

Retail Equity Research

Piramal Pharma Ltd

Pharmaceuticals

CMP Rs. ₹ 209
Rating: Overweight
NSE CODE: PPLPHARMA BSE CODE: 543635

Piramal Pharma's performance over the past five quarters has been volatile, with fluctuations in revenue, profitability, and margins. Sales peaked at ₹2,552.36 crore in Mar-24, growing 30% QoQ, but witnessed declines in Jun-24 (-24%) and Dec-24 (-2%), indicating inconsistent demand trends.

Operating profit followed a similar trajectory, surging 97% in Mar-24 but dropping 61% in Jun-24, reflecting margin pressure. While a 67% QoQ rebound in Sep-24 suggested partial recovery, Dec-24 saw a marginal dip (-1%), highlighting cost-related challenges.

Net profit volatility remains a concern, swinging from ₹101.27 crore in Mar-24 to a loss of ₹88.64 crore in Jun-24, before partial recoveries. The -514% YoY decline in Dec-24 emphasizes persistent pressure on profitability.

Company Data

Market Cap (cr)	Rs.	28,476.99	
Enterprise Value (cr)	Rs.	21,279.78	
Outstanding Shares (cr)		132.57	
52 week high	Rs.	308.00	
52 week low	Rs.	114.00	
1m average volume (lacs)		85.90	
Face value	Rs.	10.00	
	FY22	FY23	FY24
Sales	6559.1	7081.55	8171.16
Growth(%)	4%	8%	15%
EBITDA	1269.41	900.72	1368.35
EBITDA Margin(%)	19.4%	12.7%	16.7%
PAT	375.96	-186.46	17.82
Growth(%)	-55%	-150%	110%
EPS	0.0	-1.4	0.1
P/E	0.0	-47.4	956.9
P/B	0.0	1.3	2.2
EV/EBITDA	3.0	15.7	15.6
ROE(%)	6%	-2.8%	0%
ROCE(%)	6%	1.8%	5.0%
ROIC(%)	5%	3.0%	0.5%
D/E	0.62	0.83	0.60

Strong Financial Growth Piramal Pharma reported a 14% revenue increase and 20% EBITDA growth in the first nine months of FY'25, led by an 18% rise in the CDMO segment and 14% growth in CHG, driven by strong U.S. demand for Inhalation Anesthesia. The India Consumer Healthcare segment saw a 19% increase in Power Brands, with e-commerce sales surging 40%, now contributing 20% of total revenue.

Operational Excellence & Sustainability The company maintained its quality leadership, clearing 45 US FDA inspections with zero pending observations. Sustainability efforts include a 42% reduction target for Scope 1 & 2 emissions by FY'30 and converting Digwal's steam boiler to biomass briquettes, cutting 24,000 tons of CO2 annually. Expansion at Digwal and Dahej will support future CHG growth.

Future Outlook & Challenges Q4 is expected to remain strong, with a long-term goal of \$2 billion revenue by FY'30, targeting a 25% EBITDA margin. However, challenges persist, including cautious biotech funding, prolonged customer decisions due to regulatory uncertainties, and a high tax rate, which is expected to improve as site profitability increases.

Key Highlights

Diversified Business Segments Piramal Pharma Limited (PPL) operates through three major segments: Contract Development and Manufacturing Operations (CDMO), Complex Hospital Generics (CHG), and India Consumer Healthcare (ICH). The company has a strong global presence with operations spanning over 100 countries.

Leadership in Contract Development and Manufacturing (CDMO) PPL is among the top three CDMO players in India and ranks 13th globally. With 15 CDMO sites across North America (4), Europe (2), and India (9), the company serves ~500 CDMO customers. In FY24, 40% of new orders were for integrated projects, emphasizing the company's focus on offering end-to-end solutions. Regulated markets (US, Europe, Japan) contribute 84% of CDMO revenue.

Complex Hospital Generics (CHG) Market Position The company is the 4th largest global player in inhalation anesthesia (IA), which accounts for 67% of CHG revenue. Other revenue contributors include IA & Pain Management (10%), Intrathecal Therapy (15%), and Generic & Specialty Products (8%). CHG operations are supported by manufacturing facilities in Dahej, Digwal (India), and Bethlehem (US). The company serves 6,000+ CHG customers and maintains a pipeline of 24 SKUs.

Consumer Healthcare Growth and Brand Portfolio The ICH segment follows an asset-light, self-funded model, expanding from 3 brands (~INR 100 Cr sales in 2008) to 25+ brands (~INR 1,000 Cr sales in 2024). Key brands include Little's, Lacto Calamine, Polycrol, Tetmosol, and I-range, endorsed by celebrities like Kareena Kapoor, Jisshu Sengupta, and Ajay Devgan. The company launched ~150 new products in the past three years and invested ~13% of ICH sales in promotions.

Revenue and Geographic Distribution

Segment-wise Revenue Split (FY24): CDMO - 58%, CHG - 30%, ICH - 12%.

Geographical Revenue Split (FY24): North America - 41%, Europe - 25%, Japan - 4%, India - 20%, Others - 10%.

Strategic Expansions and Investments

Commissioned a new ADC manufacturing facility at Grangemouth in Feb 2024.

Plans to expand capacity at the PPS Facility in Lexington, Kentucky, with an \$80M investment to enhance commercial-scale sterile injectables capabilities.

Key Partnerships and Mergers & Acquisitions (M&A)

Owens a 49% stake in a JV with Allergan India Pvt. Ltd. (Abbvie holds 51%), a market leader in ophthalmology formulations in India. The JV's key brands include Refresh, Ozurdex, Combigan, Lumigan, Alphagan, and Predforte, with production at Piramal's Pithampur facility.

Holds a 33.33% stake in Yapan Bio Ltd., a Hyderabad-based biologics CDMO firm specializing in vaccine and biopharmaceuticals development.

The company has successfully integrated 15 acquisitions in the last decade, reinforcing its growth trajectory.

Quarterly Financial Consolidated

Profit and loss account

(Rs Cr)

	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Sales	1,958.57	2,552.36	1,951.14	2,241.75	2,204.22
Growth(%)	2%	30%	-24%	15%	-2%
Expenses	1,690.20	2,022.43	1,746.65	1,900.14	1,866.48
Operating Profit	268.37	529.93	204.49	341.61	337.74
Growth(%)	1%	97%	-61%	67%	-1%
Other Income	43.19	7.90	41.94	78.37	29.18
Depreciation	186.32	196.13	184.55	192.22	196.81
Interest	105.88	114.22	106.96	107.64	103.31
Profit before tax	19.36	227.48	-45.08	120.12	66.80
Tax	9.25	126.21	43.56	97.53	63.12
Net profit	10.11	101.27	-88.64	22.59	3.68
Growth(%)	50%	90%	-214%	492%	-514%

Financial Consolidated

Profit & Loss

(Rs Cr)

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

Balance Sheet

(Rs Cr)

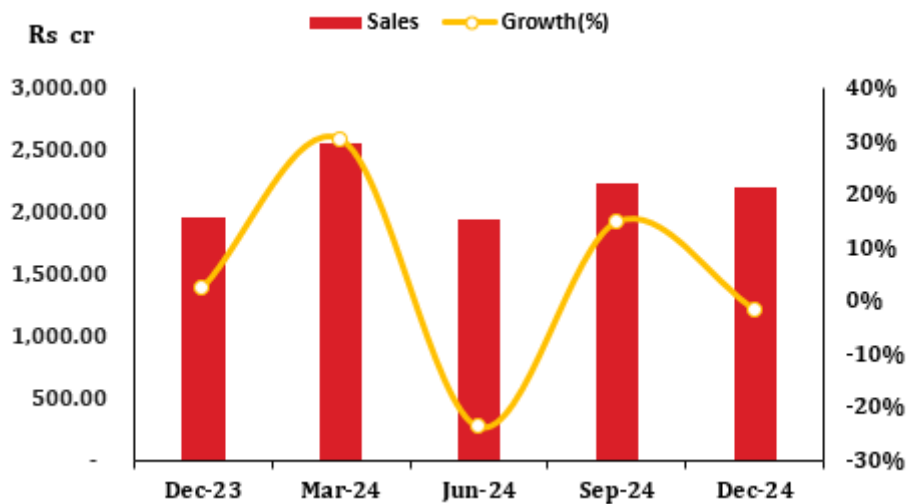
Report Date	Mar-16	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	-	994.60	1,185.91	1,193.32	1,322.95
Reserves	-	4,610.40	5,510.69	5,580.18	6,588.42
Borrowings	-	3,025.09	4,127.92	5,637.08	4,710.16
Other Liabilities	-	2,047.20	1,780.51	1,892.67	2,461.10
Total	-	10,677.29	12,605.03	14,303.25	15,082.63
Net Block	-	6,105.49	6,879.18	7,468.60	7,989.93
Capital Work in Progress	-	626.65	1,172.34	1,418.58	1,115.80
Investments	-	122.67	267.17	638.98	384.95
Other Assets	-	3,822.48	4,286.34	4,777.09	5,591.95
Total	-	10,677.29	12,605.03	14,303.25	15,082.63

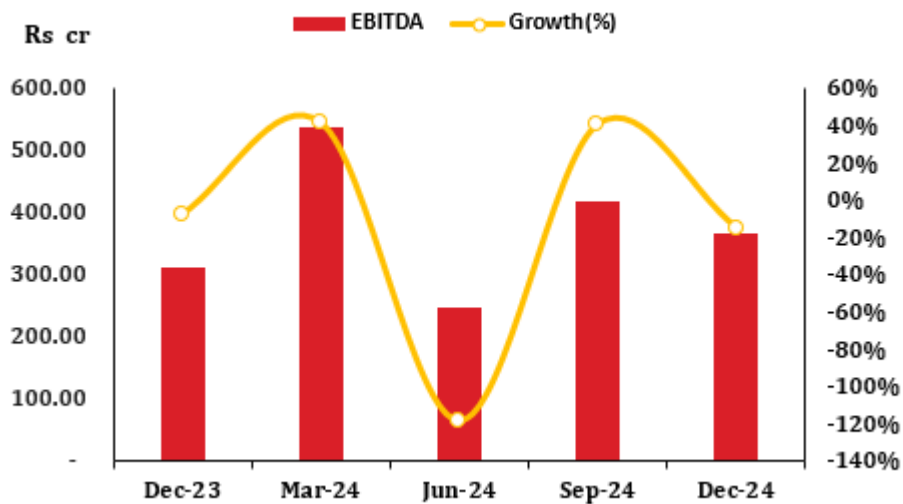
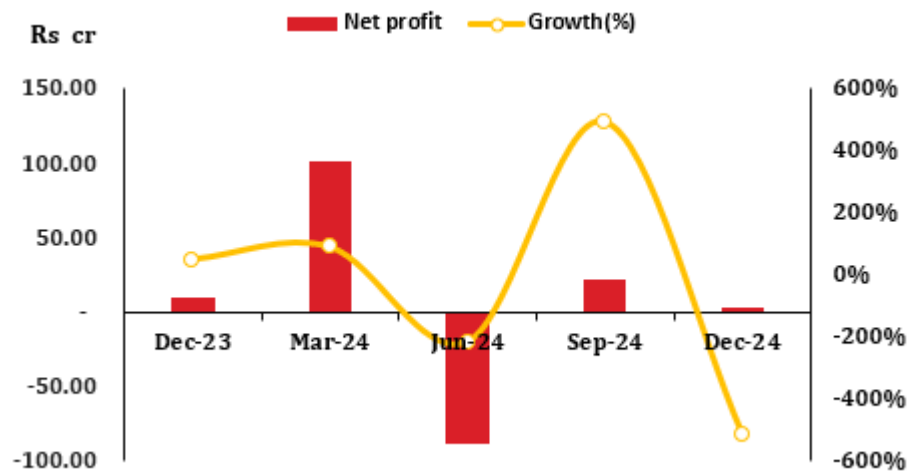
Cash Flow

(Rs Cr)

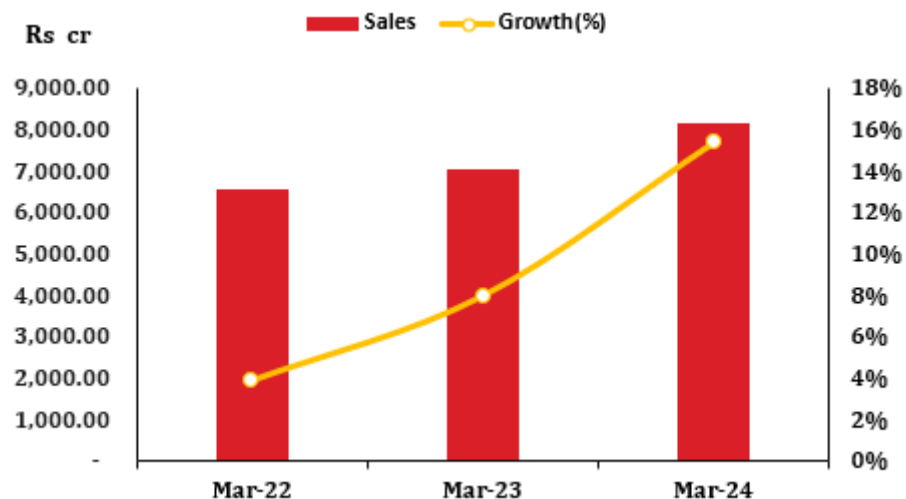
	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	597.58	766.42	483.89	1004.54
Cash from Investing Activity	-4464.39	-1737.4	-1333.63	-416.22
Cash from Financing Activity	3976.83	794.19	817.79	-422.36
Net Cash Flow	110.02	-176.79	-31.95	165.96

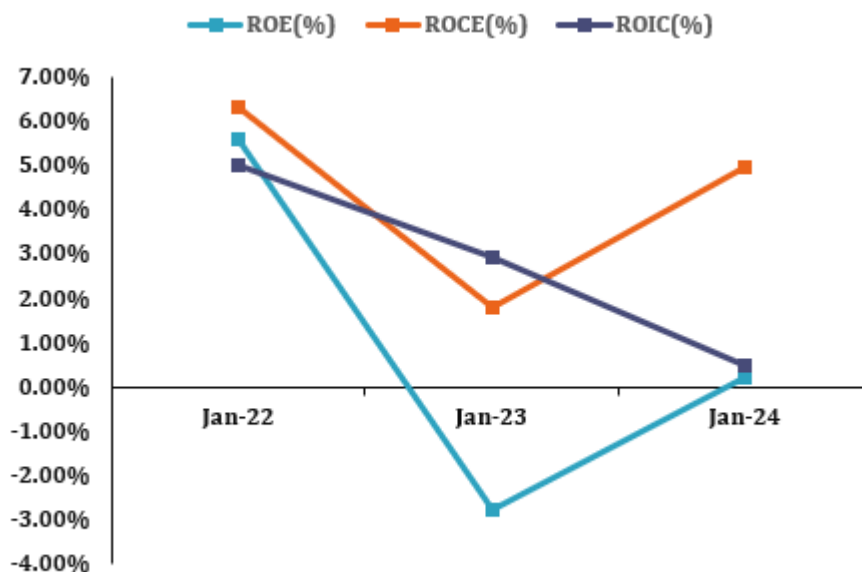
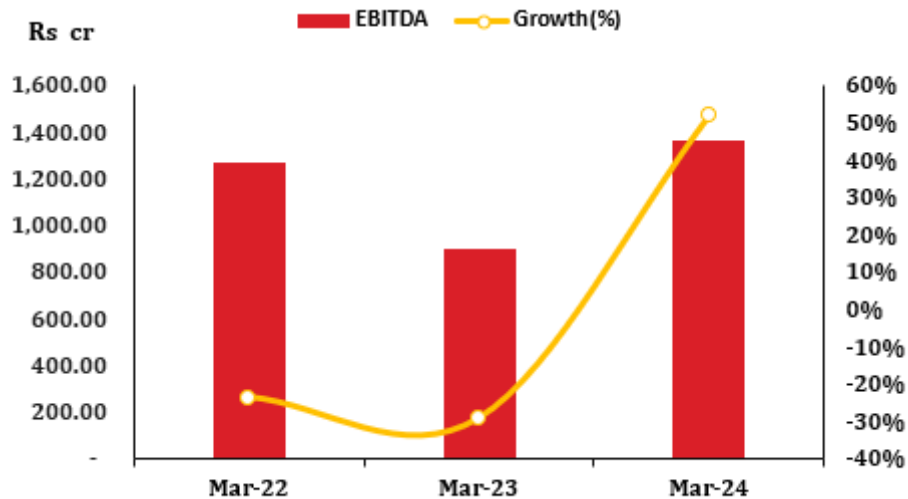
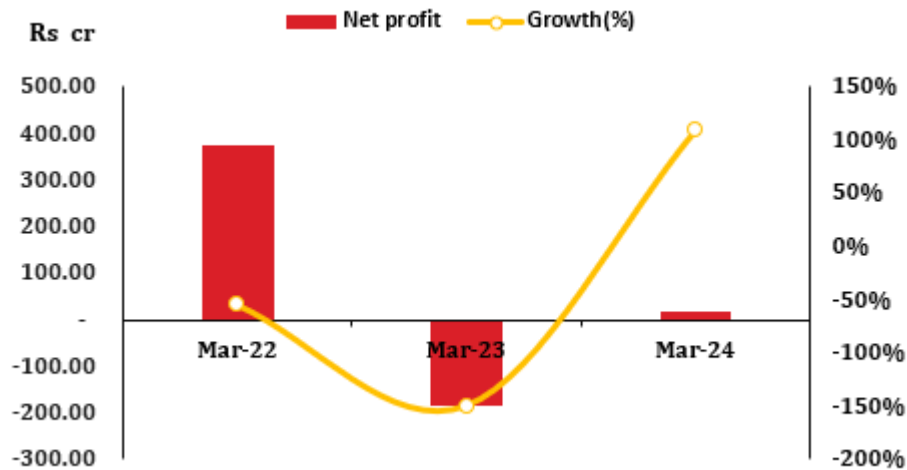
Key Metrics: Quarterly





Key Metrics: Yearly





Key Ratio:

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

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

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

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

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