Supriya Lifescience Ltd — Nov 2025 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Strong Beat (QoQ) / Beat (YoY) **One-line:** Q2 confirms the Q1 revenue dip was indeed a transient maintenance-led event, not a demand destruction, while the 36% EBITDA margin proves the structural resilience of the backward-integrated cost moat.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance / Prior Quarter	Strong Beat	Revenue □200 Cr (up 38% QoQ); EBITDA Margin 36% (beat guidance of 33-35%).	□
Earnings Quality	High (Core driven)	Growth driven by volume recovery and new launches; zero reliance on bank limits for 6 months.	□
Guidance Confidence	Strong	Reaffirmed 20%+ FY26 growth and □1,000 Cr FY27 target.	□
Management Credibility	Strong	Delivered on the "Q1 was an aberration" promise with immediate sequential recovery.	□
Business Quality Signal	Improving	Export mix at 81%; shift toward higher-value Anesthetics and CDMO (DSM).	□
Key Q&A Exchange	Q#10 - FDF Strategy	Ambernath site validation complete; commercial sales to start in Q4 FY26.	□
The Street's Primary Anxiety	H2 Catch-up	Can they hit □1,000 Cr by FY27? Mgmt cited new product filings and Ambernath ramp.	□
Capital Cycle Stage	Investment	Ambernath FDF ready; 3-4 new niche products launching annually.	□
Margin / Return Ratio Trajectory	Stable/High	EBITDA margins sustained at 36% despite higher base; among the highest in peer group.	□
Pricing Power	Stable	78% H1 integration protects vs China volatility; "China+1" replacement strategy for niche APIs.	□
FCF Conversion & Quality	Strong	No working capital limit usage for 6 months indicates healthy internal accruals.	□
Competitive Moat Signals	Widening	Exclusive API supplier for a 10-year European contract (DSM).	□
Balance Sheet Strength	Strong	Net Cash status; debt remains negligible (0.01x D/E).	□
Working Capital Efficiency	Stable	Inventory levels managed without external debt; expansion being funded via cash.	□
Mgmt Guidance Track Record	Reliable	Consistent margin delivery; recovered revenue trajectory as promised.	□
Key Vulnerability / Red Flag	Catch-up Math	Needs ~□245 Cr/qtr in H2 to meet FY26 guidance—a historical record.	□
Management Tone	Confident	Focused on "cracking China" and dominating niche therapies like high-purity Anesthetics.	□

Sentiment: □Positive **Verdict: Thesis Re-Energized**

Key Takeaways: * **Positives:** The structural "cost leader" thesis is intact. Revenue recovered to □200 Cr (+38% QoQ), validating that Q1's factory maintenance was the sole cause of the prior miss. EBITDA margins (36%)

continue to exceed the 33-35% guidance range, driven by deep backward integration (79% for Q2). The DSM contract is moving from trial to commercial phases (□25-30 Cr FY26 target), and the Ambernath FDF facility is set for a Q4 debut. * **Negatives:** GTM friction remains in new categories. The Whey Protein project is delayed due to customer-side formulation changes, pushing meaningful volumes into FY27. Despite the Q2 beat, the mathematical hurdle for H2 FY26 remains steep; the company must average □245 Cr per quarter to hit the 20% annual growth target. * **Street Concern:** Analysts pressed on the concentration in Europe/LATAM and the slow North American ramp. Management clarified that the existing portfolio is inherently stronger in those regions, while North American DMF filings are currently in progress to diversify the base by FY27. * **Watchpoint:** The filing of US DMF and CEP for the new $300M market-size Anesthetic in late November. Success here is the key "swing factor" for the FY27 □1,000 Cr revenue target.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS *PPT figures used as primary source. Concall used for Mgmt Commentary.*

Metric	Current Qtr (Q2)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Total Revenue (□ Cr)	200.0	↑ 20.5%	↑ 37.9%	↑	Recovery driven by volume normalization post-maintenance and new product launches.
Europe Revenue (□Cr)	82.0 (41%)	↑ 40.0%	↑ 38.0%*	↑	Regulated market mix improving; key growth driver for margins.
EBITDA (□Cr)	73.0	↑ 12.3%	↑ 40.4%	↑	Absolute growth follows revenue; margins slightly lower YoY but up QoQ.
EBITDA Margin %	36.5%	↓ 266 bps	↑ 64 bps	→	Sustained well above industry average due to 79% backward integration.
PAT (□Cr)	50.0	↑ 8.7%	↑ 42.8%	↑	Profit growth slightly lagged EBITDA due to higher depreciation from E-Block.
R&D Spend (□ Cr)	Not Stated	—	—	→	60+ scientists; 3-4 launches/year; focus on ADHD and Contrast Media.
Net Debt / (Cash)	(Net Cash)	→	→	→	No utilization of WC limits for 6 months; funding growth through accruals.
Capex (□Cr)	28.0	↓ 33.3%*	↑ 100.0%*	□	Mostly spent on Ambernath FDF and Ribo Block at Lote.
Inventory Days	89 (H1 Avg)	↓	↓	↑	Improved from prior year (104 days); lean management despite higher sales.
Receivable Days	97 (H1 Avg)	↑	↑	↓	Slightly higher than prior year (89 days) due to regulated market terms.

**Estimated based on H1 aggregate and Q1 data.*

2B. SEGMENT BREAKDOWN

Segment	Revenue Share (%)	YoY Growth	Margin	Trend	vs Co. Avg	Key Development
Exports	81%	↑ 100 bps	Premium	↑	Above	Presence in 120+ countries; North America ramp-up expected in FY27.
CDMO (DSM)	~6.5%	New	High	↑	Above	□25-30 Cr target for FY26; validation of pharma-grade API ongoing.
Anesthetics	Not Stated	Stable	High	→	Above	New high-purity anesthetic (99.97%+) being bottled directly; US filing Nov-end.
CVS/ADHD	Not Stated	New	Mid-High	↑	In-line	Advanced CVS intermediate launched (1,000T capacity); ADHD launch in Q3.

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	20% Growth for FY26 (□836 Cr)	Needs □245.5 Cr/qtr in H2. Feasible only if Ambernath + DSM scale immediately.	**On Track**	Moderate
Guidance	Margins	33% - 35% EBITDA	Currently at 36.5%. Highly feasible as integration levels remain at 79%.	**Beating**	Low
Guidance	FY27 Revenue	□1,000 Cr	Needs ~20% CAGR. Relies heavily on FDF and regulated market approvals.	**On Track**	Moderate
Capex	H2 Plan	□80 Cr (H2 Total)	Focus on Ribo Block (Lote) and maintenance.	**On Track**	Low
Strategy	CDMO	□60-70 Cr (Peak DSM)	Expected to hit full potential in FY27/28; H2 FY26 will see pharma uptake.	**On Track**	Moderate
Execution	Ambernath	Q4 FY26 Revenue	Validation done; WHO-GMP received. Semi-regulated markets to start first.	**On Track**	Low
Execution	Whey Protein	1,000 Tons (FY27)	Currently delayed; GTM friction with partners on new formulations.	**Delayed**	High

4. ANALYST Q&A

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
1	4.5	Rachna / SIMPL	Growth Guidance	Financials	"Given H1 growth is only 6%, do we still see ourselves hitting 20% for the full year?"	Mgmt confirmed 20%+ target remains, citing Q1 as a maintenance-led outlier and H2 as the primary growth driver. This places massive pressure on Q3/Q4 execution to deliver record-high revenues.	None	4.0	Directional with evidence
2	4.0	Rachna / SIMPL	CDMO & DSM	Strategy	"What is the status of the DSM project and finished formulations at Ambernath?"	DSM pharma-grade validation is ongoing with a □25-30 Cr contribution this year; Ambernath FDF will start revenue in Q4 from semi-regulated markets. This confirms the transition from a pure API player to a hybrid CDMO/FDF model.	None	5.0	Specific timeline given
4	4.5	Krisha / Molecule	New API Filing	Strategy	"Update on US/EU filing for the $300M anesthetic launched in Q4 FY25?"	Mgmt admitted filing was delayed due to process fine-tuning and scale-up, but US DMF/CEP filing is now firm for end-November. This delay explains the	None	4.0	Specific timeline given

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						slower-than-expected ramp in high-value regulated markets.			
5	3.5	Krisha / Molecule	Whey Protein	Strategy	"When can we expect volume ramp-up for the Whey Protein contract?"	Customer-side formulation changes have delayed the commercial supply, but progress is being made for a ramp-up in the next 1-2 months. This highlights GTM risk in non-pharma ventures despite superior technology.	Exact nature of "new formulation"	2.5	Hedged
8	4.0	Adityapal / MSA	Margins	Financials	"Gross margins are inching up—what is the driver?"	Driven by higher backward integration, increased batch sizes in Module E, and R&D life cycle management at Lote. This confirms the margin expansion is structural/ process-led, not just pricing-led.	None	4.0	Directional with evidence
11	4.0	Nikhil / SIMPL	North America	Strategy	"North America contribution remains insignificant—what are	Mgmt explained the current portfolio is inherently suited for	None	4.0	Specific timeline given

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
					the challenges?"	Europe/ LATAM; North American growth requires new filings which have a 9-12 month gestation. Diversification is a medium-term (FY27) story, not immediate.			
14	3.0	Nirmam / Unique	New Launches	Strategy	"How many of the 4 planned products have been launched?"	Two launched (Anesthetic, CVS intermediate); ADHD (Q3) and Contrast Media (Q4) to follow. Product pipeline execution remains on track despite the Q1 production hiccup.	None	5.0	Specific and quantified
15	4.0	Tushar / MK	CVS & Contrast	Strategy	"Details on CVS intermediate capacity and Contrast Media traction?"	CVS intermediate has 1,000T capacity with 300T visibility; Contrast Media is at pilot validation. These segments target the "China+1" opportunity where Supriya offers an "iodine-saving" tech moat.	None	4.0	Specific and quantified

Q#	Relevance	Analyst / Firm	Theme Cluster	Category	Underlying Concern	Management Response & Investment Implication	Evaded / Not Addressed	Credibility	Verdict
17	3.5	Srihari / PCS	High-Purity	Business Overview	"Price delta for high-purity anesthetic vs regular?"	Mgmt clarified there is no "regular" version; this is a 99.97% purity API directly bottled, replacing non-GMP Chinese sources. This identifies a niche where Supriya holds a near-monopoly due to quality/ compliance rather than price.	None	5.0	Clear and quantified

PATTERN FLAGS & SENTIMENT * **The "H2 Catch-Up" Anxiety:** Analysts were hyper-focused on the math of the 20% growth guidance. Management's posture was highly confident, pointing to the ₹200 Cr Q2 run-rate as proof that the engine is back in gear. The consensus remains: if Ambernath and the new Anesthetic filings hit Q4, the target is achievable, but there is zero room for further operational errors. * **CDMO Skepticism vs. Reality:** There was concern over the Whey Protein delay, but the DSM progress (obtaining PMDA and CEP) acted as a counterbalance. Management is successfully shifting the narrative from "one-off API sales" to "10-year exclusive contracts." * **China Displacement:** Mgmt repeatedly emphasized "cracking China" in molecules like CVS intermediates and Contrast Media. This "Import Substitute" strategy is gaining analyst favor as it provides a clear volume pathway without a race-to-the-bottom on price.

Analyst Sentiment Verdict: Skeptical but Reassured. The recovery from Q1 was a critical credibility test that management passed. However, the delay in US filings for the key anesthetic and the Whey Protein formulation issues keep analysts cautious about the FY27 "hockey stick" growth projection.

5. WHAT CHANGED vs PRIOR QUARTER

What Changed	Prior Quarter (Q1 FY26)	This Quarter (Q2 FY26)	Direction
Revenue Growth	-10% YoY (Miss)	+20% YoY (Recovery)	↑ Improving
EBITDA Margin	35.8%	36.5%	↑ Improving
Operational Focus	Maintenance/Shutdown	Capacity Utilization (E-Block)	↑ Improving
FDF Facility Status	Validation Ongoing	WHO-GMP Received; Q4 Launch	↑ Improving
Whey Protein	Imminent Commercialization	Delayed (Formulation Issues)	↓ Deteriorating
New API Filing	Expected in Q1	Pushed to late November	□Timeline Delay
CDMO Revenue	Nil/Trial	□25-30 Cr FY26 Target (DSM)	↑ Improving
Financial Risk	High H2 Reliance	Sustained H2 Reliance	→ Neutral

Investor Note: Q1 was a production "hiccup"; Q2 is the "normalization." The thesis remains high-conviction due to the 36%+ margin floor and the imminent entry into Finished Dosage Forms (FDF), which should drive the next leg of re-rating. The key risk is now execution timing of the November US filings.

STOP HERE.