

Supriya Lifescience: Moat on Margins, Contracts on Growth, Capacity already Paid for

November 28, 2025 | CMP: INR 766 | Target Price: 1,030

BUY

Company Information

BB Code	SUPRIYA IN EQUITY
ISIN	INE07R001027
Face Value (INR)	2.0
52 Week High (INR)	842
52 Week Low (INR)	557
Mkt Cap (INR Bn)	61.6
Mkt Cap (USD Bn)	0.7
Shares Outstanding (Mn)	80.5
Free Float (%)	31.7
FY28E EPS (INR)	39.8

Shareholding Pattern (%)

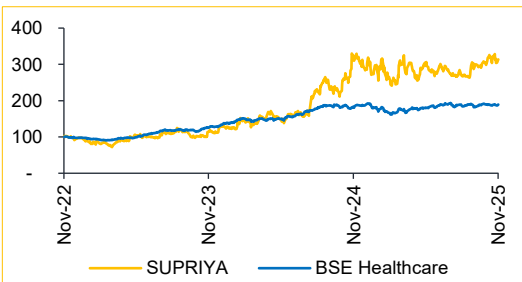
	Sep-25	Jun-25	Mar-25
Promoters	68.30	68.30	68.30
FIIs	5.46	6.78	7.19
DIIIs	5.22	4.86	4.26
Public	21.02	20.08	20.25

Key Financials

INR Bn	FY24	FY25	FY26E	FY27E	FY28E
Revenue	5.7	7.0	8.4	10.0	12.5
YoY (%)	23.7	22.1	20.0	20.0	25.0
EBITDA	1.7	2.6	2.8	3.4	4.4
EBITDAM (%)	30.3	37.4	33.5	34.0	35.0
PAT	1.2	1.9	2.0	2.5	3.2
EPS (INR)	14.8	23.4	24.9	30.5	39.8
ROE (%)	14.6	18.9	16.8	17.2	18.4
ROCE (%)	19.3	24.1	21.5	22.0	23.2
PE(x)	51.7	32.8	30.8	25.1	19.3
EV/EBITDA (x)	35.2	23.3	21.4	17.2	13.1
BVPS (INR)	101.3	123.8	147.7	177.2	216.0
FCF	-0.3	0.0	1.1	1.5	0.9

Rebased Performance (%)

YTD	3Y	2Y	1Y
BSE Healthcare	88.9	50.4	4.0
SUPRIYA	213.3	177.3	(2.8)



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We visited **SUPRIYA's Block E at its Lote facility (in Ratnagiri, Maharashtra)** and also met the senior members of the management - **Dr. Saloni Wagh (MD) and Mr. Krishna Raghunathan (CFO)**. Block E houses large-volume, multipurpose synthesis equipment and supports complex/controlled-substance handling. The unit is compliant with global cGMP standards and has significant liquid-filling capabilities. Management highlighted strong progress in backward integration (including KSM development), semi-automated processes that enhance data integrity and readiness for customer and FDA audits.

We believe **growth will be driven by new launches (3–4 in H2FY26)** and CMO opportunities. Ambarnath R&D ramp-up will strengthen the portfolio, while improved additional land acquisition and capacity expansion **position the company for sustained 20%+ growth**. Additionally, the shift towards high margin CDMO and GLP-1 intermediates will also drive margin expansion. We continue to expect to see a CAGR of 21.6%/18.9%/19.4% over FY25-28E and maintain our **BUY** rating with an unchanged TP of INR 1,030.

Block E: Key Features and Observations

- Large-volume, multipurpose synthesis block designed for complex and controlled-substance chemistry, with globally aligned cGMP practices.
- Gravity-flow-driven material movement, significantly reducing manual handling, minimising variability and improving process accuracy and consistency.
- Semi-automated operational setup which helps eliminate data-integrity risks and supports smoother audit readiness.
- Equipped with liquid-filling capabilities and multiple clean-room areas which enable parallel product execution.
- Supported by expanding warehousing and utility infrastructure, strengthening both, throughput and compliance.
- Demonstrates strong regulatory preparedness with 6–7 customer audits per month and three completed USFDA inspections, reflecting confidence in systems and process controls.

Backward Integration & Raw Material Management

- Clear backward-integration roadmap, with **several KSMs (Key Starting Materials) already developed in house** and more progressing toward internal production, reducing reliance on external vendors.
- Robust RM **sourcing strategy**, balancing local and international suppliers, supported by an **80:20 principle** which ensures security without overdependence.
- Strong inventory planning, **maintaining 1–2 months of local RM and ~6 months for imported RM**, providing insulation against supply disruption.
- **Zero RM rejection**, indicating tight vendor qualification, material testing and process control systems.
- **Increasing IT-driven RM management and automation**, aimed at improving traceability, reducing manual intervention and strengthening compliance.
- Backward integration **expected to enhance margin**, supply stability and regulatory agility, while preparing the company for higher-scale, complex chemistries.

3–4 new launches expected in FY26 with INR 1,000–1,500 Mn revenue potential from new molecules.

Revenue dependence on top 5–6 molecules (~50–60%) is structurally declining as higher-value products scale.

For Semaglutide, SUPRIYA remains focused on FD (injectable).

Three USFDA inspections completed to date, final approval expected soon.

12,531 sq. m of land acquired adjacent to the current Lote facility to support near-term expansion

Product Pipeline & Growth Outlook

- 3–4 new launches expected in FY26 with INR 1,000–1,500 Mn revenue potential from new molecules.
- **CMO/API pipeline expected to add INR 250–300 Mn**, with steady traction in regulated markets.
- **Anesthesia portfolio (incl. Sevoflurane) highlighted as a strong medium-term driver** with limited Indian API competition with only 2–3 players.
- Product maturity typically takes 2–3 years, providing visibility on commercial ramp-up.

Portfolio Mix & Commercial Performance

- Revenue dependence on top 5–6 molecules (~50–60%) is structurally declining as higher-value products scale up.
- **The shift in molecule mix is seen as positive**—newer, complex, higher-margin APIs are taking over leadership in its top 10 molecules.
- Molecule selection focussed on global opportunity, low competition and technical fit.

Semaglutide Strategy

- SUPRIYA remains focussed on FD (injectable) and does not intend to enter API side due to high block requirements and low incremental value.
- Demand for FD form **expected primarily from Russia and the Middle East**.
- NFC MAP component largely sourced from China, similar to industry practice.

Capacity, Infrastructure & Utilities

- Existing capacity can support ~20% growth, with further expansion enabled by new blocks and upcoming KSM infrastructure.
- Warehousing for raw materials is being expanded, with the new RM warehouse expected to be operational in ~3 months.

Readiness & Compliance

- Facility undergoes 6–7 customer audits per month, indicating strong client confidence.
- Three USFDA inspections completed to date, final approval expected soon, supported by semi-automated systems which lower observation risk.
- **No data-integrity issues reported** - architecture designed to minimise manual intervention.
- Targeting Ecovadis Silver rating by year-end.

Land Acquisition & Expansion Footprint

- 12,531 sq. m of land acquired adjacent to the existing Lote facility so as to support near-term expansion.
- 24,646 sq. m of land acquired in Patalganga, **earmarked for deeper backward-integration blocks** and future KSM synthesis (construction expected from FY27-end).
- These acquisitions position SUPRIYA for long-term capacity creation and chemistry diversification.

Future Capabilities & Strategic Additions

- Evaluation under way for hydrogen fluoride (HF) chemistry, which would require a dedicated, specially-designed block.
- 12,531 sq. m of land acquired adjacent to the current Lote facility to support near-term expansion, indicating potential diversification into synergistic adjacent segments.

Historical Price Chart: SUPRIYA



Date	Rating	Target Price
November 12, 2025	BUY	1,030

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CHOICE RATING DISTRIBUTION & METHODOLOGY	
Large Cap*	
BUY	The security is expected to generate upside of 15% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 15% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -5% over the next 12 months
SELL	The security is expected to show downside of 5% or more over the next 12 months
Mid & Small Cap*	
BUY	The security is expected to generate upside of 20% or more over the next 12 months
ADD	The security is expected to show upside returns from 5% to less than 20% over the next 12 months
REDUCE	The security is expected to show upside or downside returns by 5% to -10% over the next 12 months
SELL	The security is expected to show downside of 10% or more over the next 12 months
Other Ratings	
NOT RATED (NR)	The stock has no recommendation from the Analyst
UNDER REVIEW (UR)	The stock is under review by the Analyst and rating may change
Sector View	
POSITIVE (P)	Fundamentals of the sector look attractive over the next 12 months
NEUTRAL (N)	Fundamentals of the sector are expected to be in stasis over the next 12 months
CAUTIOUS (C)	Fundamentals of the sector are expected to be challenging over the next 12 months

*Large Cap: More Than INR 20,000Cr Market Cap
*Mid & Small Cap: Less Than INR 20,000Cr Market Cap

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