



Equity Research Report Pharma

Piramal Pharma Ltd

Equity Research

Date: July 29, 2025

Analyst Recommendation: **BUY**

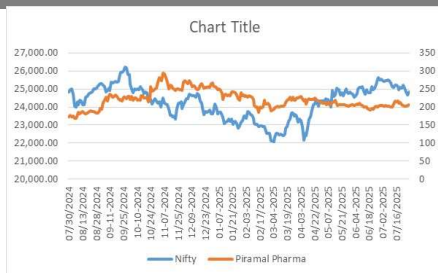
BSE Code: 543635

NSE: PPLPHARMA

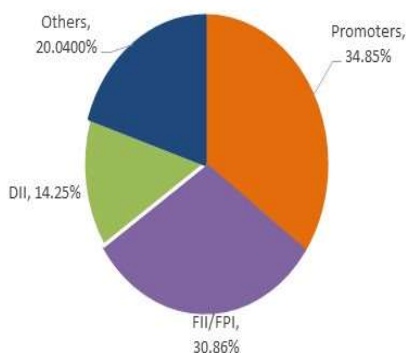
CMP: Rs 206**2 Year Target -** Rs 265

Face Value	10.00
Market Cap (Rs Billi)	273
Stock PE	293
Dividend Yield	0.07%
Shares O/S (Cr)	133
Book Value per Share (Rs)	61.3
Sensex	81,481
Nifty	24,850

1 yr. Price Chart of Stock and Nifty



Shareholding pattern as on 30th June 2025



Investor's Rationale

Muted growth across key segments drags margins

Revenue declined by 1% YoY (-29.8% QoQ) to INR 19.3bn (I-Sec: INR 19.5bn). Gross margin contracted 130bps YoY (-120bps QoQ) to 64.1% due to lower uptick in margin-accretive businesses. EBITDA declined by 47.8% YoY (-81% QoQ) to INR 1.1bn, (I-sec: INR 1.7bn) while margin contracted by 500bps YoY to 5.5% due to de-operating leverage. Higher other income (+199% YoY) and lower interest cost (-19.5% YoY) curtailed dip in profits. Adjusted net loss stood at INR 1bn (I-sec: loss of INR 1.3bn) in Q1FY26 vs loss of INR 886mn last year.

Muted CDMO and CHG growth; strong ICH performance

CDMO revenue declined 5.7% YoY (-44.2% QoQ) to INR 10bn. Excluding sales of a large on-patent commercial product, the biz grew in mid-teens. Piramal is the primary supplier to the innovator for large CDMO molecule; with sales of end product growing at 40% in Q1CY25, we expect a recovery to flow in next couple of quarters. We expect Piramal's CDMO biz to register a 7.6% CAGR over FY25–27E. Complex hospital generics (CHG) grew 1% YoY (-9.6% QoQ) to INR 6.4bn. Growth was impacted due to phasing of institutional orders for inhalation products and delay in shipment timing in intrathecal products. Management expects a strong recovery in H2FY26 and has maintained its mid-teen growth guidance. We build in a 16.0% revenue CAGR in the CHG segment over FY25–27E. India Consumer Healthcare (ICH) grew the fastest at 14.4% YoY (10.2% QoQ) to INR 3bn led by healthy growth in power brands (up 18% in Q1FY26) and e-commerce segment. We expect a 12.5% CAGR in ICH's revenue over FY25–27E.

Valuation

We cut our FY26/27E EPS by ~11%/6% to factor in the near-term slowdown in CDMO business. We now expect Piramal to report a revenue/EBITDA/PAT CAGR of 10.8%/17.6%/15.8.0% over FY25–27E with ~200bps improvement in margin to 17.8% in FY27E.

The stock is trading at 23.0x/15.5x for FY26/27E EV/EBITDA. We maintain BUY on the stock with an SoTP-based revised target price of INR 265..

Y/E March (Rsmn)	FY24A	FY25A	FY26E	FY27E
Net Sales	81712	91512	96520	112349
EBITDA	11963	14448	13513	19998
PAT	-417	182	954	5292
RoCE (%)	0.5	1.4	2.8	5.9
RoE (%)	0.3	1.1	2	7.1
P/E	1526.4	298.5	162.1	44.8
P/CEPS	35.6	30	27.6	18.6
P/BV	3.4	3.3	3.3	3.1
EV / EBITDA	25.7	21.4	23	15.5



Concall Highlights

CDMO

- Post adjusting the impact of destocking in a large product, the residual CDMO delivered a mid-teen growth, along with improvement in EBITDA margin led by the overseas facilities.
- Supplies from overseas facilities are expected to continue growing ahead.
- Lower biotech funding continues to impact growth in early-stage development projects.
- CDMO orderbook remains healthy and it received new orders during the quarter.
- Large product was evenly spread-out last year. In Q1FY26, the company did not record any sales for this product. Piramal continues to be the primary supplier to the innovator for this product and supplies will resume once inventory adjustment is over.
- Piramal has an integrated model for ADC contract manufacturing. At Riverview plant it can do linker payload, mAB manufacturing at Hyderabad, conjugation at Grangemouth plant and fill finish at Lexington.
- The company is investing USD 90mn towards capacity expansion at Riverview and Lexington plants.

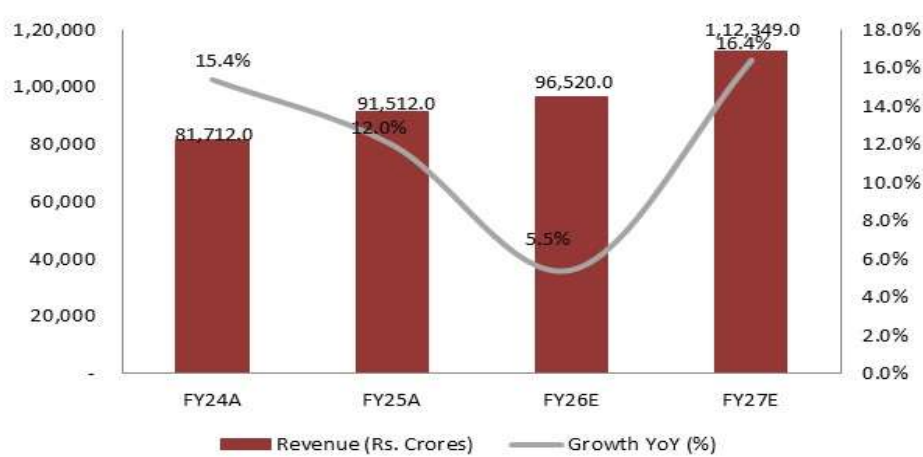
Complex Hospital Generics

- Inhalation Anaesthesia (IA) recorded lower growth due to phasing of institutional orders.
- Neoatrica1 launched in select EU markets in Q1FY26 and it may launch in more markets in Q2FY26, receiving positive response.
- It received USFDA approval for Digwal (India) facility for Sevoflurane API and finished product manufacturing site for both human and veterinary use.
- Aurora facility (Canada) underwent a USFDA inspection without any observation. This plant will cater to emerging markets and the US going ahead.
- It launched Neoatrica in select EU markets in Q1FY26 and will launch this product in some more markets in Q2FY26.
- Management has maintained its double-digit growth guidance; it also believes H2FY26 could be much stronger for this segment.
- Growth in FY26 in this segment is likely to be driven by RoW markets.

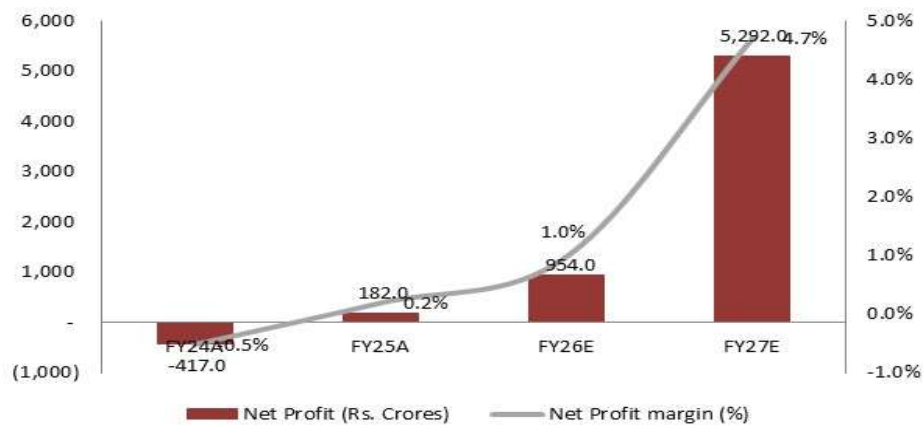
India Consumer Health

- It continued double digit revenue growth with 18% YoY growth (49% of consumer sales) in power brands mainly driven by Little's, i-range, and CIR.
 - I-range witnessed recovery during the quarter post price control imposed earlier.
 - It launched 7 new products and SKUs in Q1.
 - E-commerce grew 41% YoY.
 - Operating leverage is likely to boost profitability of this segment ahead.
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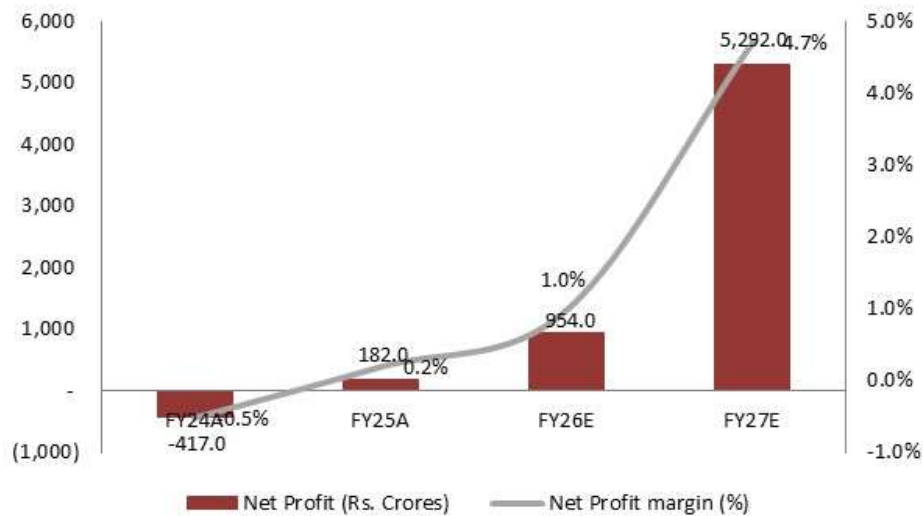
Revenue growth to be steady



EBITDA to grow going ahead



Net profit to surge going ahead





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Outlook and Valuation

We cut our FY26/27E EPS by ~11%/6% to factor in the near-term slowdown in CDMO business. We now expect Piramal to report a revenue/EBITDA/PAT CAGR of 10.8%/17.6%/158.0% over FY25–27E with ~200bps improvement in margin to 17.8% in FY27E. The stock is trading at 23.0x/15.5x for FY26/27E EV/EBITDA. We maintain BUY on the stock with an SoTP-based revised target price of INR 265.

Piramal Pharma Ltd - Company Overview

Piramal Pharma Limited (PPL) is part of the Piramal group of companies. The company operates through 3 major segments

- (1) Contract development and manufacturing organisations (CDMO),
- (2) Complex hospital generics (critical care), and
- (3) consumer healthcare (OTC).

Company entered Pharma space back in 1988 with acquisition of Nicholas Laboratories and grew through a series of Mergers & Acquisitions and various organic initiatives. In 2010 the Domestic formulations business was sold to Abott for \$3.7 billion and Diagnostic Services was sold to Super Religare Laboratories (SRL)



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Balance sheet (Consolidated)

Y/E March (Rsmn)	FY24A	FY25A	FY26E	FY27E
Total Current Assets	53039	57218	61986	68960
of which cash & cash eqv.	4826	5015	6407	5547
Total Current Liabilities & Provisions	22942	22601	24449	27614
Net Current Assets	30097	34618	37536	41346
Investments	3850	2907	2907	2907
Net Fixed Assets	38726	41760	44585	45049
ROU Assets	3776	3584	3584	3584
Capital Work-in-Progress	11158	9769	8769	7769
Total Intangible Assets	37397	35991	35991	35991
Other assets	1149	1061	1061	1061
Deferred Tax Assets	3865	3931	3931	3931
Total Assets	130176	134175	138950	142319
Liabilities	0	0	0	0
Borrowings	45589	47203	50203	47203
Deferred Tax Liability	2292	2484	2484	2484
provisions	323	487	487	487
other Liabilities	1679	1756	1852	2156
Equity Share Capital	13230	13244	13244	13244
Reserves & Surplus	65884	68011	69689	75755
Total Net Worth	79114	81255	82933	88999
Minority Interest	-	-	-	-
Total Liabilities	130176	134175	138950	142319

Profit & Loss Account (Consolidated)

Y/E March (Rsmn)	FY24A	FY25A	FY26E	FY27E
Net Sales	81712	91512	96520	112349
Operating Expenses	40209	44747	48260	52804
EBITDA	11963	14448	13513	19998
EBITDA Margin (%)	14.6	15.8	14	17.8
Depreciation & Amortization	7406	8163	8175	8535
EBIT	4557	6285	5338	11463
Interest expenditure	4485	4216	4255	3755
Other Non-operating Income	1754	1348	1550	1628
Recurring PBT	1198	3417	2633	9336
Profit / (Loss) from	595	729	724	774
Associates	0	0	0	0
Less: Taxes	1615	3235	1678	4044
PAT	-417	182	954	5292
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	178	911	1678	6066
Net Income (Adjusted)	241	911	1678	6066



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Cash Flow (Consolidated)

Y/E March (Rsmn)	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	10045	8923	12648	13895
Working Capital Changes	-2343	-4877	-1221	-3703
Capital Commitments	7104	6591	10000	8000
Free Cashflow	2941	2332	2648	5895
Other investing cashflow	2764	1817	-	-
Cashflow from Investing Activities	9869	8408	10000	8000
Issue of Share Capital	-	-	-	-
Interest Cost	-4618	-4384	-4255	-3755
Inc (Dec) in Borrowings	394	120	3000	-3000
Dividend paid	-	-145	-	-
Others	-	-	0	0
Cash flow from Financing Activities	-4224	-4408	-1255	-6755
Chg. in Cash & Bank balance	15691	12923	21392	15140
Closing cash & balance	18766	17748	26407	21547

Key Ratios & Valuations (Consolidated)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	0.1	0.7	1.3	4.6
Adjusted EPS (Diluted)	0.2	0.7	1.3	4.6
Cash EPS	5.8	6.9	7.4	11
Book Value per share (BV)	59.8	61.4	62.7	67.3
Profitability Ratios				
RoCE (%)	0.5	1.4	2.8	5.9
RoE (%)	0.3	1.1	2	7.1
RoIC (%)	0.5	1.5	2.9	6.2
Valuation Ratios (x)				
P/E	1526.4	298.5	162.1	44.8
P/CEPS	35.6	30	27.6	18.6
P/BV	3.4	3.3	3.3	3.1
EV / EBITDA	25.7	21.4	23	15.5
P / Sales	3.3	3	2.8	2.4



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Large Cap.	Return	Mid/Small Cap.	Return
Buy	More than equal to 10%	Buy	More than equal to 15%
Hold	Between 10% & -5%	Accumulate*	Upside between 10% & 15%
Reduce	Less than -5%	Hold	Between 0% & 10%
		Reduce/sell	Less than 0%

** To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.*



Member: BSE, NSE, MCX, MCX-SX, CDSL

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