

Supriya Lifescience: Strong Growth; Margin Leadership

February 11, 2026 | CMP: INR 688 | Target Price: INR 1,030

BUY

Sector View: Positive

Expected Share Price Return: 49.8% | Dividend Yield: 0.2% | Potential Upside: 50.0%

Change in Estimates	X
Change in Target Price	X
Change in Recommendation	X

Company Info	
BB Code	SUPRIYA IN EQUITY
Face Value (INR)	2.0
52 W High/Low (INR)	842 / 557
Mkt Cap (Bn)	INR 55.4 / USD 0.6
Shares o/s (Mn)	80.5
3M Avg. Daily Volume	1,81,213

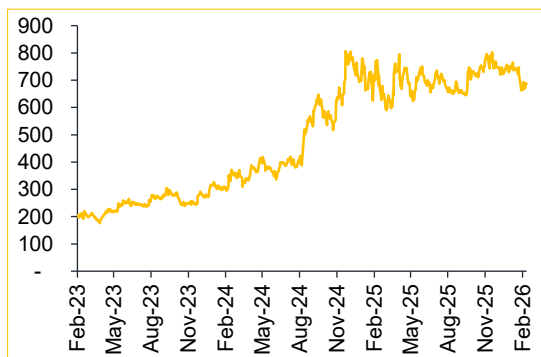
Change in CIE Estimates						
	FY26E			FY27E		
INR Bn	New	Old	Dev. (%)	New	Old	Dev. (%)
Revenue	8.4	8.4	-	10.0	10.0	-
EBITDA	2.8	2.8	-	3.4	3.4	-
EBITDAM %	33.5	33.5	-	34.0	34.0	-
PAT	2.0	2.0	-	2.5	2.5	-
EPS (INR)	24.9	24.9	-	30.5	30.5	-

Actual vs CIE Estimates			
INR Bn	Q3FY26A	CIE Estimate	Dev. %
Revenue	2.1	2.2	(7.3)
EBITDA	0.7	0.8	(7.6)
EBITDAM %	34.9	35.0	(8) bps
PAT	0.5	0.6	(10.8)

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)	46.5	29.5	27.7	22.6	17.3
EV/EBITDA (x)	31.6	20.9	19.1	15.3	11.7

Shareholding Pattern (%)			
	Dec 2025	Sep 2025	Jun 2025
Promoters	68.30	68.30	68.30
FIIIs	5.19	5.46	6.78
DIIIs	5.00	5.22	4.86
Public	21.49	21.02	20.08

Relative Performance (%)			
YTD	3Y	2Y	1Y
BSE Healthcare	89.8	22.0	1.0
SUPRIYA	225.9	100.7	(4.9)

**Maitri Sheth**

Email: Maitri.Sheth@choiceindia.com

Ph: +91 22 6707 9511

Stuti Bagadia

Email: Stuti.Bagadia@choiceindia.com

Ph: +91 22 6707 9511

Strong Growth Visibility; Industry-leading Margin Intact

We continue to believe the company is well positioned for strong growth across key operating metrics, driven by **product launches and scaling up of existing products** in regulated markets. We expect revenue to expand at a ~20% CAGR over FY25–28E. While margin is likely to see a planned contraction in FY26, we believe the company's **leadership in niche therapies and strong backward integration** should support margin expansion from FY28.

We value the stock on a relative basis against its peer group across key financial and operating metrics and retain our FY26–27 estimates, resulting in an **unchanged TP of INR 1,030. We maintain our BUY rating.**

We believe the company's **key competitive advantage** lies in its ability to consistently gain market share, translating into **industry-leading margin of ~35%. The CDMO foray provides an additional margin and growth lever, with further upside as scale ramps up.**

Seasonality Drives Near-term Revenue Miss

- Revenue grew 11.2% YoY and 3.3% QoQ to INR 2,064 Mn (vs. CIE estimate: INR 2,228 Mn).
- EBITDA grew 9.3% YoY but declined 0.8% QoQ to INR 721 Mn (vs. CIE estimate: INR 780 Mn); margin contracted 61 bps YoY / 144 bps QoQ to 34.9% (vs. CIE estimate: 35.0%).
- PAT increased 6.2% YoY but declined 1.5% QoQ to INR 497 Mn (vs. CIE estimate: INR 557 Mn).

Product Scale-up and New Launches to Support ~20% Growth

While revenue recorded YoY growth, it witnessed a sequential slowdown, largely attributable to seasonality. That said, we continue to expect **~20% revenue growth in the medium term**, in line with management guidance. Growth is expected to be driven by the **scaling up of existing products in regulated markets**, following initial launches in semi-regulated markets to enable faster market penetration. In addition, the company plans to **launch 3–4 products annually**, providing incremental growth levers. We also expect a **meaningful contribution from the Ambernath facility (CDMO)** from FY27, with EBITDA-breakeven targeted by Q3FY27.

Margin Pressure Transitory; Structural Levers Intact

The company's backward integration strategy remains robust, with **~74% of revenue derived from backward-integrated products** in 9MFY26, a share which the management expects to **increase to ~80%** over time. This, along with strong capacity utilisation initiatives (~76%), should act as a key driver of margin expansion. **Margin is expected to see a planned contraction in FY26** vs FY25, **reflecting the ongoing scaling up of the Ambernath facility**; however, we expect **margin to normalise after FY28** as operating leverage improves. Despite near-term margin pressure, **the overall growth outlook remains intact.**

Particulars (INR Mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Revenue	2,064	1,856	11.2	1,998	3.3
Cost of Goods Sold	612	618	(0.9)	557	9.8
Gross Margin (%)	70.4	66.7	363 bps	72.1	(176) bps
Operating Expenses	732	579	51.9	715	4.0
EBITDA	721	660	9.3	726	(0.8)
EBITDA Margin (%)	34.9	35.5	(61) bps	36.4	(144) bps
Depreciation	68	50	37.4	66	2.7
Interest	5	5	(2.6)	4	19.0
PBT	669	626	6.9	683	(2.0)
Tax	172	158	9.2	179	(3.6)
PAT	497	468	6.2	504	(1.5)
EPS (INR)	6.2	5.8	6.2	6.3	(1.5)

Geographical Mix (INR Mn)	Q3FY26	Q3FY25	YoY (%)	Q2FY26	QoQ (%)
Asia	661	576	14.8	679	(2.8)
Europe	743	743	0.1	739	0.5
LATAM	495	390	27.1	420	18.1
North America	124	56	122.4	60	106.6
Others	41	93	(55.5)	100	(58.7)

Source: SUPRIYA, Choice Institutional Equities

Management Call – Highlights

Segment/Product Mix

- Anaesthetic APIs remained the key growth driver with **Vitamins segment gaining traction**.
- **Plans to launch 3–4 products annually**. New launches targeted to contribute ~10% of revenue in next 2–3 years.
- Q3 launches: Cardiovascular API and ADHD product, with **meaningful ramp-up expected from Q4FY26**.
- Liquid anesthetic commercialised; contrast media APIs under development.

Geography & Demand

- LATAM grew strongly (mix up to 24% from 21%) and North America improved to 6%, while Europe continues to be the largest market at 36%.
- The management sees **healthy order visibility** and no inventory overhang risk.

Capacity & Operations

- **Capacity utilisation improved** to ~76% supported by Module E ramp-up at Lote Parshuram.
- Module E ramp-up driving higher utilisation and enabling further backward integration.

Expansion & Capex

- **Three land parcels acquired** near existing facilities to support long-term capacity expansion.
- Ambernath facility's **commercial launch planned in Q4FY26**, marking forward integration into formulations.
- EU audit expected in 3–4 months, followed by USFDA, critical for regulated market traction.
- Ambernath facility expected **to generate ~2.5x asset turnover**, with meaningful revenue from FY27.

Outlook

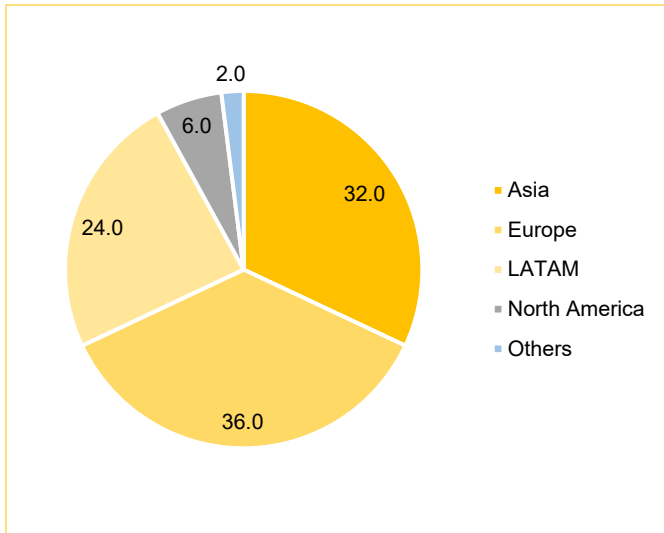
- Confident of stronger H2 FY26 performance, with **growth in favour of Q4 owing to new product scale-ups and deferred export shipments**.
- **Ambernath facility expected to turn EBITDA-positive** around Q3FY27.
- The management reiterated FY26 revenue growth guidance of ~20% with a target to achieve INR 10 Bn in revenue by FY27.
- **Margin normalisation to 33–35%** expected as new products initially scale up in semi-regulated markets at slightly lower margin, before moving to regulated markets.
- The management is confident of stronger growth in the next few quarters, driven by exports, capacity ramp-up and formulation foray.

Plans to launch 3–4 products annually. New launches targeted to contribute ~10% of revenue in next 2–3 years.

Ambernath facility expected to generate ~2.5x asset turnover, with meaningful revenue from FY27.

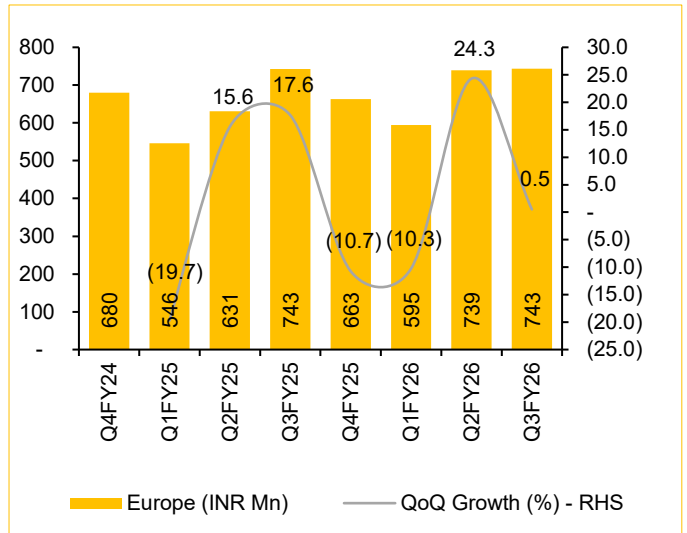
Three land parcels acquired near existing facilities to support long-term capacity expansion.

Q3FY26 Segment Revenue Split (INR 2.1 Bn)



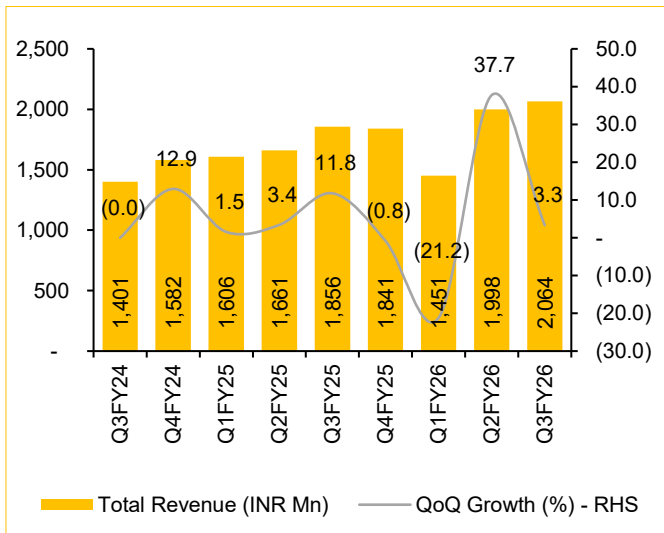
Source: SUPRIYA, Choice Institutional Equities

Europe sees Muted Growth on Seasonality



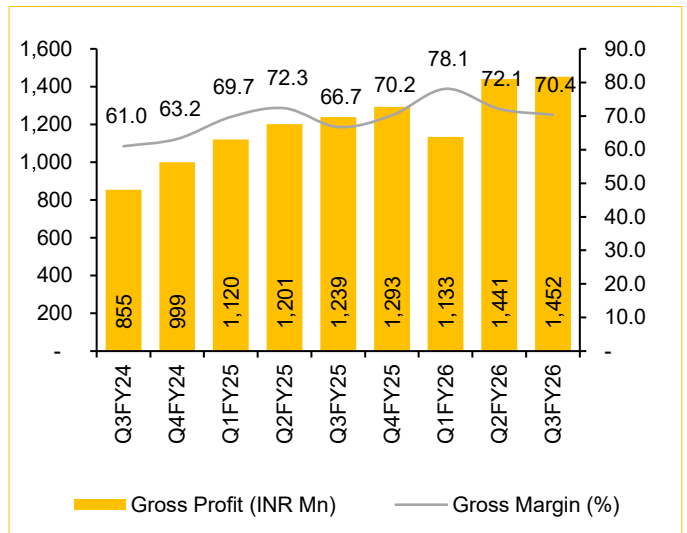
Source: SUPRIYA, Choice Institutional Equities

Revenue Misses Estimate



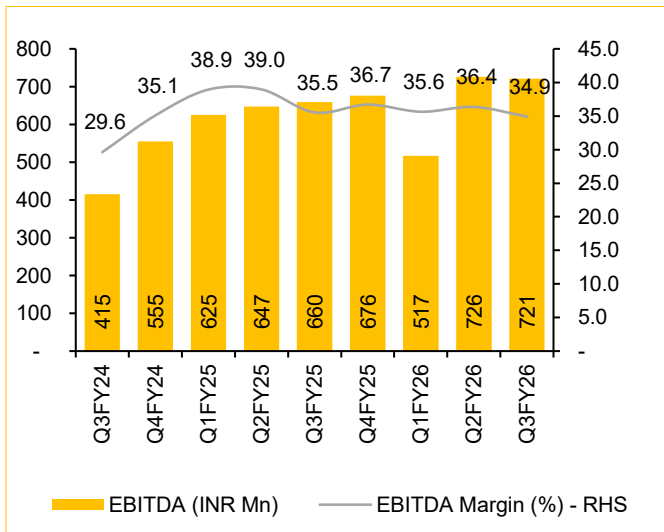
Source: SUPRIYA, Choice Institutional Equities

Gross Margin Impacted on Supply Chain Issue



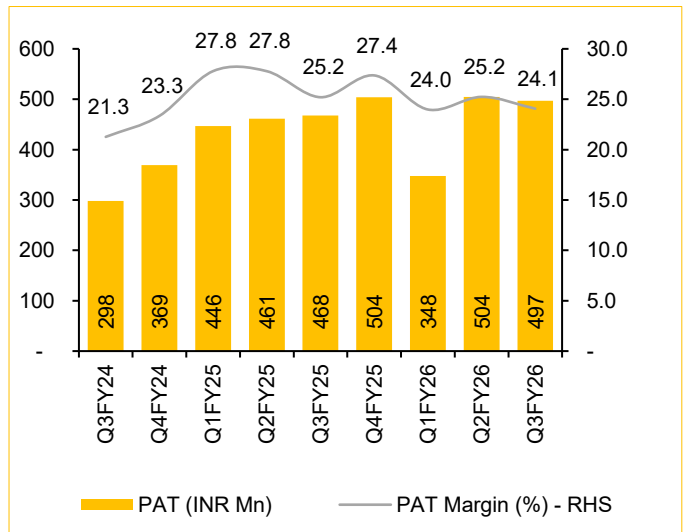
Source: SUPRIYA, Choice Institutional Equities

EBITDA Margin in-line with Management Guidance



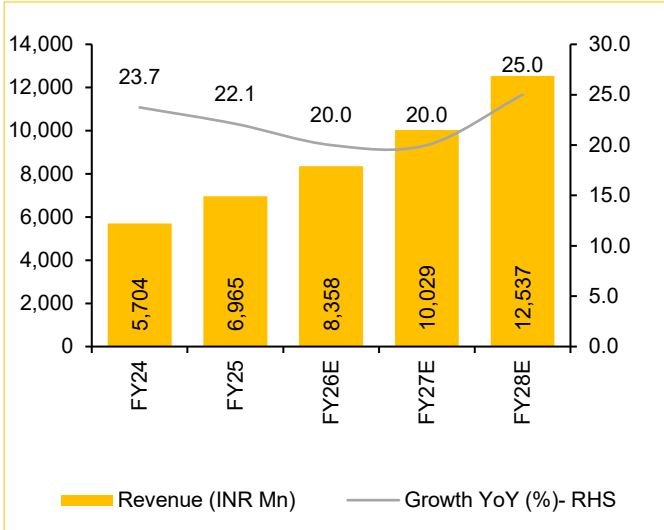
Source: SUPRIYA, Choice Institutional Equities

PAT Growth in-line with EBITDA



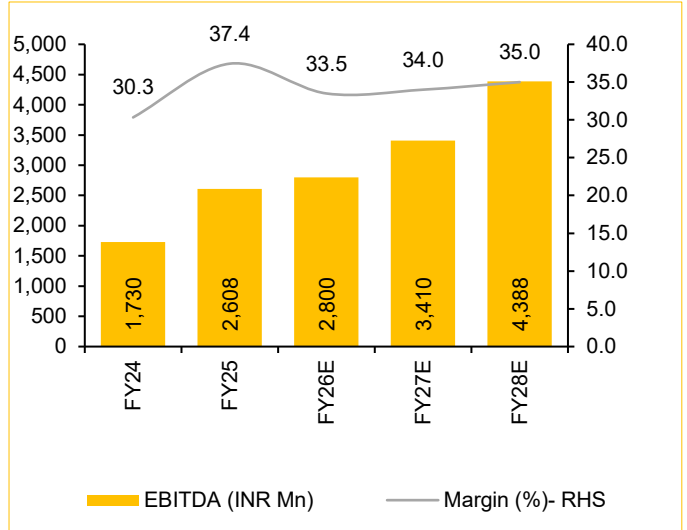
Source: SUPRIYA, Choice Institutional Equities

Revenue to Expand at 21.6% CAGR over FY25-28E



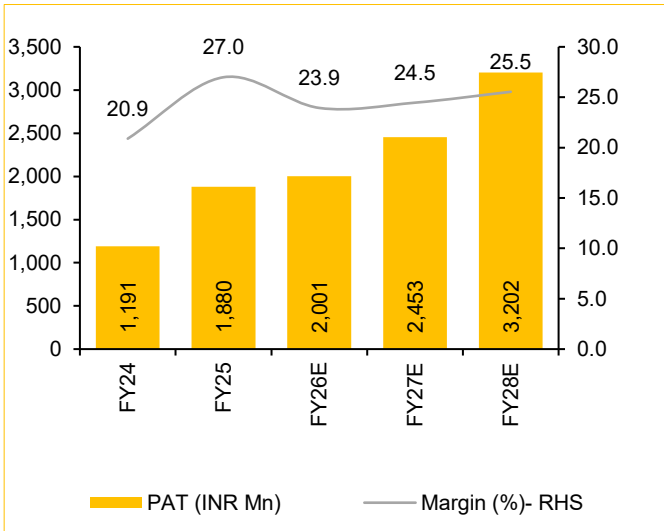
Source: SUPRIYA, Choice Institutional Equities

EBITDA Margin to Expand from FY28E



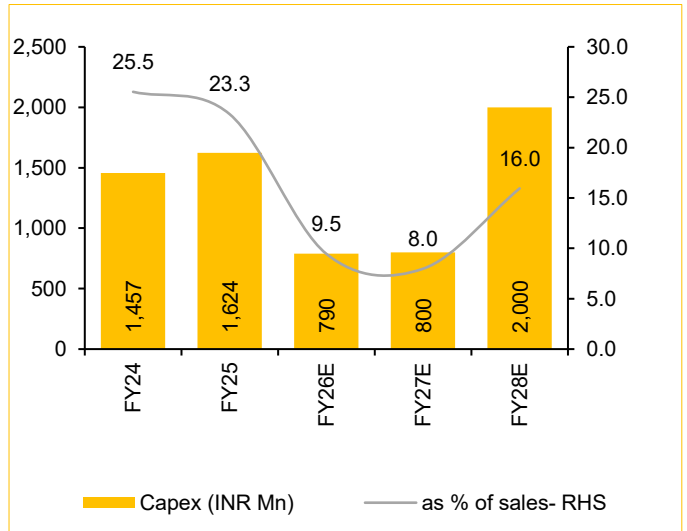
Source: SUPRIYA, Choice Institutional Equities

PAT Expected to track EBITDA Trend



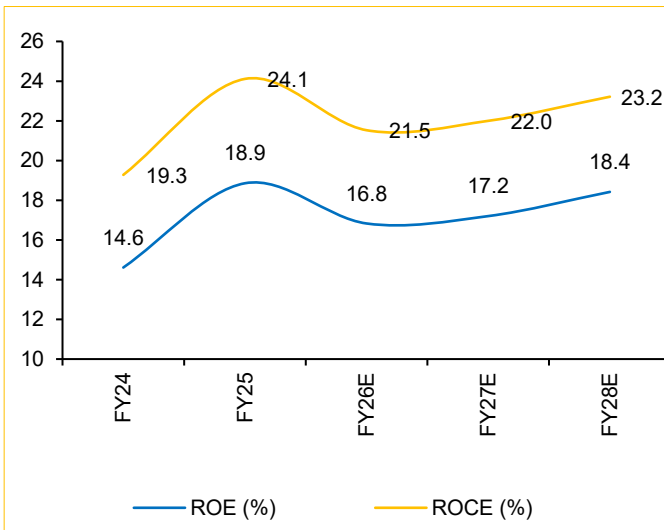
Source: SUPRIYA, Choice Institutional Equities

Capex to see an Increase from FY28



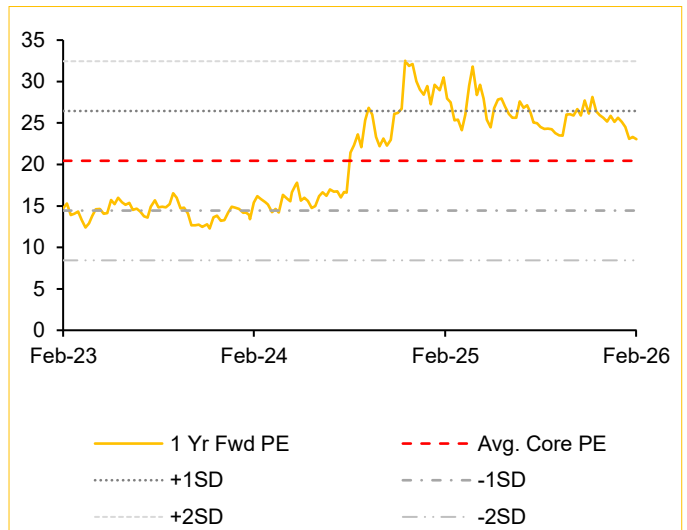
Source: SUPRIYA, Choice Institutional Equities

ROE and ROCE



Source: SUPRIYA, Choice Institutional Equities

1-year Forward PE Band



Source: SUPRIYA, Choice Institutional Equities

Income Statement (INR Mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Revenue	5,704	6,965	8,358	10,029	12,537
Gross Profit	3,486	4,853	6,018	6,820	8,525
EBITDA	1,730	2,608	2,800	3,410	4,388
Depreciation	158	204	241	273	353
EBIT	1,572	2,403	2,559	3,137	4,035
Other Income	106	98	125	150	251
Interest Expense	21	17	17	17	17
PBT	1,657	2,485	2,668	3,271	4,269
PAT	1,191	1,880	2,001	2,453	3,202
EPS (INR)	14.8	23.4	24.9	30.5	39.8

Ratio Analysis	FY24	FY25	FY26E	FY27E	FY28E
Growth Ratios (%)					
Revenues	23.7	22.1	20.0	20.0	25.0
Gross Profit	24.5	39.2	24.0	13.3	25.0
EBITDA	34.2	50.7	7.4	21.8	28.7
PAT	32.6	57.8	6.4	22.6	30.5
Margins (%)					
Gross Profit Margin	61.1	69.7	72.0	68.0	68.0
EBITDA Margin	30.3	37.4	33.5	34.0	35.0
PBT Margin	29.1	35.7	31.9	32.6	34.1
Tax Rate	28.1	24.4	25.0	25.0	25.0
PAT Margin	20.9	27.0	23.9	24.5	25.5
Profitability (%)					
ROE	14.6	18.9	16.8	17.2	18.4
ROIC	15.3	19.8	19.1	21.2	22.6
ROCE	19.3	24.1	21.5	22.0	23.2
Financial leverage (x)					
OCF/EBITDA	0.7	0.6	0.7	0.7	0.7
OCF/Net Profit	1.0	0.9	1.0	0.9	0.9
Debt to Equity	0.0	0.0	0.0	0.0	0.0
Interest Coverage	74.5	142.6	151.8	186.1	239.3
Working Capital					
Inventory Days	140	205	200	200	200
Debtor Days	71	70	70	70	70
Payable Days	98	129	120	120	120
Cash Conversion Cycle	114	146	150	150	150
Valuation Metrics					
No of Shares (Mn)	80.5	80.5	80.5	80.5	80.5
EPS (INR)	14.8	23.4	24.9	30.5	39.8
BVPS (INR)	101.3	123.8	147.7	177.2	216.0
Market Cap (INR Bn)	55.4	55.4	55.4	55.4	55.4
PE	46.5	29.5	27.7	22.6	17.3
P/BV	6.8	5.6	4.7	3.9	3.2
EV/EBITDA	31.6	20.9	19.1	15.3	11.7
EV/Sales	9.6	7.8	6.4	5.2	4.1

Source: SUPRIYA, Choice Institutional Equities

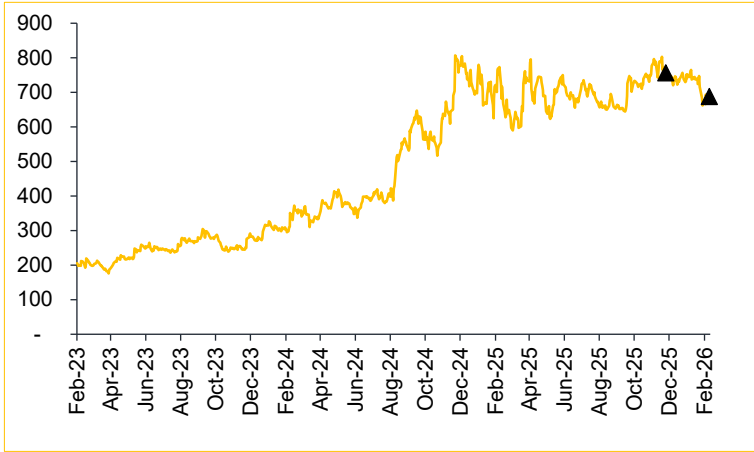
Balance Sheet (INR Mn)

Particulars	FY24	FY25	FY26E	FY27E	FY28E
Net Worth	8,154	9,968	11,888	14,260	17,382
Borrowings	55	54	54	54	54
Trade Payables	596	745	769	1,055	1,319
Other Non-current Liabilities	240	283	283	283	283
Other Current Liabilities	171	73	73	73	73
Total Net Worth & Liabilities	9,214	11,123	13,067	15,726	19,111
Net Block	3,037	4,468	5,018	5,545	7,192
Capital WIP	1,536	1,527	1,527	1,527	1,527
Goodwill & Intangible Assets	17	14	14	14	14
Investments	638	632	632	632	632
Trade Receivables	1,117	1,344	1,603	1,923	2,404
Cash & Cash Equivalents	750	792	1,828	3,163	3,980
Other Non-current Assets	7	112	112	112	112
Other Current Assets	2,114	2,235	2,334	2,810	3,250
Total Assets	9,214	11,123	13,067	15,726	19,111

Cash Flows (INR Mn)	FY24	FY25	FY26E	FY27E	FY28E
Cash Flows from Operations	1,133	1,646	1,924	2,232	2,915
Cash Flows from Investing	(1,736)	(1,522)	(790)	(800)	(2,000)
Cash Flows from Financing	(224)	(82)	(97)	(97)	(97)

DuPont Analysis	FY24	FY25	FY26E	FY27E	FY28E
Tax Burden (%)	71.9	75.6	75.0	75.0	75.0
Interest Burden (%)	105.4	103.4	104.2	104.3	105.8
EBIT Margin (%)	27.6	34.5	30.6	31.3	32.2
Asset Turnover (x)	0.6	0.6	0.6	0.6	0.7
Equity Multiplier (x)	1.1	1.1	1.1	1.1	1.1
ROE (%)	14.6	18.9	16.8	17.2	18.4

Historical Price Chart: SUPRIYA



Date	Rating	Target Price
November 12, 2025	BUY	1,030
February 11, 2026	BUY	1,030

Institutional Research Team

Utsav Verma, CFA	Head of Institutional Research	utsav.verma@choiceindia.com	+91 22 6707 9440
Ashutosh Murarka	Analyst – Building Materials	ashutosh.murarka@choiceindia.com	+91 22 6707 9521
Deepika Murarka	Analyst – Healthcare	deepika.murarka@choiceindia.com	+91 22 6707 9513
Dhanshree Jadhav	Analyst – Technology	dhanshree.jadhav@choiceindia.com	+91 22 6707 9535
Dhaval Popat	Analyst – Energy	dhaval.popat@choiceindia.com	+91 22 6707 9949
Fenil Brahmhatt	Analyst – Realty & Building Materials	fenil.brahmhatt@choiceindia.com	+91 22 6707 9930
Ishank Gupta	Analyst – NBFCs	ishank.gupta@choiceindia.com	+91 22 6707 9867
Karan Kamdar	Analyst – Consumer Discretionary, Small and Midcaps	karan.kamdar@choiceindia.com	+91 22 6707 9451
Kunal Bajaj	Analyst – Technology	kunal.bajaj@choiceindia.com	+91 22 6707 9901
Maitri Sheth	Analyst – Pharmaceuticals	maitri.sheth@choiceindia.com	+91 22 6707 9511
Putta Ravi Kumar	Analyst – Defence	ravi.putta@choiceindia.com	+91 22 6707 9908
Aayush Saboo	Sr. Associate– Realty	aayush.saboo@choiceindia.com	+91 22 6707 9930
Abhinav Kapadia	Sr. Associate – Capital Goods	abhinav.kapadia@choiceindia.com	+91 22 6707 9987
Avi Jhaveri	Sr. Associate – Technology	avi.jhaveri@choiceindia.com	+91 22 6707 9901
Bharat Kumar Kudikyala	Sr. Associate – Building Materials	bharat.kudikyala@choiceindia.com	+91 22 6707 9521
Samarth Goel	Sr. Associate– Small and Midcaps	samarth.goel@choiceindia.com	+91 22 6707 9451
Subhash Gate	Sr. Associate – Autos	subhash.gate@choiceindia.com	+91 22 6707 9233
Heer Gogri	Associate – Small and Midcaps	heer.gogri@choiceindia.com	+91 22 6707 9433
Heet Chheda	Associate – Autos	heet.chheda@choiceindia.com	+91 22 6707 9233
Komal Jain	Associate – Healthcare	komal.jain@choiceindia.com	+91 22 6707 9513
Rushil Katiyar	Associate – Technology	rushil.katiyar@choiceindia.com	+91 22 6707 9901
Shreya Mehra	Associate – Technology	shreya.mehra@choiceindia.com	+91 22 6707 9535
Stuti Bagadia	Associate – Pharmaceuticals	stuti.bagadia@choiceindia.com	+91 22 6707 9511
Vinay Rawal	Associate – Small and Midcaps	vinay.rawal@choiceindia.com	+91 22 6707 9433

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

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