

Retail Equity Research

CMP Rs. ₹ 206

Piramal Pharma Ltd

Rating: Overweight

Healthcare

NSE CODE: PPLPHARMA
BSE CODE: 543653

Piramal Pharma Ltd. (PPL) delivered a robust performance in Q4FY25, with sales rising 25% QoQ to ₹2,754 Cr and operating profit surging 66% to ₹561 Cr, signaling strong execution and margin recovery. After two tepid quarters, the net profit rebounded sharply to ₹153.5 Cr (+98% QoQ), driven by operating leverage and higher other income. Despite Q2FY25's steep profit contraction, FY25 ends with normalized growth momentum. Depreciation and interest costs remained stable, while PBT more than quadrupled sequentially. The operating margin expanded to 20.4% from 15.3% in Q3, reflecting better cost control. The volatility in net profit across quarters was largely attributed to seasonality, input cost fluctuations, and one-offs in CHG. Going ahead, stable revenue visibility in CDMO and recent cost efficiencies offer a promising outlook. However, investor focus should remain on sustaining profitability and managing client concentration risk amid a challenging macro environment. Reiterate positive bias with a medium-term horizon.

Company Data			
Market Cap (cr)		Rs.	27,350.18
Enterprise Value (cr)		Rs.	34,150.12
Outstanding Shares (cr)			132.57
52 week high		Rs.	308.00
52 week low		Rs.	136.00
1m average volume (lacs)			45.30
Face value		Rs.	10.00
	FY22	FY23	FY24
Sales	7081.55	8171.16	9151.18
Growth(%)	8%	15%	12%
EBITDA	900.72	1368.35	1652.57
EBITDA Margin(%)	12.7%	16.7%	18.1%
PAT	-186.46	17.82	91.13
Growth(%)	-150%	110%	411%
EPS	-1.4	0.1	0.7
P/E	-47.4	956.9	327.0
P/B	1.3	2.2	3.7
EV/EBITDA	15.7	15.6	20.7
ROE(%)	-3%	0.2%	1%
ROCE(%)	2%	5.0%	6.4%
ROIC(%)	3%	0.5%	1.4%
D/E	0.83	0.60	0.60

Strong FY25 Financials with CDMO Driving Growth:

Piramal Pharma crossed \$1B in revenue (+12% YoY), with CDMO contributing over 50% and growing 15% YoY. EBITDA margin stood at 17%, with PAT rising 5x to ₹91 Cr. Q4FY25 was the strongest quarter with 22% EBITDA margin and 52% PAT growth.

CDMO Strength and Strategic Expansion:

Innovation-led CDMO revenues rose to 54% of mix; on-patent commercial manufacturing jumped from \$52M to \$179M in two years. \$90M capacity expansions in sterile injectables and ADCs announced. Maintained a strong regulatory track record with zero USFDA OAI's.

FY26 Muted Outlook, Strong Long-Term Guidance: FY26 to see mid-single-digit growth due to temporary inventory normalization by a major CDMO client. However, management remains confident of FY27 recovery and reiterated long-term goals of \$2B revenue, 25% EBITDA margin, and high teens ROCE by FY30.

Key Highlights

Diversified Business Portfolio Across Key Pharma Segments

Piramal Pharma Limited operates through three major verticals: Contract Development and Manufacturing Organization (CDMO), Complex Hospital Generics (CHG), and India Consumer Healthcare (ICH). This diversified business model allows the company to maintain revenue stability and capitalize on growth across different healthcare domains. CDMO contributes the highest share at 58% of FY24 revenue, followed by CHG at 30%, and ICH at 12%. This strategic spread across global B2B, institutional, and consumer-facing segments enables PPL to mitigate risks associated with dependency on a single business line and ensures long-term growth potential.

Strong Global CDMO Capabilities and Strategic Focus on Integration

The CDMO segment remains a cornerstone of Piramal Pharma's operations, supported by 15 manufacturing sites across India (9), North America (4), and Europe (2). As of FY24, PPL serves approximately 500 CDMO clients and is among the top three CDMO players in India and the 13th largest globally. A key strategic shift is the increased focus on integrated projects—40% of new CDMO orders in FY24 were for integrated services—enhancing customer stickiness and profitability. The CDMO business earns 84% of its revenue from regulated markets (US, EU, Japan), underlining its global credibility and compliance standards.

Leadership Position in Complex Hospital Generics

PPL is a prominent player in the Complex Hospital Generics segment, with its main revenue drivers being inhalation anesthesia (67%) and pain management therapies. The company ranks as the fourth-largest global player in the inhalation anesthesia space. With manufacturing facilities in India (Dahej and Digwal) and the US (Bethlehem), the CHG division has over 6,000 customers worldwide and a pipeline of 24 SKUs. Nearly 70% of CHG revenues are derived from regulated markets, further affirming PPL's strength in high-barrier-to-entry therapeutic areas with consistent demand in critical care settings.

Rapid Growth in India Consumer Healthcare (ICH) with Asset-Light Model

The ICH segment has evolved impressively—from ₹100 Cr revenue and 3 brands in 2008 to over ₹1,000 Cr and 25+ brands by 2024. Operating on an asset-light, self-funded model, the company has launched 150+ new products in the last three years, leveraging brand endorsements from Bollywood celebrities like Kareena Kapoor (Little's) and Ajay Devgan (Tetmosol). Flagship brands such as Lacto Calamine, Polycrol, and Tetmosol drive market visibility. A dedicated promotional spend of 13% of segmental revenue highlights its brand-building efforts. With a customer base of 180,000, ICH is now a meaningful contributor to PPL's topline.

Strategic Investments, Joint Ventures, and Global Expansion

PPL has consistently pursued inorganic growth through 15 mergers and acquisitions over the last decade. It holds a 49% stake in a JV with Abbvie (Allergan India Pvt. Ltd.), which dominates ophthalmology formulations in India with brands like Refresh and Ozurdex. Additionally, a 33.33% stake in Yapan Bio expands PPL's footprint in biologics and vaccine CDMO capabilities. New facility investments, such as the ADC plant in Grangemouth (UK) and a \$80M sterile injectables expansion at Lexington, Kentucky, align with its vision to be a \$2 billion revenue company by FY30.

Regulatory Excellence and Quality Control as a Core Pillar

PPL places strong emphasis on regulatory compliance and quality, a critical aspect of its operations in highly regulated markets. The company employs over 1,000 personnel in its quality function and has undergone 44+ USFDA inspections with zero Official Action Indicated (OAI) outcomes since FY12. In total, it has faced more than 350 regulatory inspections and approximately 125 customer audits. This consistent compliance track record enhances trust among global clients and regulatory bodies, further strengthening PPL's competitive positioning in the global pharmaceutical landscape.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
Sales	2,552.36	1,951.14	2,241.75	2,204.22	2,754.07
Growth(%)	30%	-24%	15%	-2%	25%
Expenses	2,022.43	1,746.65	1,900.14	1,866.48	2,193.08
Operating Profit	529.93	204.49	341.61	337.74	560.99
Growth(%)	97%	-61%	67%	-1%	66%
Other Income	7.90	41.94	78.37	29.18	58.25
Depreciation	196.13	184.55	192.22	196.81	242.76
Interest	114.22	106.96	107.64	103.31	103.68
Profit before tax	227.48	-45.08	120.12	66.80	272.80
Tax	126.21	43.56	97.53	63.12	119.30
Net profit	101.27	-88.64	22.59	3.68	153.50
Growth(%)	90%	-214%	492%	-514%	98%

Financial Consolidated

Profit & Loss

(Rs Cr)

	Mar-22	Mar-23	Mar-24	Mar-25
Sales	6,559.10	7,081.55	8,171.16	9,151.18
Growth(%)	4%	8%	15%	12%
Expenses	5,608.90	6,452.83	6,974.44	7,706.35
Operating Profit	950.20	628.72	1,196.72	1,444.83
Growth(%)	-33%	-34%	90%	21%
Other Income	319.21	272.00	171.63	207.74
Depreciation	586.18	676.69	740.57	816.34
Interest	198.25	344.18	448.49	421.59
Profit before tax	484.98	-120.15	179.29	414.64
Tax	109.02	66.31	161.47	323.51
Net profit	375.96	-186.46	17.82	91.13
Growth(%)	-55%	-150%	110%	411%

Balance Sheet

(Rs Cr)

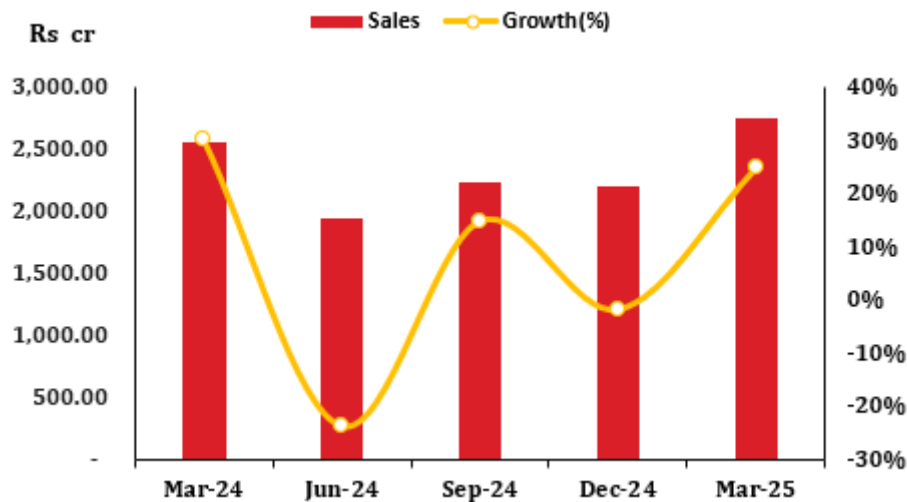
Report Date	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Equity Share Capital	994.60	1,185.91	1,193.32	1,322.95	1,324.35
Reserves	4,610.40	5,510.69	5,580.18	6,588.42	6,801.12
Borrowings	3,025.09	4,127.92	5,637.08	4,710.16	4,856.47
Other Liabilities	2,047.20	1,780.51	1,892.67	2,461.10	2,695.65
Total	10,677.29	12,605.03	14,303.25	15,082.63	15,677.59
Net Block	6,105.49	6,879.18	7,468.60	7,989.93	8,621.21
Capital Work in Progress	626.65	1,172.34	1,418.58	1,115.80	489.12
Investments	122.67	267.17	638.98	384.95	290.65
Other Assets	3,822.48	4,286.34	4,777.09	5,591.95	6,276.61
Total	10,677.29	12,605.03	14,303.25	15,082.63	15,677.59

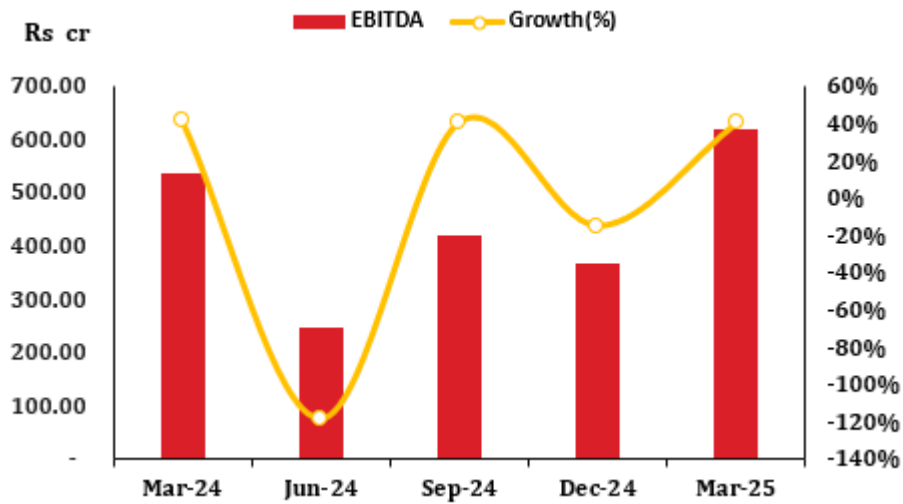
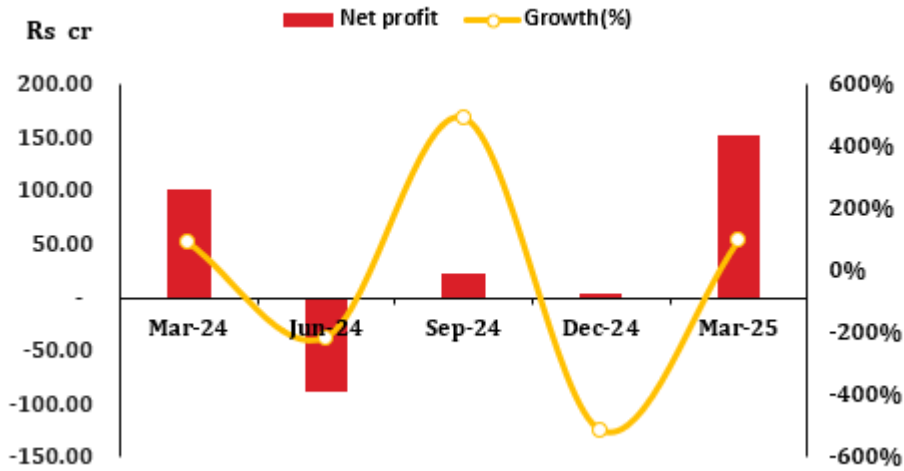
Cash Flow

(Rs Cr)

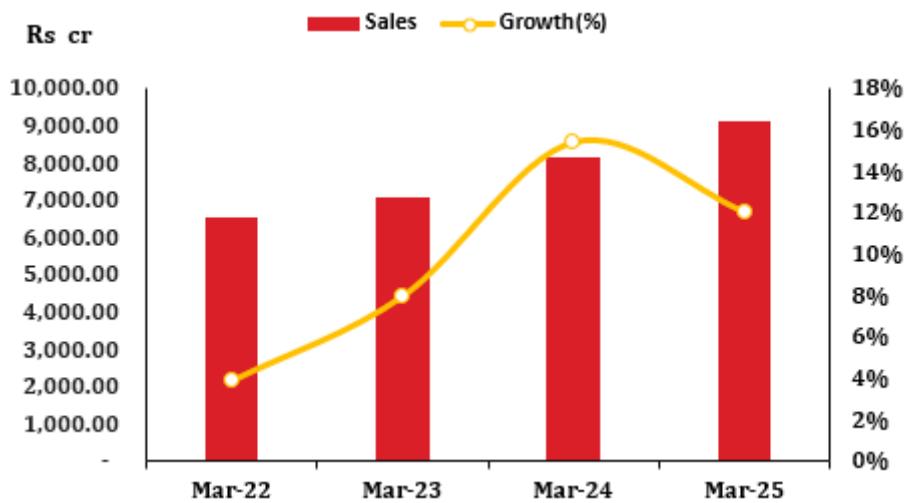
	Mar-21	Mar-22	Mar-23	Mar-24	Mar-25
Cash from Operating Activity	597.58	766.42	483.89	1004.54	892.3
Cash from Investing Activity	-4464.39	-1737.4	-1333.63	-416.22	-477.46
Cash from Financing Activity	3976.83	794.19	817.79	-422.36	-440.83
Net Cash Flow	110.02	-176.79	-31.95	165.96	-25.99

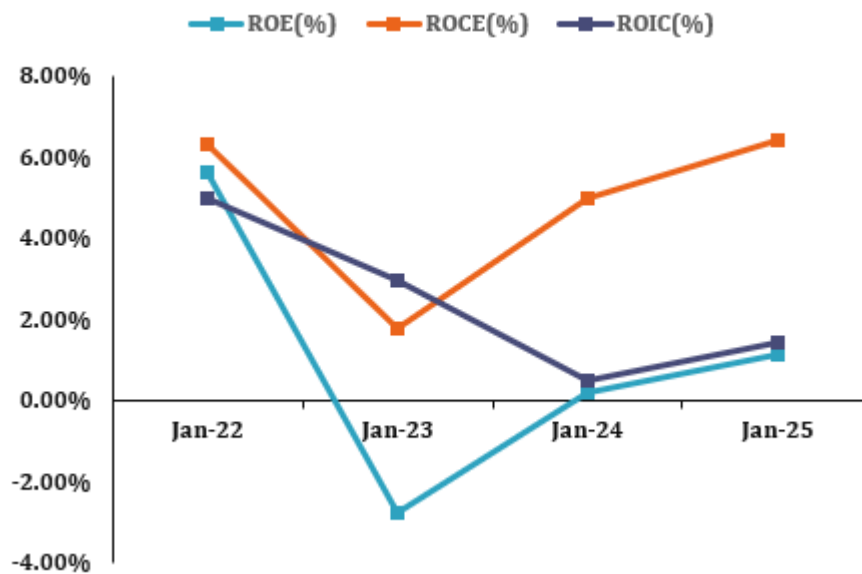
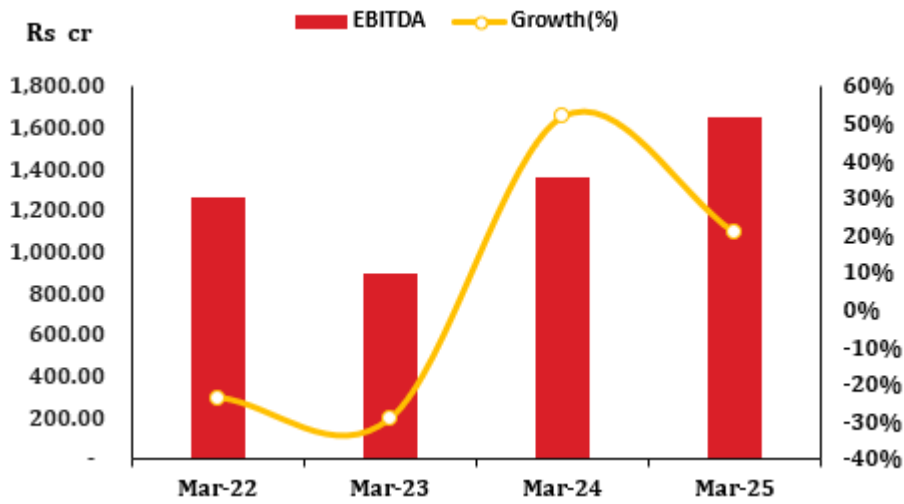
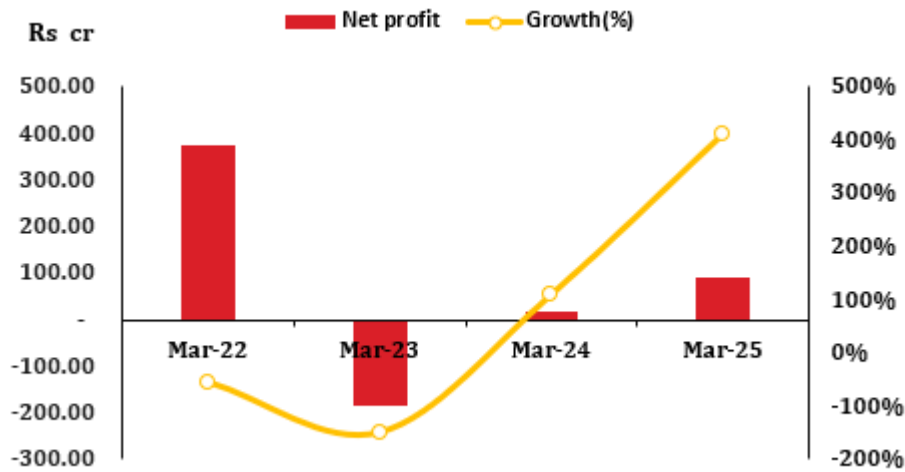
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

Leverage Ratios	Mar-22	Mar-23	Mar-24	Mar-25
D/E	0.62	0.83	0.60	0.60
Debt/Assets	0.33	0.39	0.31	0.31
Debt/Ebitda	3.25	6.26	3.44	2.94
Debt/Capital Ratio	38%	45%	37%	37%
Cash flow/Debt	0.19	0.09	0.21	0.18
Interest coverage ratio	3.45	0.65	1.40	1.98
Sales Change	4%	8%	15%	12%
Ebit Change	-39%	-67%	180%	33%
Operating Leverage	-8.65	-4.25	5.87	1.73
Financial Leverage	1.88	2.11	1.91	1.93

Efficiency ratios				
Receivable days	99	93	95	94
Receivable turnover	3.67	3.94	3.83	3.89
Inventory days	0.00	0.00	0.00	0.00
Inventory turnover	4	4	3	3
Net Fixed assets turnover	0.95	0.95	1.02	1.06
Sales/capital employed	0.61	0.57	0.65	0.70
Total Asset Turnover	0.52	0.50	0.54	0.58

Profitability ratios				
Ebitda	1269.41	900.72	1368.35	1652.57
Ebitda margin	19%	13%	17%	18%
Gross Profit	3477.12	3608.66	4372.8	5919.53
Gross Profit Margin	53%	51%	54%	65%
EBIT	683.23	224.03	627.78	836.23
EBIT Margin	10%	3%	8%	9%
ROE	6%	-3%	0%	1%
Net profit margin	6%	-3%	0%	1%
EPS	-	-1.41	0.13	0.69
DU Pont ROE	6%	-3%	0%	1%
Net Profit Margin	6%	-3%	0%	1%
Sales/Total assets	0.52	0.50	0.54	0.58
Financial Leverage	1.88	2.11	1.91	1.93
DU PONT ROA	3%	-1%	0%	1%
Net Profit Margin	6%	-3%	0%	1%
Sales/Total assets	0.52	0.50	0.54	0.58

Capital Allocation Ratios	Mar-22	Mar-23	Mar-24	Mar-25
ROCE	3%	-1%	3%	2%
EBIT Margin	10%	3%	8%	9%
Sales/cap employed	0.61	0.57	0.65	0.70
NOPAT	529.64	347.67	62.40	183.79
Capital employed	10824.52	12410.58	12621.53	12981.94
ROIC	5%	3%	0%	1%

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