

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Pharmaceuticals	Rs 595	Buy in the band of Rs 590-603 and add more on dips to Rs 529.5	Rs 653.5	Rs 706.5	2-3 quarters

HDFC Scrip Code	SUPRIYALIFE
BSE Code	543434
NSE Code	SUPRIYA
Bloomberg	SUPRIYA: IN
CMP Sep 06, 2024	595
Equity Capital (Rs Cr)	16.1
Face Value (Rs)	2
Equity Share O/S (Cr)	8.05
Market Cap (Rs Cr)	4781
Book Value (Rs)	101.3
Avg. 52 Wk Volumes	736805
52 Week High	614.7
52 Week Low	235

Share holding Pattern % (Jun, 2024)	
Promoters	68.3
Institutions	10.4
Non Institutions	21.3
Total	100



**HDFCsec Retail research
stock rating meter**

for details about the ratings, refer at the end of the report

* Refer at the end for explanation on Risk Ratings

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Our Take:

Supriya Lifescience Ltd. is an active pharmaceuticals ingredients (API) player with a focus on niche products having limited competition. It has a niche product basket comprising 38 APIs across diverse therapeutic segments. It is the largest exporter of Chlorpheniramine Maleate and Ketamine Hydrochloride from India and is among the largest exporters of Salbutamol Sulphate from India. Supriya has 1200+ customers and has presence in more than 100 countries. Management has guided for strong growth in the US, Europe, and Latin America business over the next 2-3 years. Company reported robust growth in the US business in the past few quarters which contributed to ~10% of sales. Company is setting up two R&D centres i) At Lote Parshuram to cater to lifecycle management and backward integration projects ii) At Ambernath to cater to new molecules and CMO/CDMO opportunities. These centres would help to develop identified APIs which will complement the existing product profile. For Anaesthetic therapy, the company has initiated 3 ANDA projects and is working on ANDA projects for Anti-hypertensive and Vitamins area. Around 49% of revenue were derived from its 10 largest customers.

Supriya has 4 manufacturing blocks segregated by therapeutic area with current reactor capacity of 597KL. Capacity utilization increased to 86% as on FY24 vs. 70% as on FY23. The company has submitted 18 DMFs with US FDA while 9 CEPs from EQDM have been granted and has 4 CEPs under progress with EDQM as on Jun-2024. This would further augment product portfolio in the medium term. It has already spent around Rs 200cr in capital expenditure in the last 2 years. Management expects revenue to grow at 22-25% and EBITDA margin to be in the range of 30-32% for FY25. Management expects to double revenue to around Rs 1,000 crore by 2026-27 and revenue of around Rs 1,600 crore revenue by the year 2030. Moreover, the company said that it would be without compromising current margin profile. The company plans to spend around Rs 100cr per year in capex in the medium term.

Supriya has undertaken capacity enhancement for further backward integration for existing products, new product rollouts and CMO/CDMO opportunities. Work is in progress on the next manufacturing block (E block) at Lote Parshuram with capacity of 340 KL. A new manufacturing block with capacity of 70 KL along with a new R&D facility with Pilot plant is also being set up at Ambernath. With these projects the total capacity will increase from 597 KL to 1020 KL by Q2FY25. Management sees good opportunities in CMO/CDMO space in the long term. Recently, the company made two exclusive agreements with US and European Clients, and this would drive revenue from FY26 onwards.

We had issued report on Supriya on Dec 26, 2023 and recommended to buy in the band of Rs 297-301 for base case target of Rs 329.5 and Rs 360.5 over the 2-3 quarters ([link](#)). The stock had achieved both the targets in just about 1.5 months. Given strong robust numbers and strong growth outlook, we are issuing a stock update note on Supriya Lifescience. Given strong numbers in the last few quarters and healthy