

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 biotherapeutics 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)

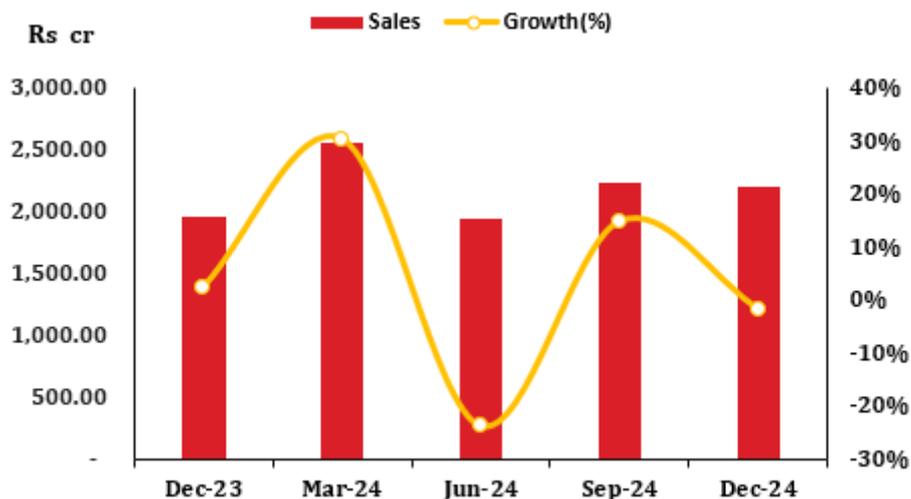
Report Date	Mar-16	Mar-21	Mar-22	Mar-23	Mar-24
Equity Share Capital	-	994.60	1,185.91	1,193.32	1,322.95
Reserves	-	4,610.40	5,510.69	5,580.18	6,588.42
Borrowings	-	3,025.09	4,127.92	5,637.08	4,710.16
Other Liabilities	-	2,047.20	1,780.51	1,892.67	2,461.10
Total	-	10,677.29	12,605.03	14,303.25	15,082.63
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

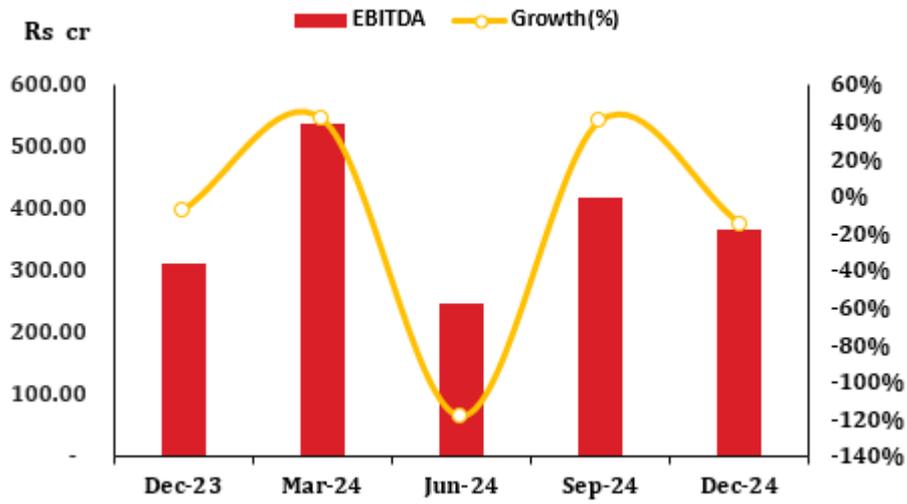
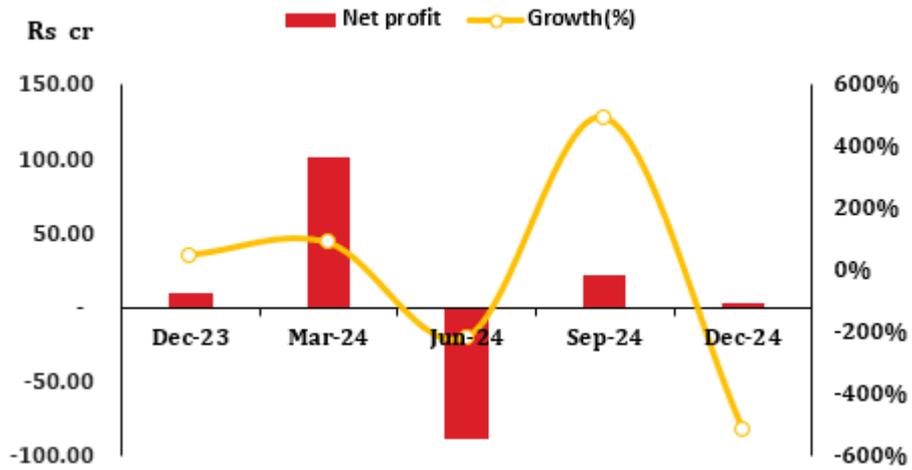
Cash Flow

(Rs Cr)

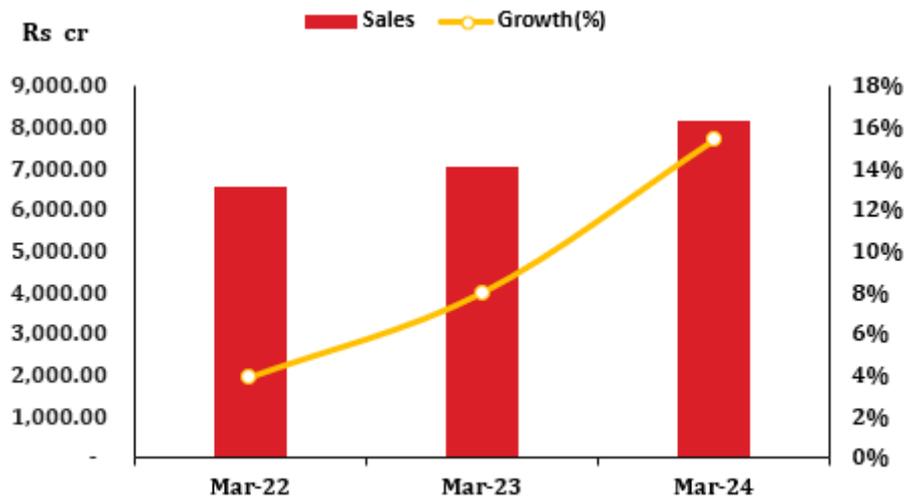
	Mar-21	Mar-22	Mar-23	Mar-24
Cash from Operating Activity	597.58	766.42	483.89	1004.54
Cash from Investing Activity	-4464.39	-1737.4	-1333.63	-416.22
Cash from Financing Activity	3976.83	794.19	817.79	-422.36
Net Cash Flow	110.02	-176.79	-31.95	165.96

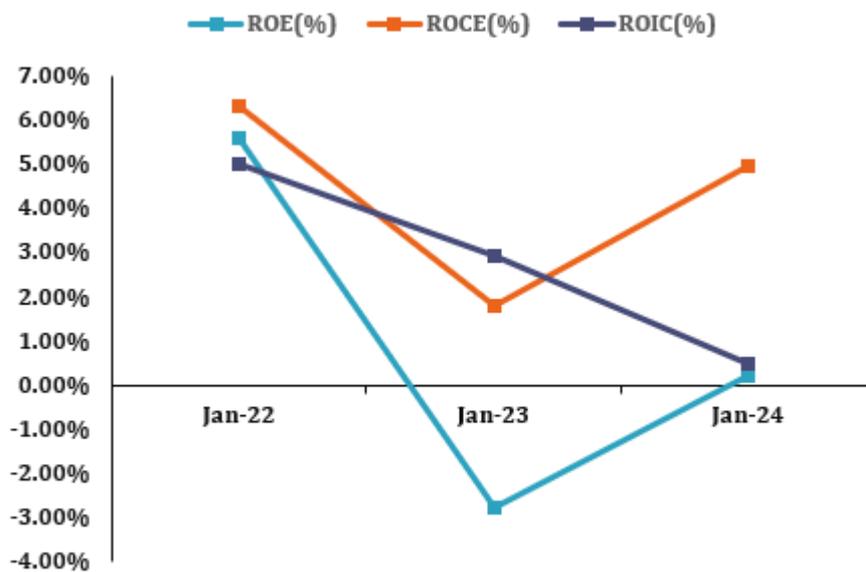
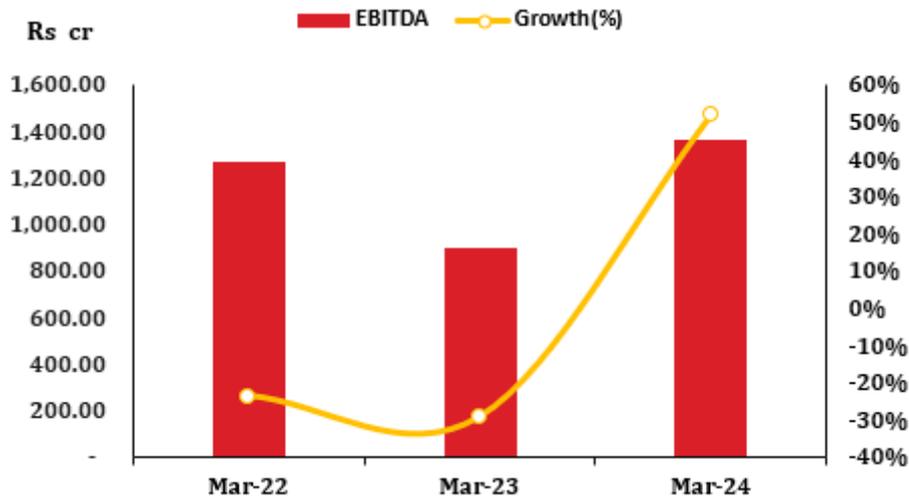
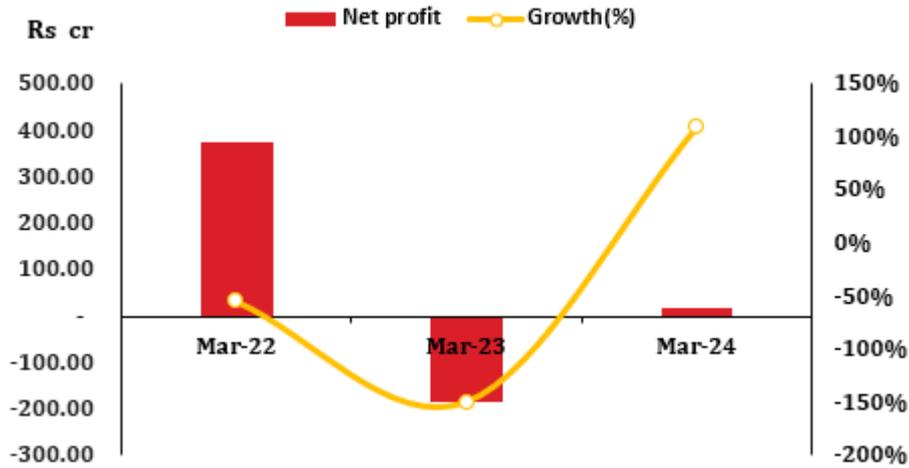
Key Metrics: Quarterly





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%

Disclaimer: ANALYST CERTIFICATION I, Mr. Anshul Jain B.com, Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. 'Subscriber' is the one who has subscribed to the Research Reports in various forms including Research Recommendations, Research SMS Alerts/Calls, Fundamental and Technical Research calls, Investment Strategist Magazine, Research/market news etc through Lakshmishree Investment & Securities Limited. Subscriber may or may not be client of Lakshmishree Investment & Securities Ltd.

Terms & conditions and other disclosures:

Lakshmishree Investment & Securities Ltd. (hereinafter referred to as "LISL ") is engaged in the business of Stock Broking, Depository Participant and distribution for third party financial products. (LISL) will, at its discretion, provide its company research reports/news, results, and event updates/sector report/monthly commentary/regular compendium, trading call, technical and derivatives reports (together "the reports") as also market news to subscribers either in the form of a written market commentary or research report sent in e-mail, form, SMS or through postal or courier service. A brief extract of the reports may also be sent, on enrolment, in SMS, e-mail form. This document has been prepared by the Research Division of LISL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without the prior permission of LISL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security. The information contained in this report has been obtained from sources that are considered to be reliable. However, LISL has not independently verified the accuracy or completeness of the same. Neither LISL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein. Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor. Either LISL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication. LISL is registered as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014 LISL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities. LISL or its research analysts or its associates or his relatives do not have any financial interest in the subject company. LISL or its research analysts or its associates or his relatives do not have actual / beneficial ownership of one percent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report. LISL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report. LISL or its associates might have received compensation from the subject company in the past twelve months. LISL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months. LISL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months. LISL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months. LISL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report. LISL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. LISL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. LISL or its Research Analysts do not have any material conflict of interest at the time of publication of this report. It is confirmed that Mr. Anshul Jain B.com, Research Analyst of this report has not received any compensation from the companies mentioned in the report in the preceding twelve months Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. The research analysts for this report has not served as an officer, director or employee of the subject company. LISL or its research analysts have not engaged in market making activity for the subject company Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. LISL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.