

# Supriya Lifesciences Ltd.

Analyst Recommendation: BUY

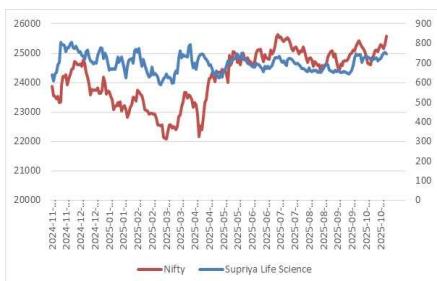
BSE Code: 543434

NSE: SUPRIYA

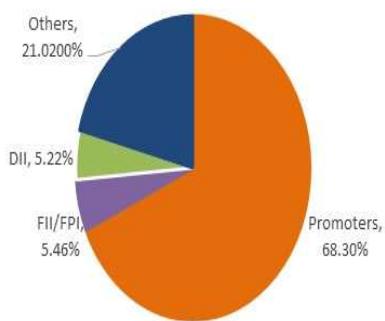
<b>CMP:</b>	<b>Rs 744</b>
<b>3 Year Target -</b>	<b>Rs 1050</b>

Face Value	2.00
Market Cap (Rs Cr)	6024
Stock PE	33
Dividend Yield	0.13%
Shares O/S (Cr)	8.05
Book Value per Share (Rs)	123
Nifty	25,585

## 1 yr. Price Chart of Stock and Nifty



## Shareholding pattern as on 30th Sep 2025



## Investor's Rationale

### Margin Moat Built on Integration and Therapy Leadership

SUPRIYA has built a durable and defensible margin moat, consistently delivering 30–35% EBITDA, well above Indian API peers (mid-20s). This structural edge is driven by two entrenched strengths:

Deep backward integration: ~18 integrated products contribute 81% of Q1FY26 revenue, buffering the business from input volatility and ensuring stable realizations. Dominance in niche therapies: Leadership in anesthetics and anti-anxiety APIs—markets with limited domestic competition support premium pricing power.

Margins are expected to temporarily soften to ~33% in FY26E due to Ambernath scale-up costs. However, we believe EBITDA margin is positioned to normalise at ~35% by FY28E, sustaining structural leadership.

### Demand Visibility in Place Before Capacity Fills

SUPRIYA's historic capacity utilisation levels of 85–86% are well above industry average. This is not a capacity-led growth story; it is a demand-pull expansion. The commissioning of the Ambernath formulation facility is expected to temporarily ease utilisation to ~75%, but this is strategic slack created ahead of visible demand. We believe utilisation will rebound to ~80-85% by FY27-end, restoring tight capacity once again.

Importantly, SUPRIYA is planning the next leg of expansion before hitting a constraint with the construction of the Patalganga site (3x Lote Capacity), which begins in FY27-end, exactly when the current sites approach peak utilisation.

## Investment View

We believe SUPRIYA is positioned for sustained, high-quality growth, backed by deep backward integration, niche therapy leadership with a strategic shift towards high-margin CDMO and GLP-1 intermediates, which reinforces long-term earnings visibility.

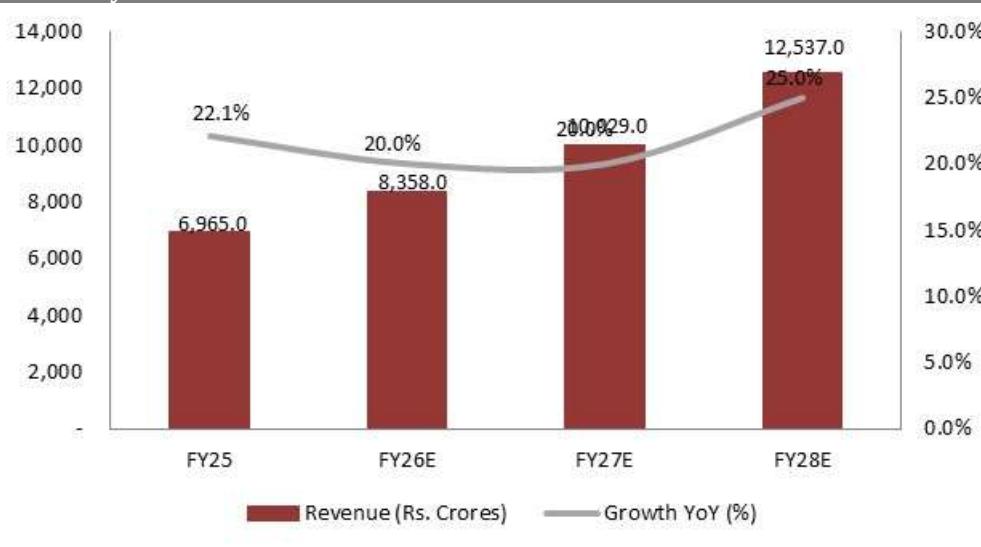
With a TP of INR 1,030 and a 38.6% upside, we initiate our coverage with a BUY rating on the stock. This results in an implied PE of 29x, broadly in line with peers with a PEG ratio of 1.5x.

Particulars (Rs in INR Million)	FY25	FY26E	FY27E	FY28E
Revenue	6965	8358	10029	12537
EBITDA	2608	2800	3410	4388
PAT	1880	2001	2453	3202
ROE	18.9	16.8	17.2	18.4
ROIC	19.8	18.9	21.2	22.6
PE	31.8	29.9	24.4	18.7
EPS (INR)	23.4	24.9	30.5	39.8

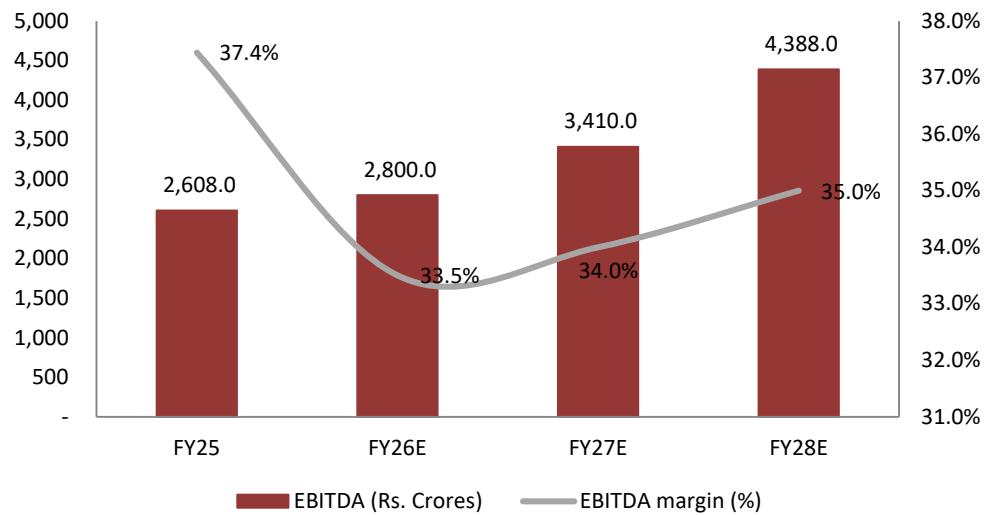
## Investor Rationale

- CDMO Capabilities and Global Footprint Power Next-phase Growth-A 10-year contract with a European pharma major marks a transition, from a pure API player to a CDMO-backed growth model. The Ambernath facility provides dedicated capacity for these CDMO supplies, converting opportunity into execution-readiness. Additionally, early development of GLP-1 intermediates adds a medium-term growth option in one of the world's fastest growing therapeutic classes. By FY30E, Europe is set to become SUPRIYA's largest market (~41.5% revenue), while US exposure remains <3%, insulating margin from any tariff risk.
- Demand-backed Expansion, Not Speculative Capex: Unlike peers that expanded capacity ahead of orders, SUPRIYA commissioned its Ambernath FDF unit only after signing a 10-year anchor CDMO contract, ensuring immediate revenue visibility upon ramp-up. Proven Ramp-up Discipline: Historical utilisation demonstrates the company's ability to absorb new blocks swiftly without margin drag.
- Layered Expansion Strategy: Rather than switching business models overnight, SUPRIYA is adopting a staggered transition — API → Advanced Intermediates → FDF/CDMO, ensuring regulatory preparedness and operational learning before scaling up.
- Phased Capex, Linked to Utilisation Thresholds: SUPRIYA has maintained a disciplined playbook of only triggering new projects once utilisation peaks, reducing the risk of under-deployed assets.
- Asset Sweat Proven in Past Cycles: After FY22 expansion, utilisation recovery from 47% → 70% within 12 months highlights strong demand absorption capability.
- Patalganga to be Triggered only after Load Visibility: Unlike peers that build ahead of demand, SUPRIYA will initiate its Patalganga greenfield only once Ambernath/Lote reach peak utilisation (expected in FY27E) — ensuring capital productivity stays intact.
- Management expects new molecules and CDMO contracts to gradually contribute ~20% of revenue by FY27E, with the balance continuing from legacy APIs.
- Each year, the company aims to commercialise 3–4 new products, supported by a pipeline of 8–10 molecules under development.
- Backward integration across key intermediates continues to be a structural strength, enabling SUPRIYA to maintain superior margin versus peers despite raw material cost volatility.

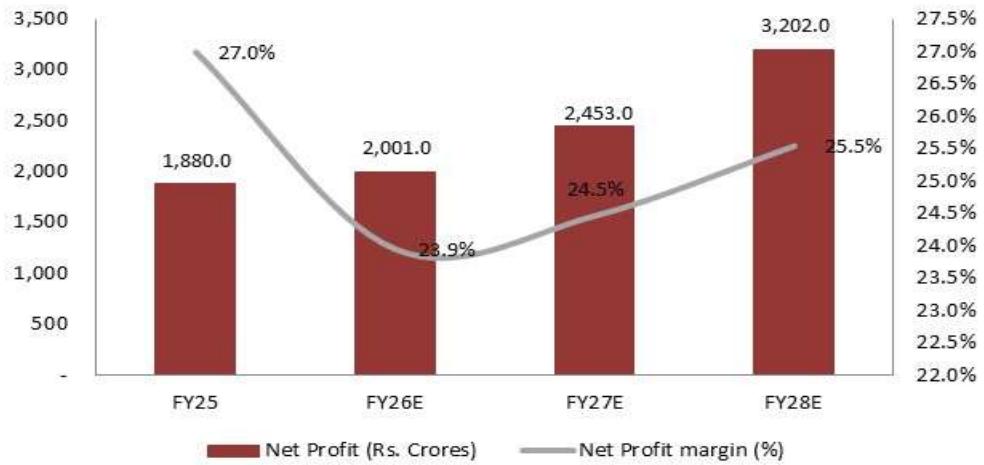
### Revenue growth to be steady



### EBITDA to grow going ahead



### Net profit to surge going ahead





## **Outlook and Valuation**

We believe SUPRIYA is positioned for sustained, high-quality growth, backed by deep backward integration, niche therapy leadership with a strategic shift towards high-margin CDMO and GLP-1 intermediates, which reinforces long-term earnings visibility.

With a TP of INR 1,030 and a 38.6% upside, we initiate our coverage with a BUY rating on the stock. This results in an implied PE of 29x, broadly in line with peers with a PEG ratio of 1.5x.

## **Company Overview**

Supriya Lifescience is a niche API manufacturer with a global footprint across 120+ countries, specialising in anti-allergic, anaesthetic and vitamin APIs. Backed by EU-GMP approvals and a USFDA-compliant FDF facility at Ambernath, the company is now expanding into formulations and CDMO through a long-term European contract.



**Balance sheet (Consolidated)**

Particulars (Rs in INR Million)	FY25	FY26E	FY27E	FY28E
Net Worth	9968	11888	14260	17382
Borrowings	54	54	54	54
Trade Payables	745	879	1055	1319
Other Non-Current Liabilities	283	283	283	283
Other Current Liabilities	73	73	73	73
<b>Total Net Worth &amp; Liabilities</b>	<b>11123</b>	<b>13177</b>	<b>15726</b>	<b>19111</b>
Net Block	4468	5018	5545	7192
Capital WIP	1527	1527	1527	1527
Goodwill & Intangible Assets	14	14	14	14
Investments	632	632	632	632
Trade Receivables	1344	1603	1923	2404
Cash & Cash Equivalents	792	1755	3163	3980
Other Non-Current Assets	112	112	112	112
Other Current Assets	2235	2517	2810	3250
<b>Total Assets</b>	<b>11123</b>	<b>13177</b>	<b>15726</b>	<b>19111</b>

**Profit & Loss Account (Consolidated)**

Particulars (Rs in INR Million)	FY25	FY26E	FY27E	FY28E
Revenue	6965	8358	10029	12537
Gross Profit	4853	5683	6820	8525
EBITDA	2608	2800	3410	4388
Depreciation	204	241	273	353
EBIT	2403	2559	3137	4035
Other Income	98	125	150	251
Interest Expense	17	17	17	17
PBT	2485	2668	3271	4269
<b>PAT</b>	<b>1880</b>	<b>2001</b>	<b>2453</b>	<b>3202</b>



## Cash Flow (Consolidated)

Cash Flows (INR Mn)	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	1646	1851	2305	2915
Cash Flows from Investing	-1,522	-790	-800	-2,000
Cash Flows from Financing	-82	-97	-97	-97

## Equity Research

### Key Ratios & Valuations (Consolidated)

Particulars	FY25	FY26E	FY27E	FY28E
Revenue Growth	22.1	20	20	25
EBITDA Growth	50.7	7.4	21.8	28.7
ROE	18.9	16.8	17.2	18.4
ROIC	19.8	18.9	21.2	22.6
EPS (INR)	23.4	24.9	30.5	39.8
PE	31.8	29.9	24.4	18.7
P/BV	6	5	4.2	3.4
EV/EBITDA	22.6	20.7	16.6	12.7



Large Cap.	Return	Mid/Small Cap.	Return
<b>Buy</b>	More than equal to 10%	<b>Buy</b>	More than equal to 15%
<b>Hold</b>	Between 10% & -5%	<b>Accumulate*</b>	Upside between 10% & 15%
<b>Reduce</b>	Less than -5%	<b>Hold</b>	Between 0% & 10%
		<b>Reduce/sell</b>	Less than 0%

\* To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.



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