

Retail Equity Research

Suven Pharmaceuticals Ltd

Pharmaceuticals

CMP Rs. ₹ 1088
Rating: Overweight
NSE CODE: SUVENPHAR BSE CODE: 543064

The company demonstrated strong revenue growth in FY24, with sales increasing 19% YoY in Q4 to ₹307.15 Cr. Despite a 9% decline in Q2, the overall recovery in H2 underscores robust demand. Operating profit surged 13% in Q4, following a stellar 30% jump in Q3, indicating improved cost efficiencies.

Profit before tax (PBT) rose 67% YoY, driven by higher other income and stable expenses. However, rising depreciation and interest costs suggest increased capital expenditures and leverage. Net profit grew marginally by 1% QoQ in Q4, reflecting higher tax outflows (₹26.44 Cr vs. ₹17.52 Cr in Q3).

Overall, the company's strong operational performance and revenue momentum highlight a positive growth trajectory for FY25. Key risks include cost inflation and capital efficiency concerns, but strategic cost management could sustain profitability.

Company Data

Market Cap (cr)	Rs.	27,696.67
Enterprise Value (cr)	Rs.	17,253.47
Outstanding Shares (cr)		25.46
52 week high	Rs.	1,360.00
52 week low	Rs.	597
1m average volume (lacs)		3.46
Face value	Rs.	1.00

	FY22	FY23	FY24
Sales	1320.22	1340.33	1051.35
Growth(%)	31%	2%	-22%
EBITDA	715.22	620.53	467.72
EBITDA Margin(%)	54.2%	46.3%	44.5%
PAT	453.80	411.29	300.28
Growth(%)	25%	-9%	-27%
EPS	17.8	16.2	11.8
P/E	34.7	29.2	57.4
P/B	10.3	6.9	8.4
EV/EBITDA	22.1	19.4	36.9
ROE(%)	30%	23.7%	15%
ROCE(%)	42%	31.7%	19.5%
ROIC(%)	45%	33.1%	25.2%
D/E	0.06	0.04	0.03

1. Growth & Market Position

Suven Pharmaceuticals is evolving into a technology-led CDMO with a global presence, targeting \$1 billion in revenue. The company is benefiting from global supply chain shifts and increasing demand for specialized CDMO services. It has seen a 2x surge in RFQs from global pharma and biotech firms, reflecting strong market confidence.

2. Financial & Operational Performance

Q3 FY25 revenue grew by 40% YoY, driven by a 101% rise in Pharma CDMO revenue. API Plus revenue increased by 29%, and EBITDA margins stood at 38.7% for Q3. The company is expanding its Phase-3 pipeline with 15 projects and has onboarded a top 5 global pharma leader.

3. Strategic Expansions & Outlook

Recent acquisitions of Sapala and NJ Bio strengthen Suven's capabilities in Oligonucleotides and ADCs. The company remains optimistic about FY26, focusing on R&D, acquisitions, and deeper global partnerships.

Key Highlights

1. Market Position

The company has established itself as a leading player in the contract research and manufacturing services (CRAMS) sector. It ranks among the top five providers of high-end intermediates to innovators in India, serving a diverse range of global pharmaceutical and fine chemical majors. This strong market position underscores its credibility and expertise in contract development and manufacturing operations (CDMO).

2. Diversified Business Segments

The company operates across three primary business segments. The Pharma CDMO segment, contributing 72% of H1 FY25 revenue, focuses on New Chemical Entity (NCE)-based integrated CDMO services. Although revenue declined by 4% YoY in H1 FY25 due to shipment delays, growth is expected in H2 FY25. The Specialty Chemicals segment, contributing 6%, saw a significant 76% YoY revenue drop due to macroeconomic challenges but is undergoing strategic restructuring. Meanwhile, the Formulations & Other Services segment grew 28% YoY in H1 FY25, reaching 22% of total revenue, driven by expansion in complex drug formulations.

3. Strong Customer Base

The company serves a global clientele of over 50 customers, including 14 of the top 20 pharmaceutical firms. It caters to various market segments, including Big & Mid Pharma, Biotech firms, CDMOs, Specialty Chemicals, and Generics. By Q2 FY25, the company had successfully completed over 1,000 CDMO projects, reflecting its extensive experience and industry reputation.

4. Robust Manufacturing Capabilities

The company operates three state-of-the-art manufacturing facilities and two R&D plants located in Andhra Pradesh and Telangana, India. With a total reactor capacity of 1,800+ KL, the company is well-equipped to support large-scale manufacturing and development projects. Recent expansions include a 410 KL capacity addition at the Suryapet, Telangana plant, reinforcing its commitment to capacity enhancement and operational efficiency.

5. Strategic Mergers & Acquisitions

In February 2024, the company approved the merger of Cohance Lifesciences Ltd., an Advent International-backed CDMO and Merchant API platform, with itself. The merger, expected to conclude by Q4 FY25-Q1 FY26, will add a 1,250 KL reaction capacity, including a specialized ADC platform. Additionally, in December 2024, the company acquired a 56% stake in NJ Bio Inc. for \$64.4 Mn, strengthening its ADC/XDC capabilities. In July 2024, it acquired a 67.5% stake in Sapala Organics Pvt Ltd for Rs. 229 Cr, expanding expertise in nucleic acid-based therapeutics.

6. Growth Strategy & Future Focus

With a focus on doubling its business over the next five years, the company is leveraging mergers, acquisitions, and strategic expansions to drive growth. A structured cost-optimization approach and increased offshoring initiatives are expected to enhance operational efficiencies. The company's leadership transition, with Mr. Vivek Sharma appointed as Executive Chairman in September 2024, marks a new phase of strategic direction. Backed by strong financials and a commitment to innovation, the company is poised for sustained growth in the global pharmaceutical and fine chemicals industry.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	219.82	252.93	230.69	257.72	307.15
Growth(%)	-5%	15%	-9%	12%	19%
Expenses	153.74	179.58	150.76	153.71	189.45
Operating Profit	66.08	73.35	79.93	104.01	117.70
Growth(%)	-33%	11%	9%	30%	13%
Other Income	14.34	17.05	18.16	14.12	15.71
Depreciation	12.79	17.25	13.40	16.96	20.35
Interest	2.16	2.30	1.60	1.67	3.33
Profit before tax	65.47	70.85	83.09	99.50	109.73
Tax	18.72	17.48	22.32	17.52	26.44
Net profit	46.75	53.37	60.77	82.21	82.88
Growth(%)	-70%	12%	12%	26%	1%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Sales	833.79	1,009.72	1,320.22	1,340.33	1,051.35
Growth(%)	121%	21%	31%	2%	-22%
Expenses	449.01	566.71	738.29	766.15	645.47
Operating Profit	384.78	443.01	581.93	574.18	405.88
Growth(%)	124%	15%	31%	-1%	-29%
Other Income	66.31	67.97	133.29	46.35	61.84
Depreciation	23.51	31.64	39.10	47.99	54.60
Interest	23.07	11.67	8.53	12.81	7.45
Profit before tax	404.51	467.67	667.59	559.73	405.67
Tax	87.51	105.34	213.78	148.44	105.39
Net profit	317.00	362.34	453.80	411.29	300.28
Growth(%)	190%	14%	25%	-9%	-27%

Balance Sheet

(Rs Cr)

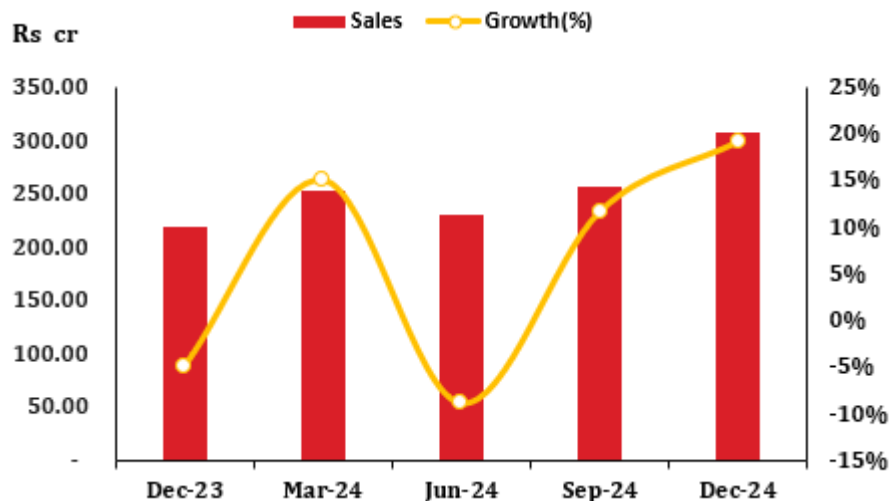
Report Date	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	12.73	25.46	25.46	25.46	25.46
Reserves	832.03	1,155.34	1,501.72	1,709.73	2,025.21
Borrowings	186.20	143.04	97.12	70.34	65.00
Other Liabilities	141.85	150.63	205.29	160.22	138.41
Total	1,172.81	1,474.47	1,829.59	1,965.75	2,254.08
Net Block	356.74	441.16	534.19	663.33	669.62
Capital Work in Progress	101.71	96.33	29.99	165.09	179.08
Investments	338.13	541.79	598.32	536.03	904.48
Other Assets	376.23	395.19	667.09	601.30	500.90
Total	1,172.81	1,474.47	1,829.59	1,965.75	2,254.08

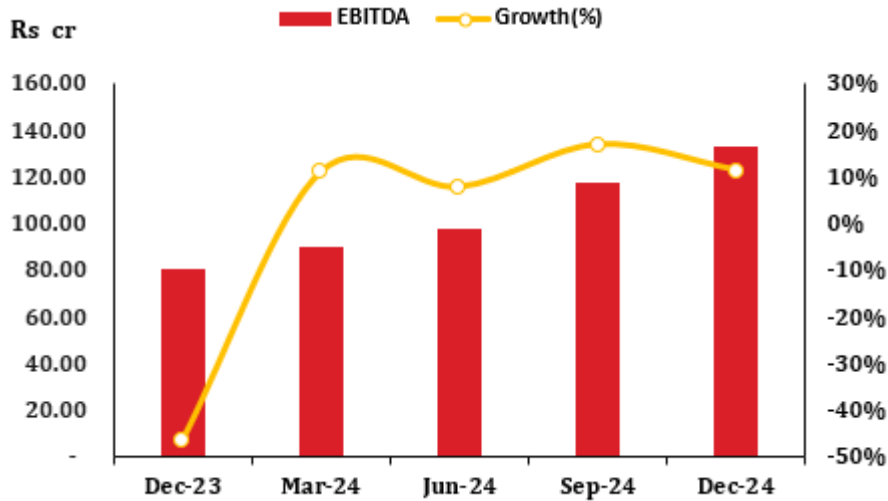
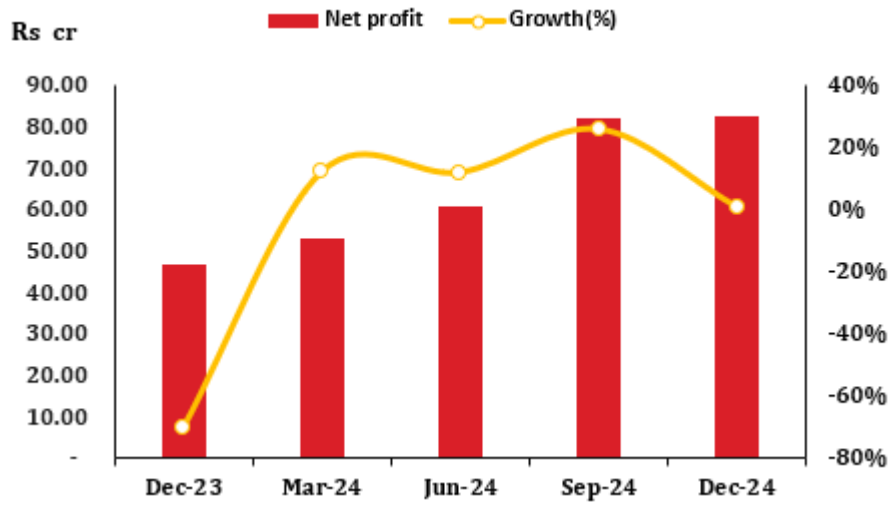
Cash Flow

(Rs Cr)

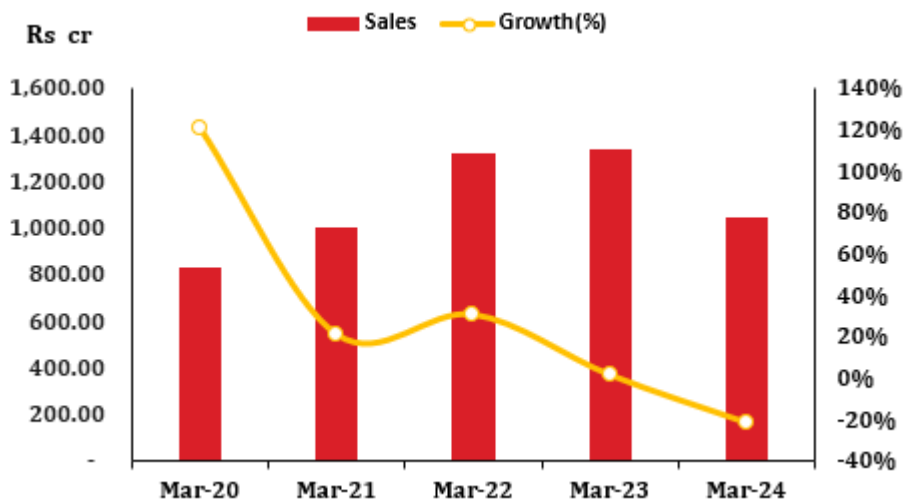
	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	406.92	382.55	330	457.2	358.48
Cash from Investing Activity	-413.45	-311.4	-136.14	-195.01	-362.25
Cash from Financing Activity	7.32	-75.66	-156.48	-241.95	-13.8
Net Cash Flow	0.79	-4.51	37.38	20.24	-17.57

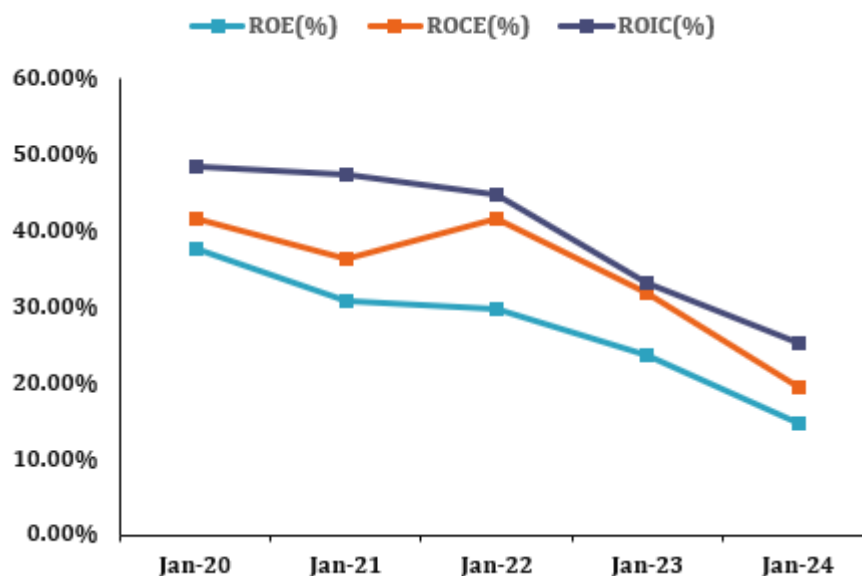
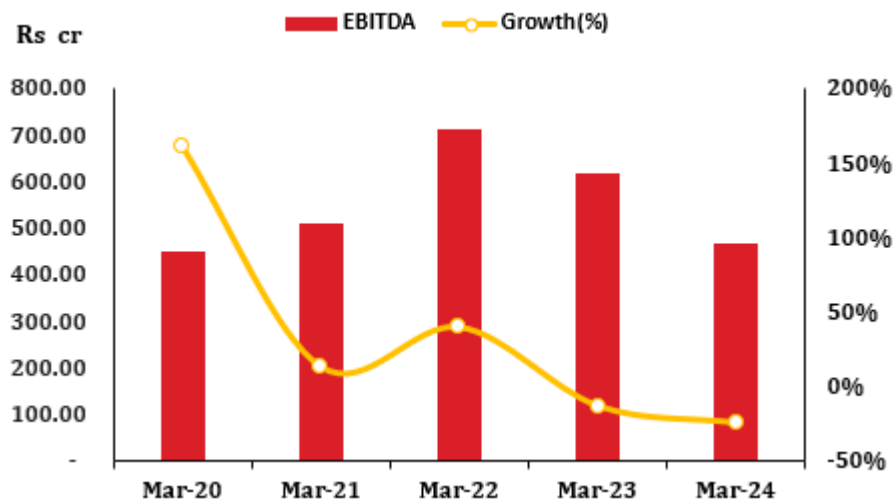
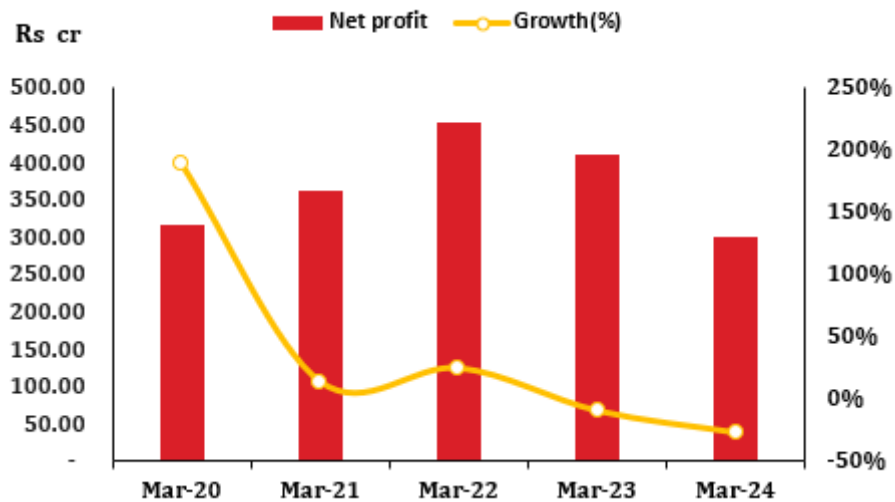
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
D/E	0.22	0.12	0.06	0.04	0.03
Debt/Assets	0.16	0.10	0.05	0.04	0.03
Debt/Ebitda	0.41	0.28	0.14	0.11	0.14
Debt/Capital Ratio	18%	11%	6%	4%	3%
Cash flow/Debt	2.19	2.67	3.40	6.50	5.52
Interest coverage ratio	18.53	41.07	79.26	44.69	55.45
Sales Change	121%	21%	31%	2%	-22%
Ebit Change	166%	12%	41%	-15%	-28%
Operating Leverage	1.03	0.72	1.02	-0.87	1.36
Financial Leverage	1.39	1.25	1.20	1.13	1.10

Efficiency ratios					
Receivable days	51	37	65	30	46
Receivable turnover	7.11	9.86	5.59	12.08	7.87
Inventory days	0.00	0.00	0.00	0.00	0.00
Inventory turnover	3	3	3	2	3
Net Fixed assets turnover	2.34	2.29	2.47	2.02	1.57
Sales/capital employed	0.81	0.76	0.81	0.74	0.50
Total Asset Turnover	0.71	0.68	0.72	0.68	0.47

Profitability ratios					
Ebitda	451.09	510.98	715.22	620.53	467.72
Ebitda margin	54%	51%	54%	46%	44%
Gross Profit	499.87	572.81	746.31	752.42	601.26
Gross Profit Margin	60%	57%	57%	56%	57%
EBIT	427.58	479.34	676.12	572.54	413.12
EBIT Margin	51%	47%	51%	43%	39%
ROE	38%	31%	30%	24%	15%
Net profit margin	38%	36%	34%	31%	29%
EPS	12.45	14.23	17.82	16.15	11.79
DU Pont ROE	38%	31%	30%	24%	15%
Net Profit Margin	38%	36%	34%	31%	29%
Sales/Total assets	0.71	0.68	0.72	0.68	0.47
Financial Leverage	1.39	1.25	1.20	1.13	1.10
DU PONT ROA	27%	25%	25%	21%	13%
Net Profit Margin	38%	36%	34%	31%	29%
Sales/Total assets	0.71	0.68	0.72	0.68	0.47

Capital Allocation Ratios	Mar-20	Mar-21	Mar-22	Mar-23	Mar-24
ROCE	46%	45%	33%	34%	24%
EBIT Margin	51%	47%	51%	43%	39%
Sales/cap employed	0.81	0.76	0.81	0.74	0.50
NOPAT	335.08	371.37	459.61	420.70	305.79
Capital employed	1030.96	1323.84	1624.3	1805.53	2115.67
ROIC	33%	28%	28%	23%	14%

Valuation Ratios					
Price/Earnings	8.07	34.91	34.70	29.24	57.41
Price/Book	3.03	10.71	10.31	6.93	8.41
Marketcap	2,559.49	12,648.53	15,745.74	12,027.30	17,238.97
Enterprise Value	2,731.61	12,781.92	15,795.55	12,029.63	17,253.47
EV/EBITDA	6.06	25.01	22.08	19.39	36.89

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