), the company invested heavily in setting up its WHO-GMP-certified Palghar facility, resulting in a very high reinvestment rate due to large capex on a small profit base. The rate dropped sharply in FY17-FY18 as capital intensity reduced and working capital was released. From FY19 onward, reinvestment surged again, peaking at over 500% mainly because of aggressive buildup in inventory and receivables as the company expanded its export operations and prepared for new product launches. During the COVID years (FY20-FY21), working capital remained high while profitability fell, keeping the reinvestment rate elevated despite limited capex. In FY22-FY25, the company entered a scaling phase, where reinvestment was largely driven by working capital expansion to support growing sales and the introduction of new verticals such as PetCare and Nutraceuticals. By FY25, about 94% of total reinvestment came from working capital requirements, indicating a shift from asset creation to distribution and market build-out. Management expects normalization in inventory and receivables by FY26-FY27, which should ease the reinvestment rate and transition Fredun into a positive cash-flow phase.



► Classification of Inflows and Outflows:

Inflows		
Operating profit before working capital changes	₹180	38%
Net Debt	₹156	33%
Trade payables & Other liabilities	₹140	29%
Shares Issued	₹6	1%
Total	₹481	100%

Outflows		
Inventories	-₹236	49%
Trade receivables & Other Assets	-₹113	24%
Net Addition of Fixed Assets	-₹60	12%
Interest Paid	-₹67	14%
Miscellaneous	-₹5	1%
Total	-₹481	-100%

Operating Profit (₹180 Cr | 38%) – Over the decade, Fredun consistently generated healthy operating profits, demonstrating a resilient business model and improving return on invested capital.

Net Repayment of Debt (₹156 Cr | 33%) – A significant share of internal funds was directed toward debt reduction, highlighting management's disciplined approach to de-risking and strengthening the balance sheet.

Trade Payables & Other Liabilities (₹140 Cr | 29%) – Reflects prudent working capital management and stronger vendor relationships, balancing liquidity needs with operational efficiency.

Shares Issued (₹6 Cr | 1%) – Minimal equity issuance shows the company's preference for self-funded growth and avoidance of unnecessary dilution.

Inventories (₹236 Cr | 49%) – Major long-term investment in inventory underscores capacity buildup, new product pipelines, and readiness for scaling both generics and consumer healthcare segments.

Trade Receivables & Other Assets (₹113 Cr | 24%) – Expansion into new geographies and channels increased receivables, a natural outcome of growth and wider customer reach.

Net Addition to Fixed Assets (₹60 Cr | 12%) – Focused, measured capital expenditure aligned with asset-light growth strategy; most capex directed toward modernization and product diversification.

Interest Paid (₹67 Cr | 14%) – Reflects the cost of earlier expansion cycles; gradual decline in interest payments shows improving leverage profile and better capital efficiency.

► Equity:

Particular	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Shareholders' Fund (₹ Cr)	₹ 3	₹ 4	₹ 7	₹ 22	₹ 39	₹ 41	₹ 43	₹ 68	₹ 96	₹ 121	₹ 141
Equity Capital (₹ Cr)	₹ 3	₹ 3	₹ 5	₹ 3	₹ 4	₹ 4	₹ 4	₹ 4	₹ 5	₹ 5	₹ 5
Other Equity (₹ Cr)	₹ 0	₹ 1	₹ 2	₹ 19	₹ 35	₹ 37	₹ 39	₹ 64	₹ 92	₹ 117	₹ 137
History of Dilution	–	–	FY17: 5.7L shares @ ₹140	FY18: 10.6L shares @ ₹177	–	–	FY21: 4.4L shares @ ₹412	FY22: 0.8L shares @ ₹699	FY23: 1.8L shares @ ₹986	FY24: 0.2L shares @ ₹986	–
Reserves											
Retained Earnings	₹ 46	₹ 134	₹ 276	₹ 195	₹ 784	₹ 1,018	₹ 1,193	₹ 1,800	₹ 2,855	₹ 4,377	₹ 6,284

Fredun Pharma strategically used equity dilution to fund expansion, modernization, and entry into high-margin new-age businesses. **Paid-up capital rose from ₹2.35 Cr (FY15) to ₹4.72 Cr (FY25E) through multiple preferential allotments and warrant conversions, raising high-premium funds reflected in the Securities Premium reserve.**

Major dilutions in FY18-FY19 funded capacity expansion at Palghar, while FY22-FY24 rounds supported the pet care and nutraceutical pivot. Promoter holding reduced from 74.4% (FY18) to ~45% (FY24), but leverage and risk declined. Overall, dilution was growth-accretive, strengthening the balance sheet without over-leveraging.

Phase I – Expansion Capital (FY18-FY19):

Fredun transitioned from a contract-based model to an integrated formulations player. Issued ~16.4 lakh shares at ₹150-₹225/share to fund Palghar facility expansion and capacity upgrades. Paid-up capital doubled to ₹3.99 Cr; Securities Premium rose to ₹27 Cr.

Phase II – Strategic Re-Rating (FY21-FY22):

Issued 4.43 lakh shares on a preferential basis, raising working capital for Freossi (Pet Care) and Fredun Gx launches. Equity rose to ₹4.43 Cr; reserves strengthened by ₹2.5 Cr.

Phase III – Premium Dilution for Scale (FY23-FY25):

Converted 3.7 lakh warrants at ₹986/share, adding ₹26 Cr to premium reserves.

➤ Fundraising Overview:

Fredun Pharmaceuticals Limited has announced a strategic capital raise of ₹153.25 crores through a preferential issue of equity shares and convertible warrants at an issue price of ₹1,250 per security. The fundraising was approved by the Board on September 25, 2025, and has received participation from both promoters and reputed institutional investors such as Alchemy Capital Management, NAV Capital, and Capri Global Holdings.

Out of the total ₹153.25 crores, the company has already received ₹99.47 crores upfront, comprising ₹81.55 crores from fully paid equity shares and ₹17.93 crores from 25% upfront payment for convertible warrants. The remaining ₹53.77 crores will be received upon full conversion of the 5.74 lakh warrants within 18 months of the issue date.

Purpose of the Fundraising

Scale New-Age Brands: Expand high-margin segments like Fredun Gx, Freossi, Fredun Nutrition, BeautyFred, and BraceOn, targeting over 50% branded revenue by FY28.

Strengthen Distribution: Build retail and digital presence with 25-50 Fredun-owned stores by FY27.

Enhance R&D: Support clinical trials and double-blinded studies for nutraceutical innovations.

Support Working Capital: Fund rising inventory and receivables amid 30%+ revenue CAGR.

Drive Strategic Acquisitions: Integrate new-age verticals like Wagr.ai to expand the pet care ecosystem.

Component	Type	Amount (₹ Cr)	Payment Terms	Conversion/Lock-In
Equity Shares	6,52,360 shares	81.55	100% upfront	6-month lock-in post allotment
Convertible Warrants	5,73,600 warrants	71.7	25% upfront (₹17.93 Cr); balance 75% (₹53.77 Cr) upon conversion	Convertible within 18 months
Total Fundraise		₹153.25 Cr	₹99.47 Cr received; ₹53.77 Cr on conversion	

Fiscal year end	Shares outstanding	Paid-up share capital (₹ crores)	Key event / assumption
FY25 (actual)	47,21,662	₹4.72 cr	Pre-preferential position (paid up capital ≈ ₹4.72 cr).
FY26 (post-allotment)	53,74,022	₹5.37 cr	+652,360 equity shares issued under preferential allotment (issue approved Sep-25,-2025).
FY27 (post-conversion)	59,47,622	₹5.95 cr	+573,600 warrants assumed fully converted within 18 months (conversion window per allotment).
FY28 (base case)	59,47,622	₹5.95 cr	No further equity raises assumed. If management raises fresh equity (stated intention), share count will rise see note below.

Conclusion

The fundraising marks a transformational capital infusion that provides Fredun with the financial strength to scale its branded consumer healthcare portfolio while maintaining balance sheet prudence. With most of the capex already completed and new brands gaining traction, the funds will primarily drive brand building, market expansion, and working capital efficiency, positioning Fredun for sustained double-digit growth and improved shareholder value over the medium term.

➤ Shareholding Pattern of Company:

Category / Shareholder (%)	Mar-17	Mar-18	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25	Sep-25
Promoters (Total)	74.44%	54.04%	52.04%	52.04%	52.04%	51.27%	50.15%	49.17%	48.93%	48.93%
• Daulat Nariman Medhora	56.17	39.14	33.6	33.6	33.6	31.42	30.73	30.02	29.88	29.88
• Nariman Medhora	14.54	10.93	14.42	14.42	14.42	16.24	15.88	15.32	15.24	15.24
• Fredun Nariman Medhora	3.73	3.97	4.01	4.01	4.01	3.61	3.53	3.82	3.81	3.81
FIs (Total)	0.00%	0.00%	1.68%	1.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
• India Max Investment Fund Ltd.	–	–	1.68	1.23	–	–	–	–	–	0.01
DIs (Total)	3.19%	2.19%	1.88%	1.88%	1.88%	1.69%	1.65%	1.60%	1.59%	1.61%
• Bank of India	3.19	2.19	1.88	1.88	1.88	1.69	1.65	1.6	1.59	1.59
Public (Total)	22.37%	43.77%	44.40%	44.85%	46.08%	47.04%	48.20%	49.24%	49.47%	49.46%
• Nikhil Kishorchandra Vora	–	6.81	5.85	5.85	5.85	7.67	6.9	6.5	6.38	6.38
• Sudhaben Manharlal Doshi	2.64	1.81	–	–	–	–	–	–	–	–
• S S Seema	–	1.75	1.5	1.51	1.38	–	–	–	–	–
• Arun Kumar Mukherjee	–	–	–	–	1.01	1.16	1.51	1.03	1.06	1.06
• Harsha Venkatesh	–	–	–	–	–	–	–	1.06	1.06	1.06
• Rudra Murthy B.V.	–	–	1.04	1.04	1.04	–	–	–	–	–
No. of Shareholders	509	562	1,046	1,478	1,992	3,620	4,521	7,507	7,976	8,120

Promoter holding declined from 74.4% (FY17) to 48.9% (FY25) due to multiple preferential allotments and warrant conversions to non-promoters.

Public shareholding nearly doubled, reflecting increased retail and HNI participation following the equity dilution. Institutional presence (FI/DI) remained limited but stable, while the number of shareholders surged 16x, signalling growing investor interest and deeper liquidity.

➤ Debt Analysis:

Particular in Crs.	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total Borrowings	₹ 8	₹ 13	₹ 15	₹ 10	₹ 19	₹ 35	₹ 40	₹ 53	₹ 83	₹ 100	₹ 167
Long term Borrowings	₹ 3	₹ 6	₹ 7	₹ 0	₹ 11	₹ 11	₹ 29	₹ 42	₹ 15	₹ 13	₹ 17
Short Term Borrowing	₹ 5	₹ 7	₹ 8	₹ 10	₹ 9	₹ 23	₹ 11	₹ 11	₹ 68	₹ 87	₹ 151
Finance Cost	₹ 1	₹ 2	₹ 2	₹ 2	₹ 3	₹ 4	₹ 4	₹ 5	₹ 9	₹ 14	₹ 22
Average Cost of Debt	13.0%	19.5%	13.5%	15.8%	21.4%	16.5%	11.7%	10.4%	13.7%	14.9%	16.8%
Loans as a % of Total Asset	35%	30%	26%	12%	18%	25%	25%	28%	32%	32%	34%

Fredun's debt profile expanded significantly over the decade from ₹8 Cr in FY15 to ₹167 Cr in FY25, reflecting the company's growth and diversification. Early borrowings (FY15-FY19) supported manufacturing expansion, while recent leverage is largely short-term, funding higher working capital for the branded formulations and pet care verticals. The rising finance cost, from ₹1 Cr to ₹22 Cr, mirrors this scale-up, though the average cost of debt has moderated to ~15-17% in recent years.

Fredun maintained balanced leverage, with loans making up 25-35% of total assets. The company's debt is primarily order-backed, focusing on inventory and receivables to support growth, reflecting prudent capital management that aligns debt with revenue growth and scalability.

➤ Global Scale and Regulatory Strength:

Fredun Pharmaceuticals has established a wide international presence, exporting to 52+ countries with 697 registered products and over 1,200 more under registration across South Asia, Africa, CIS, and Latin America. This strong regulatory base allows the company to launch new products faster and maintain consistent growth in semi-regulated markets.

Its **Palghar manufacturing facility is WHO-GMP certified, and the company is investing further to achieve PIC/s accreditation by Q4 FY25**, enabling entry into more regulated markets. This global compliance focus enhances trust, expands contract opportunities, and ensures sustainable export competitiveness.

➤ Proprietary Technical Leadership – MCHC Innovation:

A major differentiator for FPL is its **leadership in Microcrystalline Hydroxyapatite Complex (MCHC)**, a natural, **bioavailable source of Calcium and Phosphorus used in human and animal supplements**. FPL is **India's largest manufacturer of MCHC** and holds a patent (**granted February 2022**) for its **"Deproteinized Biocompatible Microcrystalline Hydroxyapatite Complex"**, used in dental grafting and orthopaedic applications.

This patented innovation gives **FPL a unique technological moat, allowing the company to integrate backward, control quality, and enter high-value medical and veterinary segments.**

➤ Integrated Pet Care Ecosystem – Freossi

Key Component	Description	Competitive advantage
Supplements & Pharma	MCHC-based veterinary formulations and chronic-care supplements	Leverages in-house MCHC strength to build high-margin products
Diagnostics	India's first 24x7 pet diagnostics centre – Fredna Vet Diagnostics – equipped with CBCT & CT scan	Creates awareness, supports product cross-sell & builds brand trust
Grooming & Functional Foods	Expanding into grooming products and preventive health foods	Enhances recurring sales and strengthens brand loyalty
Strategic Acquisition	Acquisition of One Pet Stop Private Limited: gives access to a loyal consumer base of 4,000+ pet owners and a tech-enabled at-home grooming service model.	Instantly expands B2C outreach, strengthens service-ecosystem and provides ready customer base for Freossi products
Growth Outlook	Targeting 35-40% CAGR with 40%+ margins	Strong profitability driver and category leadership potential

Vertical integration (manufacturing → branded supplements → diagnostics → grooming & retail/service acquisition) creates network effects and cross-sell channels.

► Peers Number Comparison:

Revenue (₹ Cr)	FY21	FY22	FY23	FY24	FY25	PAT Margin (%)	FY21	FY22	FY23	FY24	FY25
Fredun Pharma Ltd	₹ 134	₹ 224	₹ 275	₹ 348	₹ 454	Fredun Pharma Ltd	2%	3%	4%	4%	4%
Ajanta Pharma Ltd	₹ 2,890	₹ 3,341	₹ 3,743	₹ 4,209	₹ 4,648	Ajanta Pharma Ltd	23%	21%	16%	19%	20%
Indoco Remedies Ltd	₹ 1,242	₹ 1,541	₹ 1,669	₹ 1,817	₹ 1,665	Indoco Remedies Ltd	7%	10%	9%	5%	-5%
Sakar Healthcare Ltd	₹ 95	₹ 128	₹ 133	₹ 153	₹ 178	Sakar Healthcare Ltd	11%	12%	10%	8%	10%
Sequent Scientific Ltd	₹ 1,362	₹ 1,413	₹ 1,421	₹ 1,370	₹ 1,551	Sequent Scientific Ltd	8%	3%	-9%	-2%	2%
Zydus Wellness Ltd	₹ 1,867	₹ 2,009	₹ 2,255	₹ 2,328	₹ 2,709	Zydus Wellness Ltd	6%	15%	14%	11%	13%
Honasa Consumer Ltd	₹ 460	₹ 932	₹ 1,395	₹ 1,764	₹ 1,866	Honasa Consumer Ltd	-290%	2%	-9%	7%	3%
ERIS Lifesciences Ltd	₹ 1,212	₹ 1,347	₹ 1,685	₹ 2,009	₹ 2,894	ERIS Lifesciences Ltd	29%	30%	22%	20%	13%
Gross Profit Margin (%)	FY21	FY22	FY23	FY24	FY25	Working Capital Days	FY21	FY22	FY23	FY24	FY25
Fredun Pharma Ltd	24%	21%	24%	25%	27%	Fredun Pharma Ltd	133	143	167	185	219
Ajanta Pharma Ltd	78%	75%	72%	75%	77%	Ajanta Pharma Ltd	143	162	141	140	128
Indoco Remedies Ltd	71%	70%	69%	69%	70%	Indoco Remedies Ltd	105	112	121	122	124
Sakar Healthcare Ltd	46%	42%	45%	45%	54%	Sakar Healthcare Ltd	32	-6	31	50	109
Sequent Scientific Ltd	49%	44%	41%	45%	48%	Sequent Scientific Ltd	103	108	114	115	116
Zydus Wellness Ltd	55%	51%	49%	51%	53%	Zydus Wellness Ltd	4	25	57	61	61
Honasa Consumer Ltd	71%	70%	69%	69%	70%	Honasa Consumer Ltd	-4	-13	12	0	-7
ERIS Lifesciences Ltd	80%	81%	79%	81%	75%	ERIS Lifesciences Ltd	40	44	65	71	58
EBITDA Margin (%)	FY21	FY22	FY23	FY24	FY25	ROE (%)	FY21	FY22	FY23	FY24	FY25
Fredun Pharma Ltd	7%	6%	10%	11%	12%	Fredun Pharma Ltd	7%	9%	10%	12%	11%
Ajanta Pharma Ltd	35%	28%	22%	28%	27%	Ajanta Pharma Ltd	22%	22%	17%	23%	24%
Indoco Remedies Ltd	18%	21%	17%	13%	6%	Indoco Remedies Ltd	12%	17%	14%	9%	-8%
Sakar Healthcare Ltd	24%	23%	25%	25%	28%	Sakar Healthcare Ltd	11%	12%	7%	4%	6%
Sequent Scientific Ltd	16%	8%	1%	4%	10%	Sequent Scientific Ltd	14%	6%	-17%	-5%	5%
Zydus Wellness Ltd	18%	17%	15%	13%	14%	Zydus Wellness Ltd	3%	6%	6%	5%	6%
Honasa Consumer Ltd	-290%	2%	3%	7%	3%	Honasa Consumer Ltd	75%	3%	10%	11%	5%
ERIS Lifesciences Ltd	36%	36%	32%	34%	35%	ERIS Lifesciences Ltd	23%	21%	17%	15%	13%
EBT Margin (%)	FY21	FY22	FY23	FY24	FY25	ROIC (%)	FY21	FY22	FY23	FY24	FY25
Fredun Pharma Ltd	3%	4%	6%	6%	6%	Fredun Pharma Ltd	7%	7%	9%	11%	10%
Ajanta Pharma Ltd	31%	27%	20%	26%	26%	Ajanta Pharma Ltd	23%	20%	17%	23%	24%
Indoco Remedies Ltd	11%	15%	12%	7%	-4%	Indoco Remedies Ltd	11%	14%	12%	7%	-1%
Sakar Healthcare Ltd	14%	15%	13%	10%	12%	Sakar Healthcare Ltd	9%	8%	5%	4%	6%
Sequent Scientific Ltd	10%	4%	-10%	-4%	3%	Sequent Scientific Ltd	13%	5%	-4%	0%	6%
Zydus Wellness Ltd	6%	15%	13%	11%	13%	Zydus Wellness Ltd	7%	7%	7%	6%	6%
Honasa Consumer Ltd	-288%	3%	-8%	9%	5%	Honasa Consumer Ltd	-8059%	11%	19%	49%	11%
ERIS Lifesciences Ltd	33%	33%	24%	21%	17%	ERIS Lifesciences Ltd	35%	35%	13%	10%	9%

Ajanta Pharma Limited	Formulations, CMO	Listed
Indoco Remedies Limited	Formulations, CMO	Listed
Sakar Healthcare Limited	Formulations, CMO	Listed
SeQuent Scientific Limited	Pet Healthcare	Listed
Zydus Wellness Limited	Nutraceuticals	Listed
Honasa Consumer Limited	Cosmeceuticals / Dermaceuticals	Listed
Eris Lifesciences Ltd	Domestic Branded Generics	Listed
Visco Healthcare Pvt. Ltd.	Mobility	Private

► Peers: Business Model Overview:

Ajanta Pharma Limited (Formulations, CMO) (Listed)

Ajanta Pharma Limited is a speciality **pharmaceutical company engaged in the development, manufacture, and marketing of branded generics and speciality formulations across India and international markets**. The company operates through three key verticals: Branded Generics in India and Emerging Markets, Generics in the U.S., and the Institutional Anti-Malarial business in Africa. Its **Branded Generics** division is the core growth driver, **contributing 74% of total revenue in FY25**, led by chronic therapies such as cardiology, ophthalmology, dermatology, and pain management.

Ajanta's success is built on its first-to-market strategy, deep R&D capabilities, and strong front-end presence with over 5,000 medical representatives across 30+ countries. The company operates seven manufacturing facilities (two USFDA-approved) and maintains >95% supply reliability.

Ajanta's chronic-therapy focus, export-led branded generics model, and lean manufacturing structure make it an excellent comparable peer for Fredun Pharmaceuticals, particularly within the vintage generics and international branded formulation segment.

Indoco Remedies Limited (Formulations, CMO) (Listed)

Indoco Remedies Limited is an integrated pharmaceutical company engaged in **the manufacturing and marketing of formulations (FDFs) and Active Pharmaceutical Ingredients (APIs), serving both domestic and international markets.** The company operates through a balanced business model comprising Domestic Formulations, Export Formulations, APIs, and Contract Research & Analytical Services.

Indoco is among India's top 35 pharmaceutical companies, known for brands like Cyclopam and Sensodent-K, supported by a network of over 2,300 medical representatives in key therapeutic areas. The company exports to over 37 countries, focusing on regulated markets (US, EU) and emerging regions (Africa, Latin America, Asia). Indoco is shifting from contract manufacturing to direct market presence in the U.S. through its subsidiary, Florida Pharmaceutical Products LLC, to enhance profitability and control.

The company also benefits from backward integration in APIs, dedicated R&D capabilities, and WHO-GMP/USFDA-approved facilities. It is a strong comparable peer to Fredun Pharmaceuticals, particularly in the branded formulations, export generics, and contract manufacturing segments.

Sakar Healthcare Limited (Formulations, CMO) (Listed)

Sakar Healthcare Limited is an Indian pharmaceutical manufacturer specializing in **the development, production, and export of diversified formulations and injectables. The company's core operations span Own Brand Exports, Contract Development and Manufacturing (CDMO/CMO) services, and Loan Licensing, with exports contributing over 55% of FY25 revenue.** Its broad product portfolio covers 24+ therapeutic categories, including proton pump inhibitors, analgesics, anti-malarials, and anti-infectives, across dosage forms such as tablets, capsules, oral liquids, dry syrups, and lyophilized injectables.

The company operates four WHO-GMP and EU-GMP-approved facilities in Ahmedabad, including a recently certified Oncology manufacturing unit under Sakar Oncology Pvt. Ltd., which positions it as a premium CDMO partner for regulated markets. The Oncology vertical, coupled with a DSIR-recognized R&D unit, strengthens Sakar's capability in high-value, complex formulations.

Its integrated manufacturing base, focus on regulated market accreditations, and shift toward specialized, high-margin oncology and lyophilized products make it a strong comparable peer to Fredun Pharmaceuticals.

SeQuent Scientific Limited (Pet Healthcare) (Listed)

SeQuent Scientific Limited is India's largest **animal health company and among the top 25 globally, operating a fully integrated model across Veterinary APIs, Formulations, and Analytical Services under its flagship brand Alivira.** The company serves over 90+ countries, supported by nine manufacturing facilities and five R&D centers across India, Europe, Turkey, and Brazil.

The **Formulations segment contributes around 76% of total revenue, driven by a diverse portfolio across nutrition, parasite control, pain management, and antibiotics, catering to both companion animals and livestock.** The API segment (24% of revenue) focuses on regulated markets, leveraging India's only USFDA-approved veterinary API facility at Vizag, producing key molecules such as Albendazole and Triclabendazole.

SeQuent aims for margin expansion through product mix optimization, cost efficiency efforts (Project

Pragati), and higher-value formulations. The merger with Viyash Life Sciences Pvt. Ltd. enhances its position as a global animal health leader, increasing scale, R&D capacity (6x larger team), and CDMO capabilities. Its integrated structure and strong presence in regulated markets make SeQuent a solid peer for Fredun Pharmaceuticals.

Zydus Wellness Limited (Nutraceuticals)_(Listed)

Zydus Wellness Limited (ZWL) is **an integrated consumer health and wellness company and a subsidiary of Zydus Lifesciences Ltd., operating across the food, nutrition, and personal care segments. The company's mission is to "bring wellness to life" by combining science-backed innovation with consumer-centric health and lifestyle solutions.**

Its diverse portfolio includes market-leading brands such as Sugar Free (95.9% market share in sugar substitutes), Glucon-D (59.5% in glucose powders), Nycil (35% in prickly heat), Everyuth (leader in facial scrubs and peel-offs), Nutralite (healthy fat spreads and food service solutions), and Complian (nutrition beverages). The recent acquisition of RiteBite Max Protein marks its entry into the healthy snacking segment, further expanding its wellness ecosystem.

Its robust distribution network spans 2.8 million outlets, including modern and e-commerce channels (10-11% of sales), supported by 1,700+ distributors and a 2,800-strong field team.

Zydus Wellness's science-led wellness positioning, brand leadership, and diversification across nutrition, healthcare, and personal care make it a strong comparable peer for Fredun Pharmaceuticals, particularly in the nutraceutical and consumer wellness segments.

Honasa Consumer Limited (Cosmeceuticals / Dermaceuticals)_(Listed)

Honasa Consumer Limited (HCL) is India's **largest digital-first beauty and personal care (BPC) company, operating through a House of Brands (HoB) model that blends nature and science-based formulations with strong digital engagement. The company's brand portfolio includes Mamaearth, The Derma Co., Aqualogica, Dr. Sheth's, BBLUNT, Ayuga, and Staze, each catering to distinct consumer segments across skincare, haircare, and color cosmetics.**

HCL's core strategy revolves around digital-first brand incubation, rapid innovation through data analytics and AI-led consumer insights, and an omnichannel distribution network combining D2C, e-commerce, modern trade, and exclusive brand outlets. Online sales contribute over 72% of revenue, while offline reach exceeds 236,000+ retail outlets across India.

The Derma Co. and Aqualogica now account for over 50% of total sales. Honasa, with its asset-light, innovation-driven, and consumer-first model, exemplifies the transformation in the nutraceutical and personal care industries. This makes it a strong comparable peer to Fredun Pharmaceuticals, especially in the modern, digital-first wellness and cosmeceutical segments.

Eris Lifesciences Ltd (Domestic Branded Generics)_(Listed)

Eris Lifesciences Ltd. is a **specialty-driven, domestic branded formulations company focused on chronic and super-specialty therapies, with 87% of revenue derived from the Indian market. The company operates a Specialty + Super-Specialty model, catering primarily to diabetologists, cardiologists, neurologists, and consulting physicians, and holds leadership across key chronic therapy areas.**

Eris's business is anchored around chronic and sub-chronic lifestyle disorders, which **form 82% of its portfolio, making it one of India's most specialized players in the chronic space. The company's power brands in Diabetes, Cardiac Care, VMN, and Derma contribute over 60% of revenues.** Through strategic acquisitions (Biocon's branded formulations, Oaknet, Glenmark's Derma portfolio, and Swiss Parenterals), Eris has expanded into super-specialties like Nephrology, Oncology,

and Critical Care, and entered international sterile injectables markets.

supported by 6 manufacturing facilities, strong vertical integration, and an expanding R&D pipeline in biologics and fixed-dose combinations (including Insulin Analogs and GLP-1s). Its 6,600+ employees and 3,700 MRs ensure deep market coverage across India.

Eris's chronic focus, specialty expansion, and disciplined M&A-led diversification make it a strong comparable peer for Fredun Pharmaceuticals, especially within the domestic branded generics and specialty formulations segment.

Visco Healthcare Pvt. Ltd. (Mobility) (Private)

Visco Healthcare Pvt. Ltd. is one of **India's leading manufacturers of orthopaedic supports, mobility aids, and rehabilitation products, with a legacy of over six decades.** The company designs and produces a wide range of solutions, including braces, belts, knee and back supports, wheelchairs, walkers, and pain management devices, catering to both injury recovery and chronic mobility challenges.

Visco follows a **quality- and innovation-driven business model, emphasizing accessible, durable, and ergonomically designed products that adhere to international standards.** Its **portfolio serves hospitals, physiotherapy centers, and end consumers, supported by a robust domestic and export network spanning over 30 countries and 150,000 retail outlets.** The **company combines in-house manufacturing capabilities with continuous R&D in material science and design to maintain product reliability and affordability.**

Visco's strong brand equity, specialized focus on rehabilitation and pain management, and growing global presence make it a relevant comparable peer for Fredun Pharmaceuticals, particularly within the Mobility Aids & Rehabilitation segment.

(Note: The peer companies included are not directly comparable to Fredun Pharmaceuticals, as they operate in different segments, and Fredun does not provide segment-wise financial breakups. Hence, return ratios and margins are not comparable. This industry master sheet is meant to understand business models and segment dynamics, not to benchmark financials.)

➤ Fredun Pharma vs. Industry Peers:

Revenue:

Most of Fredun Pharma's competitors focus on single-segment businesses, such as branded formulations, consumer wellness, or animal health. These areas typically generate larger and more stable revenue streams thanks to their scale and established distribution networks in regulated or domestic markets. In contrast, Fredun's diversified portfolio spans multiple emerging segments and is still in the early stages of growth and brand development. As a result, its revenue base is smaller but is expanding rapidly compared to its more mature peers.

Gross Profit Margin:

Fredun Pharma has a lower gross profit margin compared to its peers due to its focus on low-margin export formulations and contract manufacturing, which limits pricing power. In contrast, Ajanta Pharma and Eris Lifesciences achieve industry-leading margins (70-80%) by operating in speciality branded generics, benefiting from strong pricing power and brand loyalty. Indoco Remedies maintains healthy margins (~70%) through backward integration into APIs, while Sakar Healthcare commands premium pricing from its oncology and injectables portfolio. Sequent Scientific, specialising in veterinary healthcare, enjoys high margins from niche formulations. Zydus Wellness and Honasa Consumer also achieve superior margins through direct-to-consumer models and strong brand equity. Fredun's diversification across multiple segments is still developing, requiring competitive pricing and promotion, which constrains its gross profit margin relative to these more established peers.

EBITDA Margin:

Fredun Pharma's EBITDA margin has gradually improved from ~6% in FY21 to ~11.6% in FY25, but it remains significantly lower than competitors due to its business structure and reliance on low-margin B2B exports and contract manufacturing. In contrast, peers like Ajanta Pharma and Eris Lifesciences maintain margins above 30% due to strong branded portfolios and operating efficiency. Indoco Remedies achieves moderate margins (~15%) through API backward integration, while Sakar Healthcare benefits from high-value oncology and CDMO operations. Sequent Scientific and Zydus Wellness record margins of ~10-14% through niche formulations in animal health and consumer healthcare.

Fredun's lower margin reflects its ongoing investment phase as it diversifies into pet care, nutraceuticals, and more, leading to rising costs without full revenue scale. The lack of backward integration and robust brand presence further limits operating leverage, keeping Fredun's EBITDA margins below industry averages compared to peers with established pricing power and distribution networks.

PAT Margin:

Fredun Pharma's PAT margin (~4% in FY25) trails peers mainly due to factors already reflected in its lower EBITDA margin—limited pricing power from export-led B2B operations and high operating costs during diversification. Beyond operating factors, its higher depreciation and finance costs from capacity expansion and debt-funded working capital further compress profitability. In contrast, peers like Ajanta Pharma and Eris Lifesciences enjoy superior PAT margins (14-16%) driven by asset-light, branded models with stronger operating leverage and lower financial costs. Zydus Wellness and Honasa Consumer maintain moderate PAT margins despite high marketing spends due to premium pricing and efficient tax structures, while Sequent Scientific remains subdued due to integration costs. Overall, Fredun's lower PAT margin is largely a reflection of its capital-intensive, early-scale business structure, unlike peers' mature, brand-led, and cost-efficient models.

Working Capital Cycle:

Fredun Pharma's higher working capital days (~218 in FY25) from its domestic, B2B-driven formulation business, where credit periods to institutional buyers, distributors, and government tenders are long. Additionally, the company's wide product range in formulations, nutraceuticals, and mobility aids leads to higher inventory holding to ensure service reliability across clients.

In contrast, peers like Ajanta and Eris Lifesciences operate with faster receivable cycles due to branded B2C models and direct doctor-led prescription demand. Zydus Wellness and Honasa Consumer have light working capital structures (25-50 days) due to cash-and-carry retail sales and quick consumer turnover. Sequent and Indoco maintain moderate levels, balancing export receivables with regulated-market compliance inventories.

Return Ratios (ROE & ROIC):

Fredun Pharma's return ratios (ROE ~9%, ROIC ~9%) remain below peers due to its low profitability base and high capital intensity. The company's large investments in fixed assets, working capital, and new business verticals have yet to generate full operating leverage, leading to modest asset turnover and subdued NOPAT. Peers like Ajanta and Eris Lifesciences sustain superior returns (>20%) supported by branded formulations, high margins, and efficient capital use, while Zydus Wellness and Honasa Consumer benefit from asset-light consumer models with quick cash cycles. In contrast, Sequent and Indoco show mixed performance due to integration costs and regulated-market exposure. Overall, Fredun's lower ROE and ROIC are structural, reflecting its manufacturing-led model and ongoing reinvestment phase, rather than inefficiency in operations.

► Promoter & Key Managerial Personnel:

Name	Designation	Profile Summary
Dr. (Mrs.) Daulat N. Medhora	Chairperson & Joint Managing Director	Founder-promoter and technocrat with a Ph.D. in Chemistry from UDCT and a Master's in Chemistry. She has been associated with the company since its inception in 1987 and played a key role in building its R&D and export-oriented manufacturing base. In 1994, she co-established the export unit in Palghar and continues to oversee formulation development and technical operations. She holds a patent (2022-23) for "Deproteinized Biocompatible Microcrystalline Hydroxyapatite Complex." Recipient of the Lady Tata Scholarship, Rashtriya Ratan Award (2008), and Bharat Nav Nirman Ratan Award. Her current JMD term is valid until December 31, 2023, and she also serves on the CSR Committee. She holds 29.88% of company. She is the wife of Mr. Nariman Medhora and mother of Mr. Fredun Medhora.
Mr. Nariman B. Medhora	Non-Executive Director (Deceased - June 20, 2025)	Mr Nariman Medhora was the Founder Promoter of Fredun Pharmaceuticals Ltd., associated with the Company since its incorporation in 1987. A B.Sc. graduate from Gujarat University, he has over three decades of experience in the pharmaceutical industry, specialising in plant operations, raw material management, and procurement. He began his career with Asbestos Magnesia and Friction Materials (1958) and later worked at Sarabhai Chemicals (1962) before founding M/s. Fredna Enterprises (1990) engaged in the manufacturing of Micro-Crystalline Hydroxyapatite. His role transitioned from Whole-Time Director to Non-Executive Director in June 2021, continuing as a mentor and advisor until his sad demise on June 20, 2025. He was the husband of Dr Daulat Medhora and the father of Mr Fredun Medhora. As of March 31, 2024, he held 15.24% of the company, making him one of the top shareholders. The Company also paid ₹168 lakh in FY24 as rent to his proprietary firm, Fredna Enterprises.
Mr. Fredun N. Medhora	Managing Director (MD) & Chief Financial Officer (CFO)	Mr Fredun Medhora holds an MBA in Strategic Marketing and Management from Cardiff University, UK, and a BBA (Magna Cum Laude) in Business Entrepreneurship from Plattsburgh University, New York. He has been the Managing Director of the Company since 2014. As the Chief Operating Decision Maker, he drives strategic expansion into Pet Care, Nutrition, and Cosmeceuticals. Under his leadership, Fredun Pharma achieved significant growth and product diversification. He co-holds a patent (FY23) with Dr. Daulat Medhora and serves on the Audit and CSR Committees. He received the "Pharma Entrepreneur of the Year 2019" award. He is the son of Mr. Nariman and Dr. Daulat Medhora. He holds a 3.81% stake in the company.

► Independent Directors and KMP:

Name	Designation	Qualification
Dr. Aspi Raimalwala	Non-Executive Independent Director	M.D., D.G.O. - Diploma in Gynecology and Obstetrics D.F.P. - Diploma in Family Planning
Mrs. Daisy D'Souza	Non-Executive Independent Director	Expert in Finance, Accounting, Costing & Corporate Governance
Dr. Rohinton Kanga	Non-Executive Independent Director	M.B.B.S., Seth G.S. Medical Clg. & KEM Hospital
Mrs. Sonal Desai	Additional Non-Executive Independent Director	Company Secretary, Law Graduate, B.Com
Mr. Anshu Agarwal	Additional Non-Executive Independent Director	B.Com, Chartered Accountant (India), M.S. Accounting & Analytics (USA), U.S. CPA
Mrs. Jinkal Shah (Soni)	CS & Compliance Officer (Former)	Company Secretary
Mr. Parag Goyal	Company Secretary & Compliance Officer	Company Secretary

➤ Remuneration:

Year (In Lac.)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Dr. (Mrs.) Daulat Medhora	₹ 12	₹ 12	₹ 12	₹ 12	₹ 12	₹ 12	₹ 12	₹ 12	₹ 12	₹ 12	₹ 12
Mr. Fredun Medhora	₹ 24	₹ 24	₹ 24	₹ 24	₹ 24	₹ 24	₹ 24	₹ 39	₹ 54	₹ 54	₹ 54
Mr. Nariman Medhora	₹ 13	₹ 13	₹ 13	₹ 13	₹ 13	₹ 13	₹ 13	₹ 2	NIL	NIL	NIL
Total Director/KMP Remuneration	₹ 49	₹ 49	₹ 49	₹ 49	₹ 49	₹ 49	₹ 49	₹ 53	₹ 66	₹ 66	₹ 66

In FY2021-22, Mr. Nariman Medhora shifted from Whole-Time Director to Non-Executive Director on June 5, 2021, changing management responsibilities. His remuneration dropped to ₹2.2 lakh, covering only April-May 2021 before ending his executive role. This reduction reflects cessation of duties, not performance, aligning with governance norms.

Conversely, Mr. Fredun Medhora's remuneration rose from ₹24 lakh in FY21 to ₹39 lakh in FY22, and later to ₹54 lakh in FY23-FY25, driven by Board-approved revisions recognizing his expanded leadership role and successful strategic execution during a critical growth phase. The hike was justified by the company's operational turnaround, margin expansion, and enhanced shareholder value creation under his leadership.

➤ Commitment vs Delivery:

Commitment Year (FY)	Commitment / Guidance / Target	Target Year (FY)	Actual Execution / Results	Result vs Commitment
FY 2015-16	Directors stated aggressive steps to expand business and expected better results.	FY 2016-17	Revenue: ₹57 Crs. (+34% YoY).	Met
FY 2019-20	Expected vast increase in productivity, exports, and profits.	FY 2020-21	Revenue: ₹134 Crs. (+19% YoY).	Met
FY 2020-21	Targeted turnover increase of at least 30%.	FY 2021-22	Revenue: ₹224 Crs. (+68% YoY)	Massively Exceeded
FY 2021-22	Projected revenue growth of 25-27% in FY23; aimed for at least 28% turnover growth.	FY 2022-23	Revenue: ₹275 Cr (+22% YoY).	Slightly Undermet
FY 2023-24	Anticipated 16% sales growth for FY25.	FY 2024-25	Revenue: ₹454 Cr (+30% YoY)	Massively Exceeded

Fredun Pharmaceuticals has built a **strong execution reputation**, consistently **converting its strategic commitments into measurable performance**. The company has successfully delivered or surpassed its stated growth **objectives in four out of five key fiscal commitments**, reflecting robust operational control, scalability, and financial discipline.

The **execution pattern highlights management's ability to drive high growth during expansion phases (FY16-FY22)** and sustain performance momentum even in **volatile macroeconomic conditions**. The **minor miss in FY23 stemmed largely from cost and logistics inflation rather than demand weakness**, while **subsequent outperformance in FY25 (+30.% vs. 16% guidance) underscores strong capacity utilization and export traction**.

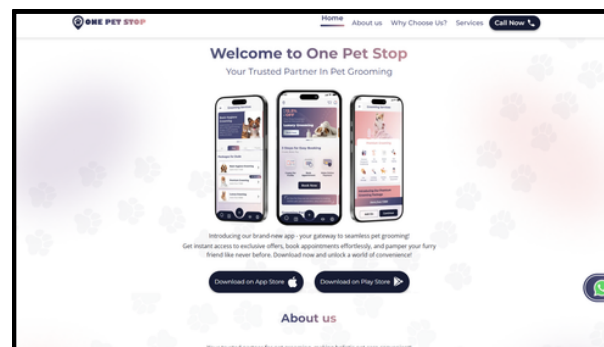
Overall, Fredun's Execution Efficiency Score stands at **90 / 100**, positioning it among companies with a highly credible management track record, capable of meeting or exceeding future guidance with consistency.

➤ 1. Fredun Retail Private Limited (FRPL)

- Date: February 2025
- Type: Wholly-Owned Subsidiary (New Incorporation)
- Purpose / Activity: Incorporated to establish a direct retail presence for Fredun's owned brands, Fredun Gx, Freossi, and nutraceuticals. The subsidiary aims to open 25-50 retail outlets across major urban centres by FY27, ensuring stronger pricing control and consumer engagement.
- Funding Source: Internal Capital / Equity Infusion
- Status: Active & Operational
- Notes: Marks the beginning of Fredun's omnichannel model, integrating manufacturing-to-retail. Strategic move to capture higher retail margins of 25-35% versus 15-20% under the earlier distribution model.

➤ 2. One Pet Stop Private Limited

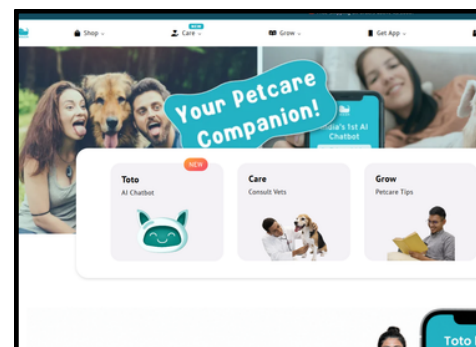
- Date: March 2025
- Type: Strategic Acquisition (Controlling Stake via Subsidiary)
- Purpose / Activity: Acquisition of a B2C pet care services platform providing grooming, boarding, and veterinary consultation. The business is being integrated with the Freossi product line to build a unified "products + services" ecosystem in the pet care category.
- Funding Source: Equity / Strategic Investment
- Status: Acquired & Integrated (Step-down Subsidiary)
- Notes: Executed through FRPL. Combines One Pet Stop's strong MMRDA-region client base with Fredun's nationwide distribution. Expected revenue contribution of ₹40-60 crore by FY27.



➤ 3. Wagr.ai

- Date: October 2025
- Type: Strategic Asset Acquisition (78% Stake via Subsidiary)
- Purpose / Activity: Acquisition of Wagr.ai's pet-tech platform, including 140 K+ pet parent user base, 500 + vet network, and patented pet fitness tracking IP. The deal enables Fredun's entry into the digital pet-wellness ecosystem through marketplace, telemedicine, and AI-driven fitness tracking solutions.
- Funding Source: Zero Cash Transaction (Equity Swap with existing Wagr.ai shareholders)
- Status: Acquired; Relaunch planned Q4 FY25-26
- Analyst Notes: Integration under Freossi Digital to create India's first neutral marketplace for pet products and services. Expected to achieve ₹100-150 Cr GMV and ₹10-22 Cr revenue by FY27; aligns with Fredun's shift toward tech-enabled pet care.

Document Link



Risk Factor	Explanation	Impact	Revival Time	Mitigation Strategy
Large Working Capital Requirement	Operations are highly working-capital intensive of ~287 days (FY23). High inventory and receivables have led to negative operating cash flow.	Tight liquidity and heavy reliance on short-term borrowings.	1.5-2 Years	Tight credit control, faster collections, and lean inventory management to achieve positive cash flows.
Customer Concentration Risk	Top 5 clients form ~65-70% of revenues, exposing dependence on few buyers.	Revenue volatility if key clients are lost.	2-3 Years	Broaden customer base and expand product/geographical portfolio.
Volatility in Input Prices & Supply Chain Disruptions	70-75% of sales cost from raw materials; dependence on China for APIs causes margin and supply risk.	Margin erosion and production delays during volatility.	1 Year	Alternate API sourcing, supplier diversification, and product mix shift to reduce dependence on Chinese inputs.
Execution Challenges in New Segments	Pet-care, Nutraceuticals, and Cosmeceuticals face competition and consumer acceptance challenges.	Reputation and demand risk if product quality falters.	2 Years	Strengthen quality, innovation, and consumer trust through consistent brand execution.
High Financial Risk / Rising Leverage	Expansion at Palghar needs heavy funding. Debt (D/E 0.90 in FY23) and high interest cost (~12%) raise leverage risk.	Balance sheet pressure and high finance cost.	2 Years	Self-funded capex, promoter infusion, and prudent borrowing to maintain leverage discipline.
Intense Competition (Generics & New Segments)	Strong MNC presence and crowded generics market limit pricing power and brand scalability.	Margin compression and slower brand growth.	3-4 Years	Focus on niche segments (Pet-care, Nutraceuticals, Cosmeceuticals) and long-term brand building.
Regulatory and Policy Risk	Strict global and domestic pharma regulations; any non-compliance can impact approvals or cause penalties.	Possible delay in launches or reputational damage.	1.5 Years	Strengthen compliance systems, maintain audit readiness, and complete PIC/s audit.

➤ Observation on Financial Reporting Inconsistencies:

During the review of Fredun Pharmaceuticals Ltd.'s FY25 Annual Report and Q2 FY26 financial disclosures, certain inconsistencies were identified that raise concerns regarding the accuracy and reliability of reported financial information.

Firstly, the Property, Plant and Equipment (PPE) figure disclosed in the primary financial statements does not reconcile with the detailed note on fixed assets, showing a discrepancy of approximately ₹9 crore. Such a mismatch between the balance sheet and the accompanying notes indicates possible errors in classification, data consolidation, or audit oversight.

FREDUN PHARMACEUTICALS LIMITED			
Standalone Balance Sheet for the year ended 31 March, 2025 (Rs. in Lacs.)			
	Notes	As at 31 March, 2025	As at 31 March, 2024
ASSETS			
NON-CURRENT ASSETS			
a) Property, Plant and Equipment	3	5,213.97	4,615.32
b) Capital Work-in-Progress		-	-
c) Other Intangible Assets	4	42.72	41.95
d) Financial assets			
i) Investments	5	76.33	6.08
ii) Loans		-	-
iii) Other Financial Assets	6	379.69	196.20
e) Other Non-current Assets	7	198.99	186.24
Total non-current assets		5,911.70	5,045.77

AR25 PPE of FY24 which is 46.15 Crs.

Note: These are the Standalone Financials of the business. This 9 crs difference is huge for a 45-50crs PPE company.

Note - 3			
Property, plant and equipment			
Description	Electronic Devices	Lease Machinery	Total
Gross Block			
Balance as at 01 April, 2023	71.07	-	6,845.68
Additions	3.48	-	903.16
Disposals	-	-	-
Balance as at 31 March, 2024	74.54	-	7,748.84
Gross Block			
Balance as at 01 April, 2024	74.54	-	7,748.84
Additions	-	135.55	135.55
Disposals	-	-	-
Balance as at 31 March, 2025	74.54	135.55	7,884.39
Accumulated Depreciation			
Balance as at 01 April, 2023	17.24	-	2,230.36
Depreciation for the year	-	-	0.00
Balance as at 31 March, 2024	17.24	-	2,230.36
Accumulated Depreciation			
Balance as at 01 April, 2024	17.24	-	2,230.36
Depreciation for the year	7.43	11.30	440.05
Balance as at 31 March, 2025	24.67	11.30	2,670.41
Net Block value as at 31 March 2024	57.31	-	5,518.48
Net Block value as at 31 March 2025	49.87	124.25	5,213.97

AR25 PPE of FY24 which is 55.18 Crs. in Footnote

Secondly, in the initial Q2 FY26 results released on 8th Nov, the company reported Profit After Tax (PAT) figures that did not align with the stated Profit Before Tax (PBT) and effective tax rate—the tax expense line item was omitted, and the company appeared to have directly shown PAT as PBT. However, in a revised version of the Q2 results released later on 9th November, the PAT figures were restated, reflecting different numbers without any accompanying clarification or disclosure note.

CIN No: L24239MH1987PLC043662

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER & HALF YEAR ENDED 30.09.2025

	PARTICULARS	Consolidated					
		Quarter Ended			Half Year Ended	Year Ended	
		Unaudited			Unaudited	Audited	
		30.09.2025	30.06.2025	30.09.2024	30.09.2025	30.09.2024	31.03.2025
		Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
1	Income from Operations						
	Net Sales / Income From Operation (Net of GST)	14358.53	11940.29	0.00	26298.82	0.00	45170.65
2	Other Operating Income	170.62	45.21	0.00	215.83	0.00	456.20
3	Total income from operations (net)	14529.15	11985.50	0.00	26514.65	0.00	45626.85
4	Expenses						
	a) Cost of Material Consumed	9925.76	9032.62	0.00	18958.38	0.00	32188.90
	b) Cost of Material Consumed for R & D	118.33	75.47	0.00	193.80	0.00	209.34
	c) Other R & D Expenses	0.00	0.00	0.00	0.00	0.00	0.00
	d) Changes in inventories of finished goods, work-in-progress and stock in trade	441.28	(666.14)	0.00	(224.86)	0.00	605.00
	e) Manufacturing & Service Cost	366.13	363.91	0.00	730.04	0.00	1755.54
	f) Finance Costs	773.13	653.17	0.00	1426.30	0.00	2237.66
	g) Employees benefits expenses	829.88	763.39	0.00	1593.27	0.00	2223.12
	h) Depreciation and amortisation expenses	189.31	141.91	0.00	331.22	0.00	503.95
	i) Other Expenses	614.80	717.13	0.00	1331.93	0.00	3153.99
	Total Expenses	13258.62	11081.46	0.00	24340.08	0.00	42877.50
5	Profit/(Loss) from ordinary activities before exceptional items & tax (3-4)	1270.53	904.04	0.00	2174.57	0.00	2749.35
6	Exceptional items / Prior Period Item	0.00	0.00	0.00	0.00	0.00	0.00
7	Profit/(Loss) from ordinary activities before tax (5-6)	1270.53	904.04	0.00	2174.57	0.00	2749.35
8	Tax Expenses	0.00	227.46	0.00	554.82	0.00	775.42
9	Profit/(Loss) from continuing operations	1270.53	676.58	0.00	1619.75	0.00	1973.93

Q2 Results released on 8th Nov

Note: Here PBT and PAT are the same as if the business has no tax, but in the half-year, the business shows 5 crores in tax, and the total of two quarters' PAT does not match their half-year PAT.

These inconsistencies indicate a potential governance and transparency risk, as frequent unexplained revisions can erode investor confidence and question the company's internal control and reporting quality.

UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER & HALF YEAR ENDED					
		Consolidated			
		Quarter Ended		Half Year	
		Unaudited			
PARTICULARS		30.09.2025	30.06.2025	30.09.2024	30.09.2025
		Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs	Rs. In Lakhs
1	Income from Operations				
	Net Sales /Income From Operation (Net of GST)	14358.53	11940.29	0.00	26298.82
	Other Operating Income	170.62	45.21	0.00	215.83
	Total Income from operations (net)	14529.15	11985.50	0.00	26514.65
	Expenses				
a)	Cost of Material Consumed	9925.76	9032.62	0.00	18958.38
b)	Cost of Material Consumed for R & D	118.33	75.47	0.00	193.80
c)	Other R & D Expenses	0.00	0.00	0.00	0.00
d)	Changes in inventories of finished goods, work-in-progress and stock in trade	441.28	(666.14)	0.00	(224.86)
e)	Manufacturing & Service Cost	366.13	363.91	0.00	730.04
f)	Finance Costs	773.13	653.17	0.00	1426.30
g)	Employees benefits expenses	829.88	763.39	0.00	1593.27
h)	Depreciation and amortisation expenses	189.31	141.91	0.00	331.22
i)	Other Expenses	614.80	717.13	0.00	1331.93
	Total expenses	13258.62	11081.46	0.00	24340.08
	Profit/(Loss) from ordinary activities before exceptional items & tax (3-4)	1270.53	904.04	0.00	2174.57
	Exceptional items / Prior Period Item	0.00	0.00	0.00	0.00
7	Profit/(Loss) from ordinary activities before tax (5-6)	1270.53	904.04	0.00	2174.57
	Tax Expenses	327.36	227.46	0.00	554.82
9	Profit/(Loss) from continuing operations	943.17	676.58	0.00	1619.75

Q2 Results released again on 9th Nov

Note: Company have revised the figures and included the tax amounts..

➤ Auditor of Fredun:

A. Former Statutory Auditors **M/s. Savla & Associates (FRN: 109361W)**

- Tenure: Served since at least FY2014-15.
- Reappointment: Two consecutive terms initially for two years till the 31st AGM (2018), followed by a five-year term ending at the 36th AGM (2023).
- Reason for Change: Retired post-FY2022-23 upon completing the maximum permissible tenure under the Companies Act.

B. Current Statutory Auditors **M/s. R.H. Nisar & Co. (FRN: 103659)**

- Appointment: Appointed post the 36th AGM (FY2022-23) for a term of five years, on recommendation of the Audit Committee.
- Tenure Validity: From FY2022-23 to FY2027-28, i.e., till the conclusion of the 41st AGM (2028).

Year (In Lac.)	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total Payment to Auditors (₹)	₹ 4	₹ 4	₹ 4	₹ 8	₹ 8	₹ 5	₹ 10	₹ 10	₹ 10	₹ 10	₹ 15
Y-O-Y Chage (%)		22%	-13%	92%	0%	-33%	100%	0%	0%	0%	50%

The spikes in auditor fees were primarily due to expanded audit scope from major corporate actions (preferential share allotments in FY17-18) and increased operational complexity and revenue scale during Fredun's high-growth phase starting FY20-21, necessitating higher diligence and certification work.

The auditor relationship and remuneration structure of Fredun Pharmaceuticals Ltd. are fair, compliant, and professionally managed. There are no governance or independence concerns overall, auditor integrity and reporting standards remain robust and credible.

➤ Cash Conversion:

As mentioned above, the company's cash conversion remains weak, primarily because profits are absorbed by working capital buildup. This is driven not by inefficiency but by front loaded investments to scale operations, maintain multi-location inventories, and support credit-heavy retail expansion.

➤ Share Pledging:

Time	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
% Pledged	3.9%	3.9%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
No. of Shares Pledged	80,000	80,000	1,15,000	1,15,000	1,15,000	1,15,000	1,15,000	1,15,000	1,15,000	1,15,000

Fredun Pharmaceuticals' promoters pledged shares to meet working capital needs during rapid export-led growth. In FY19, a ₹65 cr Southeast Asia contract drove inventory buildup and cash strain, leading Dr. Daulat Medhora to pledge 3.85% (80,000 shares), later rising to 5.54% (1.15 L shares). The pledging continued through COVID due to liquidity pressure, but was purely operational and temporary, not for personal use.

➤ Key Forensic Points:

Metric	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Depreciation Policy	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM	SLM
Effective Tax Rate	51%	30%	22%	33%	27%	24%	37%	26%	38%	27%	28%
Interest Coverage Ratio	1.1	1.9	1.9	2.3	2.8	1.4	1.7	2.5	2.7	2.5	2.1
Debt/Equity Ratio	2.6	3.0	2.5	0.8	0.5	0.7	0.9	0.8	0.8	0.8	1.0
Preferential/QIP Issuance	As mentioned above in Fund Flow										

Depreciation Policy

The company has consistently followed the Straight Line Method (SLM) since FY15 as per the Companies Act, 2013, replacing the earlier WDV method to maintain uniformity and compliance.

Effective Tax Rate (ETR)

ETR fluctuated between 22% and 51% due to changes in non-deductible expenses, deferred tax adjustments, and variations in profit before tax (PBT), especially during low-profit years.

Interest Coverage Ratio (ICR)

The ratio showed volatility (1.1x–2.8x) lower in FY15, FY20, and FY21 due to high finance costs and working capital borrowings, while stronger in FY18 and FY22–FY24 owing to improved operating profitability and scale efficiencies.

Debt/Equity Ratio (D/E)

D/E fell sharply from 2.5x in FY17 to 0.5x in FY19 following major preferential allotments that boosted equity and reserves. It rose again to ~1.0x by FY24–FY25 due to increased short-term borrowings for working capital needs.

Preferential/QIP Issuance

The company issued preferential equity and warrants starting FY18 to fund Capex and support its long-term growth strategy.

➤ Related Party Transactions:

N.B. Medhora – Rent and interest on loan.

Dr Mrs. Daulat N. Medhora – Rent and interest on loan.

Mr Fredun N. Medhora – Rent and interest on loan.

Fredna Enterprises Pvt. Ltd. – Engaged in trading and distribution of pharma products; supports logistics, packaging, and raw material sourcing. Directors: Daulat N. Medhora, Fredun N. Medhora, Nariman B. Medhora

Fredun Healthcare Pvt. Ltd. – Core manufacturing arm of the group producing formulations for domestic and export markets. Directors: Fredun N. Medhora, Nariman B. Medhora

Fredna Dental Systems Pvt. Ltd. – Focused on dental and oral care products; contributes to diversification in consumer healthcare. Directors: Vinayak U. Shirsekar, Fredun N. Medhora

Trois Biotech Pvt. Ltd. – Engaged in R&D and contract manufacturing of nutraceuticals and wellness products. Directors: Shiv Shah Awatar, Rachana Patel

Fredna FZE – UAE-based export arm managing international trade and client relationships.

Innovous Healthcare LLC – UAE-based associate handling import/export and regional marketing across MEA markets.

Transaction In Crs.	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Total Sales to RPT	₹ 0.01	₹ 0.00	₹ 0.01	₹ 2.53	₹ 0.00	₹ 0.00	₹ 0.89	₹ 0.02	₹ 1.15	₹ 30.91	₹ 45.20
As % of total Sales	0.0%	0.0%	0.0%	4.4%	0.0%	0.0%	0.7%	0.0%	0.4%	9.7%	11.1%
Total Purchase to RPT	₹ 0.10	₹ 0.01	₹ 0.01	₹ 11.42	₹ 31.22	₹ 17.10	₹ 38.75	₹ 46.20	₹ 10.00	₹ 0.52	₹ 23.08
As % of COGS	0.7%	0.1%	0.1%	28.9%	52.1%	20.9%	37.9%	26.1%	4.8%	0.2%	7.0%
Rent	₹ 0.15	₹ 0.15	₹ 0.15	₹ 1.15	₹ 1.15	₹ 1.15	₹ 1.21	₹ 1.21	₹ 1.21	₹ 1.74	₹ 1.75
As % of Profit	37.0%	7.6%	5.0%	38.5%	20.2%	37.7%	37.5%	16.0%	10.1%	10.0%	8.1%

The rise in RPT transactions shows FPL's deeper ties with group entities for raw materials, infrastructure, and distribution, aligned with its shift to value-added, branded healthcare products, not governance issues. FPL's growth requires more storage for higher inventory from new products and increased production, mainly using promoter-owned rentals like Fredna Enterprise to support expansion and logistics.

Type of Transaction	FY19	FY20	FY21	FY22	FY23	FY24	FY25
Loans from RPT	₹ 38.9	₹ 188.9	₹ 197.6	₹ 173.9	₹ 190.5	₹ 499.6	₹ 4,714.0
Interest on Loan to	₹ 0.0	₹ 0.0	₹ 2.4	₹ 28.1	₹ 37.6	₹ 31.8	₹ 299.3
Interest (%)	0.0%	0.0%	1.2%	15.1%	20.6%	9.2%	11.5%

The rise in loans from related parties shows FPL's growing reliance on promoter funding for expansion and working capital. These loans are secured against assets, carry market-aligned interest rates (9–20%), and are supported by personal guarantees of promoters, reflecting strong financial discipline and commitment.

➤ Balance sheet:

Balance Sheet	2021	2022	2023	2024	2025	2026 E	2027 E	2028E
ASSETS	₹162	₹187	₹257	₹308	₹487	₹659	₹810	₹951
Non-Current Assets	₹32	₹34	₹41	₹50	₹59	₹76	₹76	₹76
Property, plant and equipment	₹30	₹32	₹39	₹47	₹52	₹69	₹69	₹69
Capital work-in-progress	₹0	₹0	₹0	₹0	₹0	₹0	₹0	₹0
Other Intangible Assets	₹0	₹0	₹0	₹0	₹0	₹0	₹0	₹0
Financial assets	₹0	₹0	₹0	₹0	₹7	₹7	₹7	₹7
i) Investments	₹0	₹0	₹0	₹0	₹1	₹1	₹1	₹1
ii) Other non-current financial	₹0	₹0	₹0	₹0	₹6	₹6	₹6	₹6
Loans	₹1	₹2	₹2	₹3	₹0	₹0	₹0	₹0
Current Assets	₹130	₹153	₹216	₹257	₹428	₹583	₹734	₹875
Inventories	₹68	₹46	₹150	₹175	₹240	₹276	₹305	₹357
Financial assets	₹62	₹106	₹65	₹81	₹184	₹302	₹424	₹514
i) Investments	₹0	₹0	₹0	₹1	₹1	₹1	₹1	₹1
ii) Trade receivables	₹41	₹90	₹35	₹65	₹177	₹202	₹233	₹259
iii) Cash and cash equivalents	₹1	₹2	₹3	₹1	₹5	₹100	₹190	₹253
vi) Loans	₹20	₹13	₹27	₹14	₹0	₹0	₹0	₹0
Other current assets	₹0	₹1	₹1	₹1	₹5	₹5	₹5	₹5
EQUITY AND LIABILITIES	₹162	₹187	₹257	₹308	₹487	₹659	₹810	₹951
Equity share capital	₹4	₹4	₹5	₹5	₹5	₹5	₹6	₹6
Other equity	₹39	₹64	₹92	₹117	₹137	₹269	₹373	₹445
Total Equity	₹43	₹68	₹96	₹121	₹141	₹274	₹379	₹451
Liabilities	₹119	₹119	₹161	₹186	₹346	₹385	₹432	₹500
Non-Current Liabilities	₹32	₹45	₹21	₹19	₹25	₹40	₹35	₹28
Financial Liabilities								
Borrowings	₹29	₹42	₹15	₹13	₹17	₹32	₹27	₹20
Deferred tax liabilities (Net)	₹1	₹1	₹4	₹4	₹4	₹4	₹4	₹4
Provisions	₹2	₹2	₹2	₹2	₹4	₹4	₹4	₹4
Current Liabilities	₹86	₹74	₹140	₹167	₹321	₹345	₹397	₹473
Financial Liabilities								
Borrowings	₹11	₹11	₹68	₹87	₹151	₹140	₹147	₹166
Trade payables	₹60	₹49	₹59	₹63	₹145	₹179	₹224	₹281
Other current liabilities	₹15	₹12	₹8	₹12	₹19	₹19	₹19	₹19
Provisions	₹1	₹3	₹4	₹6	₹0	₹0	₹0	₹0
Current tax liabilities	₹0	₹0	₹0	₹0	₹7	₹7	₹7	₹7

➤ Income Statement:

Income Statement	2021	2022	2023	2024	2025	2026 E	2027 E	2028E
Revenue from operation	₹134	₹224	₹275	₹348	₹454	₹545	₹654	₹789
COGS	₹102	₹177	₹209	₹261	₹330	₹398	₹471	₹560
Gross Profit	₹32	₹47	₹66	₹87	₹124	₹147	₹183	₹229
Employee benefits expenses	₹9	₹11	₹12	₹12	₹22	₹24	₹25	₹27
Other expenses	₹14	₹23	₹27	₹36	₹49	₹56	₹67	₹81
EBITDA	₹9	₹14	₹28	₹38	₹52	₹67	₹90	₹120
D&A expenses	₹2	₹2	₹3	₹4	₹5	₹4	₹6	₹6
EBIT	₹7	₹12	₹25	₹34	₹47	₹63	₹85	₹114
Other Income	₹1	₹2	₹2	₹1	₹2	₹1	₹2	₹3
Finance costs	₹4	₹5	₹9	₹14	₹22	₹18	₹18	₹19
EBT before Exceptional Items	₹4	₹9	₹18	₹21	₹27	₹46	₹68	₹98
Exceptional Items Gain/(loss)	-₹1	₹0	₹0	₹0	₹0	₹0	₹0	₹0
EBT after Exceptional Items	₹3	₹9	₹18	₹21	₹27	₹46	₹68	₹98
Tax expenses	₹1	₹2	₹7	₹6	₹8	₹12	₹17	₹25
PAT	₹2	₹6	₹11	₹16	₹20	₹35	₹51	₹74
EPS	₹5.1	₹15.3	₹24.1	₹33.7	₹44.8	₹64.4	₹86.1	₹124.0

➤ Cash Flow Statement:

Particulars	2021	2022	2023	2024	2025	2026E	2027E	2028E
Cash Flow from Operating Activities								
Profit After Tax	₹2	₹9	₹17	₹21	₹20	₹35	₹51	₹74
Operating Profit Before Working Capital Changes	₹11	₹16	₹29	₹38	₹55	₹56	₹73	₹96
Changes in Working Capital	-₹10	-₹19	-₹44	-₹39	-₹84	-₹26	-₹15	-₹22
Net Cash Flow from Operating Activities (A)	₹0	-₹2	-₹14	₹0	-₹29	₹29	₹58	₹74
Cash Flow from Investing Activities								
Purchase of Fixed Assets	-₹1	-₹4	-₹9	-₹8	-₹6	-₹21	-₹6	-₹6
Net Cash Flow (Used) in Investing Activities (B)	-₹1	-₹4	-₹9	-₹8	-₹6	-₹20	-₹4	-₹2
Cash Flow from Financing Activities								
Proceeds from Long Term Borrowings	₹18	₹13	₹7	₹0	₹0			
Repayment of Long Term Borrowings	₹0	₹0	₹0	-₹3	-₹2	₹15	-₹5	-₹7
Short Term Loans	-₹13	₹0	₹27	₹22	₹64	-₹11	₹7	₹19
Proceeds from Issue of Equity Share Capital	₹0	₹0	₹0	₹0	₹0	₹81	₹53	
Convertible Warrants						₹18		
Dividend Paid						-₹1	-₹1	-₹1
Interest Paid	-₹4	-₹5	-₹9	-₹14	-₹22	-₹18	-₹18	-₹19
Other Financial Activities	-₹1	-₹1	₹0	₹1	₹0			
Net Cash Flow from Financing Activities (C)	-₹1	₹7	₹25	₹6	₹39	₹85	₹36	-₹9
Net Increase/(Decrease) in Cash & Cash Equivalents (A + B + C)	-₹2	₹1	₹1	-₹2	₹4	₹94	₹91	₹63
Cash & Cash Equivalents at the Beginning of the Year	₹3	₹1	₹2	₹3	₹2	₹5	₹100	₹190
Cash & Cash Equivalents at the End of the Year	₹1	₹2	₹3	₹1	₹5	₹100	₹190	₹253

Valuation Model's

➤ Relative Valuation:

Peer Group - Relative Valuation As of FY25						Company Detail	
Company Name	5 year Median P/E	5 year Median EV/EBITDA	5 Year Median P/BV	5 year Median EV/Revenue	5 year Median EV/CFO	Share Price (In INR Rs.)	Mkt Cap (In Crs.)
Fredun Pharma Ltd.	32.2x	15.5x	3.7x	1.6x	-29.9x	₹ 668	₹ 315
Ajanta Pharma Ltd.	26.1x	18.0x	4.5x	3.9x	18.6x	₹ 2,623	₹ 32,764
Indoco Remedies Ltd.	23.2x	13.3x	2.9x	2.0x	23.6x	₹ 232	₹ 2,140
Sakar Healthcare Ltd	26.5x	11.4x	2.0x	3.1x	14.9x	₹ 211	₹ 464
Sequent Scientific Ltd	60.4x	32.9x	4.6x	2.4x	107.3x	₹ 130	₹ 3,254
Zydus Wellness Ltd	31.2x	6.1x	.9x	.9x	8.7x	₹ 336	₹ 2,137
Honasa Consumer Ltd*	112.2x	110.0x	8.9x	5.3x	71.8x	₹ 231	₹ 7,512
ERIS Lifesciences Ltd	23.7x	18.7x	5.0x	6.6x	24.2x	₹ 1,417	₹ 19,300

➤ Exit Multiple:

Exit P/E Approach		Scenarios		Median PE Approach				
Current MCap	729	PAT Growth	40%	20	25	27	35	40
PAT FY25	20		30%	6%	15%	15%	28%	34%
PAT Growth	55%		35%	5%	13%	13%	27%	32%
PAT FY28	74		40%	8%	16%	16%	30%	36%
Exit PE FY28	27		45%	15%	24%	24%	39%	45%
Exit Mcap	2,019		50%	26%	36%	36%	52%	59%
CAGR	40%							

Exit EV/EBITDA Approach		Scenarios		Exit EV/EBITDA Approach				
EBITDA FY25	52	EBITDA Growth	26%	5	10	13	20	25
EBITDA FY29	120		22%	0%	15%	15%	32%	38%
EBITDA CAGR (%)	32%		27%	-3%	12%	12%	29%	34%
EV	477		32%	-3%	12%	12%	29%	34%
Entry EV/EBITDA	9		37%	0%	15%	15%	32%	38%
Exit EV/EBITDA	13		42%	5%	20%	20%	38%	44%
Exit EV	1,534							
CAGR	26%							

DCF Model					Details			Multiples	
WACC Calculations					Transaction Date	08-11-2025	D/E	Median EV/EBITDA	13
RiskFreeRate	6.5%	PreTaxCostofDebt	16.8%	Median D/E	0.90			Median P/E	27
Expected Market Return	14.7%	TaxRate	28.2%	Wd	47.3%	ROIC	20.0%	2025	1.01
EquityRiskPremium	8.2%			We	52.7%	Perpetual Growth	4.0%	2026	1.01
Beta	0.64					CMP	1551	2027	0.79
Cost of Equity	11.7%	After tax cost of debt	12.0%	WACC	16.1%	Share Outstanding	0.47	2028	0.63
Risk Premium Added	8%								
Opportunity Cost	19.7%								

EXIT MULTIPLE METHOD THROUGH EV/EBITDA					
Exit @ 2028					
Exit Multiple through EV/EBITDA	Entry				Exit
Date	08-11-2025	31-03-2026	31-03-2027	31-03-2028	31-03-2028
Year Fraction		0.40	1.00	1.00	1.00
EBITDA		67	90	120	
Y-O-Y Growth					
CFO		29	58	74	
Y-O-Y Growth			97%	28%	
Capex		21	6	6	
Y-O-Y Growth			-73%	4%	
FCFF		9	53	68	1,534
Transactional FCFF	0	3	53	68	1,534

EXIT MULTIPLE METHOD THROUGH P/E					
Exit @ 2028					
Exit Multiple through PE	Entry				Exit
Date	08-11-2025	31-03-2026	31-03-2027	31-03-2028	31-03-2028
Year Fraction		0.40	1.00	1.00	1.00
PAT		35	51	74	
Y-O-Y Growth					
CFO		29	58	74	
Y-O-Y Growth					
Capex		21	6	6	
Y-O-Y Growth					
FCFF		9	53	68	
Less: Debt		4	2	12	
Less: Interest		-18	-18	-19	
FCFE (Median)		(5)	36	60	2,019
Transactional FCFE	0	(2)	36	60	2,019

Exit Multiple through EV/EBITDA (Implied)		Rate of Return	
Intrinsic Value		Current Price	1,551
Enterprise Value	1,166	Target Price	2,137
Cash	5	TP Upside	38%
Debt	167		
Equity Value	1,005		
Equity Value/Share	2,137		

Scenarios	Exit EV/EBITDA					
WACC	2.137	3	8	13	18	23
	12.10%	404.80	1377.79	2350.78	3323.77	4296.77
	14.10%	375.61	1308.26	2240.92	3173.57	4106.22
	16.10%	348.07	1242.71	2137.36	3032.00	3926.65
	18.10%	322.06	1180.85	2039.64	2898.44	3757.23
	20.10%	297.46	1122.41	1947.35	2772.30	3597.25

Exit Multiple through P/E (Median)		Rate of Return	
Equity Value	1,377	Current Price	1,551
Equity Value/Share	2,930	Target Price	2,930
		TP Upside	89%

Scenarios	Exit PE					
PE	2,930	17	22	27	32	37
	15.75%	2071.32	2623.96	3176.60	3729.23	4281.87
	17.75%	1988.99	2519.42	3049.84	3580.27	4110.69
	19.75%	1911.25	2420.71	2930.17	3439.63	3949.09
	21.75%	1837.77	2327.42	2817.07	3306.72	3796.37
	23.75%	1768.26	2239.17	2710.08	3181.00	3651.91

Reverse DCF - Small:

Particular	Numbers In Crs.	Details
Entry Mcap	₹728.97	CMP * No Of Shares
Entry PAT TTM	₹ 22	Last Four Quater PAT
Entry P/E	32.6	Mcap/PAT
Expected Return	20%	Expected Return From Fredun Pharma.
Holding Time	3	Holding
EXIT P/E	27.4	Median P/E Exit
Expected PAT G	27%	This is The PAT G company To Do to Give 20% Return
Exit Mcap	₹1,259.70	Mcap After 3 years With 27% CAGR
Exit PAT after 3 years	₹46	PAT After 3 year With 27% PAT CAGR

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