DEVEN CHOKSEY RESEARCH

Supriya Lifescience Ltd
Q2FY26

Result update

18th Nov, 2025

Supriya Lifescience Ltd

Strong sequential rebound with broad-based growth; exports and Module E ramp-up drive performance

CMP	Target	Potential Upside	Market Cap (INR Mn)	Recommendation	Sector
INR 786	**INR 850**	**8.1%**	**62,880**	**ACCUMULATE**	**Pharmaceuticals**

Result highlights

Revenue:

Consolidated revenue grew 37.7% QoQ / 20.3% YoY to INR 1,998 Mn, coming 5.4% above our estimates and marking a clear recovery after a muted Q1. The improvement was driven by the normalization of earlier operational bottlenecks and the ramp-up of the Module E facility, which boosted utilization. Growth was broad-based across anesthetics, anti-diabetics, anti-anxiety, vitamins, and ADHD treatments, while exports remained the key growth driver, contributing 81% of quarterly revenues.

Margin and Profitability:

EBITDA increased 40.5% QoQ / 12.3% YoY to INR 726 Mn, modestly above our estimates, supported by operating leverage benefits resulting from sharp revenue outperformance. Gross Profit rose to INR 1,441 Mn (-20.0% YoY due to a high base), but GPM contracted by 599 bps QoQ (-21 bps YoY) to 72.1%, reflecting an unfavorable raw-material mix and higher cost absorption following the scale-up of new product lines.

EBITDA margin contracted 261 bps YoY (but improved 72 bps QoQ) to 36.4%, broadly in line with expectations, as incremental freight, manpower, and quality-related spends partially offset operating leverage. Adjusted PAT grew 45.1% QoQ / 9.8% YoY to INR 504 Mn, ahead of estimates, driven by stronger EBITDA performance and lower-than-expected interest and other expenses.

Verticals/Segments:

Regionally, growth was well balanced, with Europe contributing 37%, Asia 34%, and LATAM 21% of Q2 FY26 revenues, while North America (3%) and Others (5%) maintained steady offtake. The sustained strength across regulated markets underscores the company's diversified demand base and supports a healthier mix profile for the quarter.

Therapy-wise performance remained broad-based, with anesthetics continuing as the key growth engine, contributing 54% of H1 FY26 revenues (vs 46% in H1 FY25), supported by strong global demand and improved utilization from Module E. The anti-histamine and vitamin portfolios contributed 12% each (vs 10% and 11% YoY), aided by better order inflow from regulated markets. The analgesic segment moderated to 2% (vs 6% YoY) as capacity was prioritized toward high-growth therapies. Other segments such as anti-asthmatic (7%), anti-allergic (4%), and anti-hypertensive (2%) remained stable.

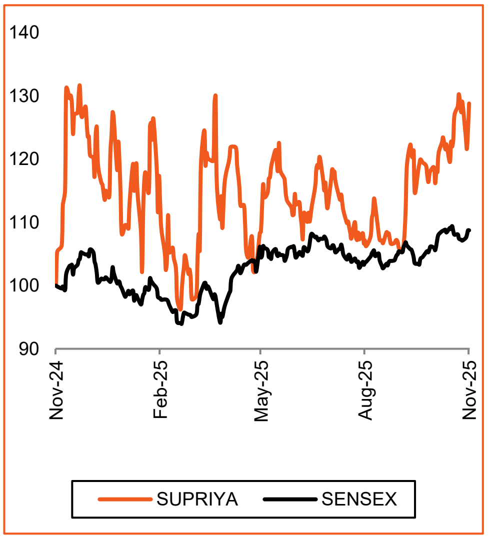
Outlook and Valuation:

We expect growth momentum to sustain over the coming quarters, supported by steady demand across regulated markets, scale-up of the Module E facility, and a stronger mix from high-value therapies. Continued traction in new product launches, exports-led diversification, and improved operating efficiencies should further strengthen the company's margin profile. Near-term performance will be driven by capacity utilization gains and stable demand visibility across key therapeutic segments.

We have rolled forward our valuation to Sept'27 estimates. We value Supriya Lifescience at 24.0x Sept'27 EPS, implying a target price of INR 850.

We downgrade our rating from "BUY" to "ACCUMULATE" on the stock.

SHARE PRICE PERFORMANCE



MARKET DATA

Shares outs (Mn)	80
Mkt Cap (INR Mn)	62,880
52 Wk H/L (INR)	842/556

*Based on the previous closing
Note: All the market data is as of the previous closing

SHARE HOLDING PATTERN (%)

Particulars	Sep-25	Jun-25	Mar-25
Promoters	68.3	68.3	68.3
FIIs	5.5	6.8	7.2
DIIs	5.2	4.9	4.3
Others	21.0	20.0	20.3
Total	100.0	100.0	100

21.7%
Revenue CAGR between FY25-FY27E

14.7%
Adj. PAT CAGR between FY25-FY27E

KEY FINANCIALS

Particulars (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	5,704	6,965	8,341	10,314	12,999
EBITDA	1,080	2,608	2,820	3,544	4,657
Adj. PAT	1,191	1,880	1,954	2,475	3,295
Adj. EPS (INR)	14.8	23.4	24.3	30.8	40.9

Source: Company, DevenChoksey Research

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Key Concall Highlights:

Geographical segment performance

- **Europe**: Revenue from Europe grew strongly during Q2FY26, supported by high demand in regulated markets where Supriya continues to benefit from limited competition and strong backward integration. The company highlighted that several niche APIs—particularly anesthetics and cardiovascular intermediates—are witnessing rising customer interest, driven by Supriya's ability to provide regulated, high-purity alternatives to Chinese non-GMP suppliers. Customers are already progressing through validation batches, with commercial off-take expected to meaningfully scale from FY27E. Management reiterated that Europe will remain one of the largest markets over the next 2 years, supported by strong traction in new launches and CMO opportunities.
- **North America:** North America remained a smaller contributor in Q2FY26, but the company expects a visible pickup from FY27 onward as new products move through the U.S. regulatory cycle. USDMF filings for the high-purity anesthetic API and cardiovascular intermediate will be completed by end-November 2025,U.S. market commercialization typically requires 9–12 months post-filing. Hence, FY27 should mark the start of meaningful scaling. Management emphasized that while NA contributions will rise, Europe and LATAM will continue to be structurally larger markets through the medium term.
- **Latin America and Asia:** As per management, a portion of Q1 deferred orders was executed in Q2, and the remaining part will normalize in Q3, after which regional growth should return to trend. LATAM and semi-regulated markets are expected to also benefit from the WHO-GMP approval of the Amarna facility for liquid anesthetics and tablets.

DSM contract

- The DSM vitamin project is expected to generate a full-potential annual revenue of INR 600–700 Mn. For the current fiscal year (FY26), the expected revenue contribution is INR 250–300 Mn. This FY26 revenue is largely attributed to the food application volumes, which have already begun. The full commercial scale-up, including pharma-grade volumes, is anticipated to occur next year (FY27) once customer validations are concluded, enabling the project to reach its full potential of approximately 600 Mn.
- Supriya has secured multiple regulatory approvals for the pharma application of this vitamin, including the Japanese PMDA approval, the CP (CEP) (Europe), and the USGMF approval (US-DMF). Customers have initiated their site validations for the pharma component, and management expects the uptake in pharma volumes to begin in approximately four or five months.

Drug launches

- ADHD API is targeted for launch in Q3 FY26. Treatments for ADHD are cited as a key therapeutic area for the company A contrast media product is planned for launch between late Q3 and early Q4 FY26.This product is currently at the pilot scale validation stage.
- The whey protein project has experienced customer delays due to ongoing changes in the final formulation, as the customer is evaluating a newer, advanced type of finished formulation Commercial supply is expected to begin soon, potentially within one or two months. While a modest contribution is expected in the near term, the larger scale-up is anticipated in FY27. The established capacity for this project is substantial, at about 3,000 tons per year, with the full potential of this capacity likely to be realized from FY28.
- Supriya introduced a cardiovascular advanced intermediate. Pilot supplies are ongoing, with validation batches currently underway at customer sites. Supriya has created capacity for approximately 1,000 tons of this intermediate and already has visibility for about 300 tons. The US DMF filing for this intermediate is also scheduled for completion by the end of November. Good revenue visibility for this intermediate is expected in the next financial year (FY27).

Guidance and outlook

- Management reiterated its aim of achieving ~20% annual revenue growth on a sustainable basis, while H2FY26 is expected to be significantly stronger than H1FY26, supported by recovery of Q1 production loss, the scaling up of new launches, and the first-time revenue contribution from the Amarna finished-dosage facility beginning Q4FY26. The company remains firmly on track to achieve its INR 10,000 Mn revenue target by FY27.
- The company expects to maintain its EBITDA margins in the 33% to 35% range. This profitability is underpinned by several strategic factors, including Supriya's 79% fully backward integrated revenue, increasing batch sizes (due to Module E optimization), and a strong R&D setup that continuously works on life cycle management, process improvement, and cost savings. Management views this range as a stabilized margin, noting that the blended margin should be maintained even as newer products scale up in semi-regulated markets

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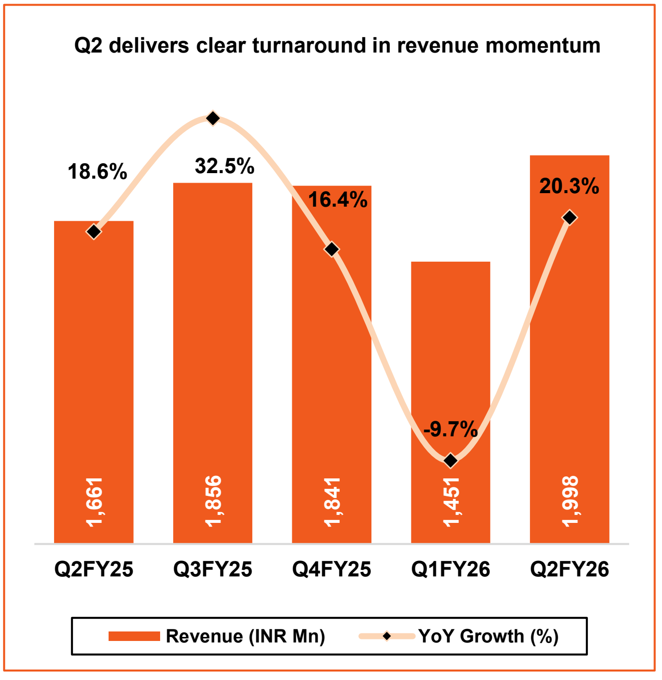
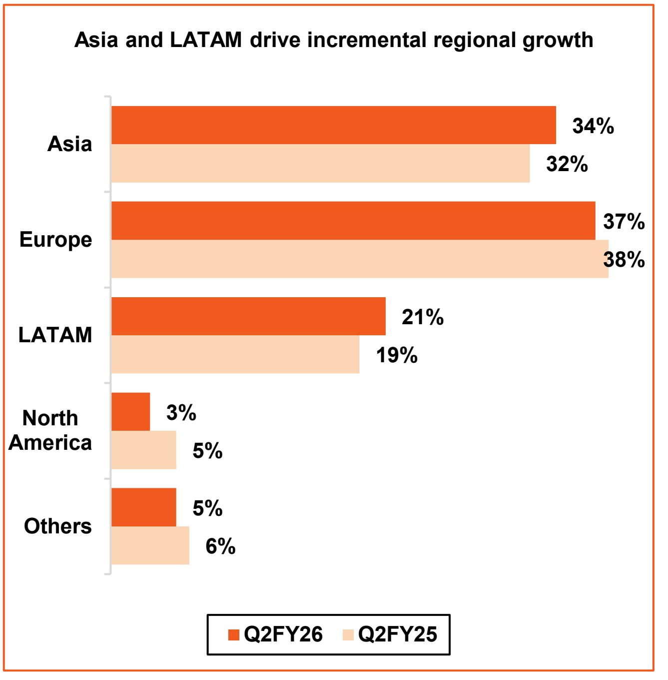
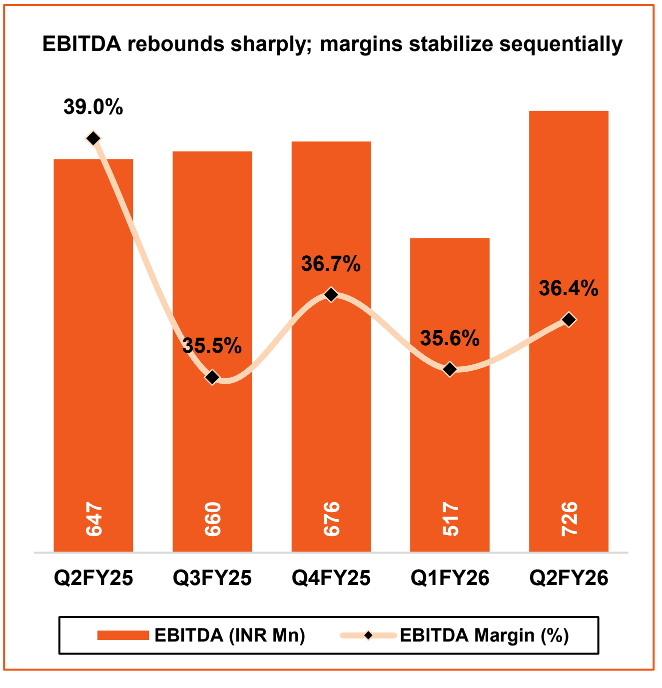
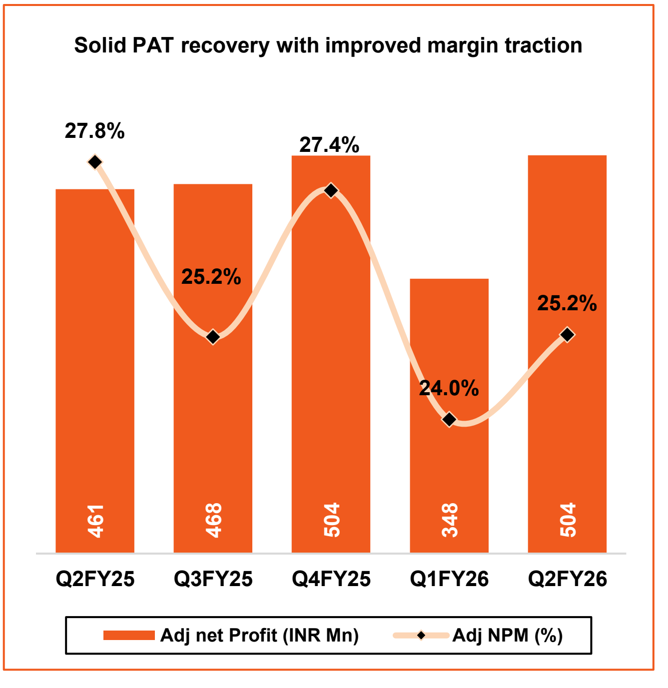
Story in charts









Source: Company, DevenChoksey Research

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Result snapshot

Particulars (INR Mn)	Q2FY26	Q1FY26	Q2FY25	QoQ (%)	YoY (%)
Revenue from Operations	**1,998**	**1,451**	**1,661**	**37.7%**	**20.3%**
Total Expenditure	**1,272**	**934**	**1,014**	**36.2%**	**25.4%**
Cost of Raw Materials	607	438	616	38.6%	-1.5%
Changes in Inventories	-50	-120	-156	NA	NA
COGS	**557**	**318**	**460**	**75.4%**	**21.2%**
Employee Cost	245	227	197	7.9%	24.4%
Other Expenses	470	389	357	20.7%	31.5%
EBITDA	**726**	**517**	**647**	**40.5%**	**12.3%**
EBITDA Margins (%)	**36.4%**	**35.6%**	**39.0%**	**72 bps**	**-261 bps**
Depreciation	66	65	47	2.9%	39.9%
EBIT	**660**	**453**	**600**	**45.9%**	**10.1%**
Other Income	27	27	25	1.9%	8.2%
Interest Expense	4	5	4	-18.9%	-2.8%
PBT	**683**	**474**	**621**	**44.1%**	**10.1%**
Tax	179	126	159	41.7%	12.4%
Adj. PAT	**504**	**348**	**461**	**44.9%**	**9.3%**
Adj. EPS	**6.3**	**4.3**	**5.7**	**44.9%**	**9.3%**

Source: Company, DevenChoksey Research

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Exhibit 1: Profit & Loss Statement

INR Mn	FY25	FY26E	FY27E	FY28E
Revenues	**6,965**	**8,341**	**10,314**	**12,999**
COGS	2,112	2,441	2,928	3,500
Gross profit	**4,853**	**5,900**	**7,386**	**9,499**
Employee cost	805	1,071	1,264	1,593
Other expenses	1,440	2,009	2,578	3,250
EBITDA	**2,608**	**2,820**	**3,544**	**4,657**
Depreciation	204	272	312	347
EBIT	**2,404**	**2,549**	**3,232**	**4,310**
Finance Costs	17	17	17	17
Other Income	98	118	138	172
PBT	**2,485**	**2,650**	**3,353**	**4,464**
Tax	605	696	878	1,169
PAT	**1,880**	**1,954**	**2,475**	**3,295**
EPS (INR)	23.4	24.3	30.8	40.9

Exhibit 3: Cash Flow Statement

INR Mn	FY25	FY26E	FY27E	FY28E
CFFO	1,647	1,616	2,002	2,569
Capex	(1,624)	(800)	(1,000)	(1,000)
Dividend Paid	(64)	(64)	(64)	(64)
Change in Capital	**0**	**0**	**0**	**0**
Closing Cash	792	1,527	2,448	3,935
FCF	**3,271**	**2,416**	**3,002**	**3,569**

Exhibit 4: Key Ratios

Key Ratio	FY25	FY26E	FY27E	FY28E
Gross Margin (%)	69.7%	70.7%	71.6%	73.1%
EBITDA Margin%	27.0%	23.4%	24.0%	25.3%
ROE%	18.9%	16.5%	17.3%	18.8%
ROCE%	24.1%	27.0%	23.4%	24.0%
P/E	31.4x	28.6x	22.6x	17.0x
EV/EBITDA	21.2x	19.6x	15.6x	11.9x

Source: Company, DevenChoksey Research

Exhibit 2: Balance Sheet

INR Mn	FY25	FY26E	FY27E	FY28E
Equity				
Equity Capital	161	161	161	161
Other Equity	9,807	11,696	14,107	17,337
Total Equity	**9,968**	**11,857**	**14,268**	**17,498**
Non-Current Liabilities				
Lease liabilities	51	51	51	51
Deferred tax liabilities (Net)	270	270	270	270
Other Non Current Liabilities	13	16	20	25
Total Non-Current Liabilities	**334**	**337**	**341**	**346**
Current Liabilities				
Other financial liabilities	18	18	18	18
Trade Paybles	745	893	1,104	1,391
Other current liabilities	59	67	79	96
Total Current Liabilities	**822**	**977**	**1,201**	**1,505**
Total Liabilities	**1,156**	**1,314**	**1,542**	**1,851**
Non-Current Assets				
Property Plants and Equipments	4,468	4,996	5,685	6,337
Capital work in progress	1,480	1,480	1,480	1,480
Other Non current assets	804	804	804	804
Total Non-Current Assets	**6,753**	**7,281**	**7,969**	**8,622**
Current Assets				
Inventories	1,183	1,462	1,808	2,279
Trade Receivables	1,344	1,645	2,035	2,564
Cash and Bank	792	1,527	2,448	3,935
Oher current assets	1,052	1,256	1,550	1,949
Total Current Assets	**4,370**	**5,891**	**7,840**	**10,728**
Total Assets	**11,123**	**13,172**	**15,809**	**19,349**

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Supriya Lifescience Ltd

Supriya Lifescience Ltd			
Date	CMP (INR)	TP (INR)	Recommendation
18-Nov-25	786	850	ACCUMULATE
22-Aug-25	695	800	BUY
02-Jun-25	717	843	BUY
28-Jan-25	625	740	BUY
29-Oct-24	554	644	BUY
16-Aug-24	501	578	BUY

Rating Legend (Expected over a 12-month period)	
Our Rating	Upside
Buy	More than 15%
Accumulate	5% – 15%
Hold	0 – 5%
Reduce	-5% – 0
Sell	Less than – 5%

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