

**RESEARCH****SUVEN PHARMA | TARGET: Rs 1,405 | +20% | BUY**

A play on the ADC growth segment

**SUMMARY****SUVEN PHARMA**

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- As Cohance supplies payload, SUVENPHA's NJ Bio buy will complete the entire value chain by supplying linkers/bioconjugation innovators
- We expect earnings CAGR of 34% from FY25-27, hence ascribe a P/E of 55x FY27 EPS to arrive at a TP of Rs 1,405 and initiate BUY rating

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**BUY****TP: Rs 1,405 | ▲ 20%****SUVEN PHARMA**

Pharmaceuticals

24 March 2025

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**Leading supplier of ADC intermediates:** SUVENPHA is an exclusive supplier of payload intermediates for antibody-drug conjugates (ADCs) molecules and is a global leader in camptothecin-based ADC, where it supplies payloads for two commercial products that account for ~40% of the total ADC market value. SUVENPHA is also adding the Auristatin platform in payload which would aid in addressing 80%+ of the clinically active ADC pipeline.

**Acquisition of NJ Bio to strengthen value chain of ADC:** SUVENPHA, which merged with Cohance Lifesciences in 2024, acquired a 56% stake in NJ Bio, a CRDMO specialising in ADCs and related technologies. NJ Bio provides cutting-edge solutions across the ADC value chain and has served over 150 customers, delivering more than 500 projects over the past five years. NJ Bio has developed a library of 550+ payload-linkers and offers 'Express Conjugation' service where SUVENPHA supplies all parts of an ADC.

**Tapping oligonucleotide market with Sapala acquisition:** Sapala Organics specialises in oligonucleotide drugs and nucleic acid building blocks, including specialised amidites, nucleosides, and drug delivery compounds and has one of the most comprehensive list of capabilities among its peers. Sapala operates with an innovator customer base across the US, EU, and Japan, partnering with clients on its New Chemical Entity (NCE) programmes throughout the project lifecycle.

**Valuation outlook:** SUVENPHA has guided for revenue target of US\$ 1bn in sales by FY30 (US\$ 203mn in 9MFY25), 80% of which will be contributed by the CDMO segment from 53% currently. Post that, the company expects to double sales from FY30 to FY35 to achieve revenues of US\$ 2bn with 90% contribution from CDMO. Due to its strong execution capability, focused approach in the ADC segment backed by a strong balance sheet, robust return ratios and strong promoters, we initiate coverage on SUVENPHA with a BUY. We believe the company to remain in the high growth trajectory and expect sales/ EBITDA / PAT to grow at a CAGR of 25%/33% and 34% respectively. Hence, we ascribe a P/E of 55x on FY27 EPS of Rs 25.6 per share to arrive at a TP of Rs 1,405.

Ticker/Price	SUVENPHA IN/Rs 1,176
Market cap	US\$ 5.4bn
Free float	50%
3M ADV	US\$ 6.1mn
52wk high/low	Rs 1,360/Rs 598
Promoter/FPI/DII	50%/11%/17%

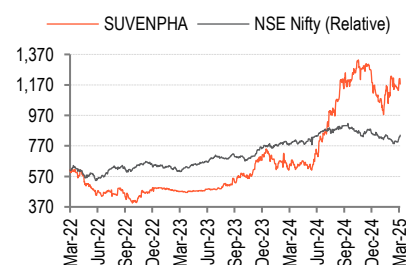
Source: NSE | Price as of 24 Mar 2025

## Key financials

Y/E 31 Mar	FY24A	FY25E	FY26E
Total revenue (Rs mn)	23,766	24,688	31,139
EBITDA (Rs mn)	7,468	8,032	11,048
Adj. net profit (Rs mn)	4,774	5,419	7,488
Adj. EPS (Rs)	12.5	14.2	19.7
Consensus EPS (Rs)	12.5	15.2	20.4
Adj. ROAE (%)	16.4	16.7	21.1
Adj. P/E (x)	93.8	82.6	59.8
EV/EBITDA (x)	61.5	57.2	41.6
Adj. EPS growth (%)	(29.1)	13.5	38.2

Source: Company, Bloomberg, BOBCAPS Research

## Stock performance



Source: NSE



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**BUY** – Expected return >+15%

**HOLD** – Expected return from -6% to +15%

**SELL** – Expected return <-6%

**Note:** Recommendation structure changed with effect from 21 June 2021

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