

# Piramal Pharma | BUY

## Takeaways from the JM Financial Promoter Conference

We recently hosted Piramal Pharma Ltd at the JM Financial Promoter Conference, represented by Nandini Piramal (promoter and chairperson) and Peter DeYoung (CEO). The management discussed the company's recent performance and future growth strategy across its core businesses. The company has outlined an ambitious roadmap to nearly double revenues in key segments by FY30, driven by steady organic growth, margin expansion, and increased operating leverage. The management also highlighted the broader industry funding environment, noting its critical importance to sustaining growth. Below are the key takeaways.

- **Short-term hiccups in FY26, recovery in FY27:** The CDMO segment experienced a one-off impact this year due to destocking of a key commercial product. While the end product performed reasonably well, it fell short of the innovator's initial expectations. The company is not expecting incremental contribution from this product for the year, with normalized sales to resume from FY27. Uncertainty surrounding tariffs and biotech funding further added to the cautious outlook for the CDMO segment. However, FY27 is expected to be a strong year, with destocking pressures easing and certain products progressing beyond Phase III. For FY26, the company has guided to a 15% growth in the CDMO segment, excluding the effects of destocking.
- **FY30 Roadmap – Steady Growth with Margin Expansion:** The company has laid out a steady long-term growth plan across key verticals, aiming for consistent, margin-accretive expansion through FY30. In Complex Hospital Generics, revenues are expected to double from USD 300mn last year to USD 600mn by 2030, driven largely by existing products and supported by organic growth, with selective CAPEX towards in-licensing. This segment is projected to deliver 13% revenue CAGR while maintaining current margins. In Consumer Healthcare, the business generated INR 10bn last year and is expected to grow linearly, with margins improving from current single-digit levels to low double digits by FY30. Meanwhile, the CDMO segment is set to nearly double from USD 650 million to USD 1.25bn by FY30. Operating leverage is expected to kick-in, with CDMO EBITDA margins are expected to reach industry average 25% by FY30.
- **Drivers for CDMO:** The CDMO business is increasingly shifting toward high-value, innovation-led work, positioning it well for sustained growth. Currently, the revenue mix reflects a growing focus on innovator partnerships: 25% of CDMO revenue comes from innovator development, 27% from innovator manufacturing, and 2% from innovator discovery, with generic manufacturing accounting for 46%. Importantly, the share of differentiated work—such as antibody-drug conjugates (ADCs), peptides, and other complex modalities—has risen significantly, now comprising 49% of CDMO revenue, up from just 27% four to five years ago. This strategic pivot not only enhances margins but also builds stronger, stickier relationships with clients. Additionally, the company's global network—comprising 9 sites in India, 2 in the UK, 3 in the US, and 1 in Canada—provides geographic flexibility, supports efficient RFP handling and cross-selling.

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	81,712	91,512	96,390	1,20,712	1,34,692
Sales Growth (%)	15.4	12.0	5.3	25.2	11.6
EBITDA	11,963	14,448	13,928	22,694	25,592
EBITDA Margin (%)	14.6	15.8	14.5	18.8	19.0
Adjusted Net Profit	178	911	1,642	7,738	9,618
Diluted EPS (INR)	0.1	0.7	1.2	5.8	7.3
Diluted EPS Growth (%)	0.0	411.4	80.1	371.4	24.3
ROIC (%)	-1.5	0.3	1.7	7.7	9.0
ROE (%)	0.2	1.1	2.0	8.9	10.1
P/E (x)	1,435.9	280.8	155.9	33.1	26.6
P/B (x)	3.2	3.1	3.1	2.8	2.6
EV/EBITDA (x)	24.7	20.6	21.4	13.1	11.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 18/Aug/2025



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### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	295
Upside/(Downside)	53.0%
Previous Price Target	295
Change	0.0%

### Key Data – PIRPHARM IN

Current Market Price	INR193
Market cap (bn)	INR256.4/US\$2.9
Free Float	64%
Shares in issue (mn)	1,325.7
Diluted share (mn)	1,325.7
3-mon avg daily val (mn)	INR1,010.5/US\$11.6
52-week range	308/180
Sensex/Nifty	81,274/24,877
INR/US\$	87.3

### Price Performance

%	1M	6M	12M
Absolute	-8.7	-2.4	5.9
Relative*	-8.1	-8.8	4.8

\* To the BSE Sensex

JM Financial Research is also available on:  
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- **Broader industry commentary:** The biotech funding landscape has seen significant shifts over the past few years, impacting the broader CDMO industry. While 2021 marked a bull phase with strong investor interest, 2022 and 2023 were considered a funding winter. In 2024, the market entered a "replacement" phase, with biotech funding recovering to around USD 70bn—close to the estimated annual requirement of USD 72bn. Typically, in down cycles the funding gets concentrated in late-phase programs, 2025 so far has seen a more balanced distribution across all development stages. However, 2025 still remains uncertain and will be a key variable to watch. For Piramal, stable or growing biotech funding is essential for its plans to materialise.
- **Comprehensive ADC Solutions:** Piramal has a long-standing presence in the Antibody-Drug Conjugate (ADC) space, having been active for over 20 years. It was among the first CMOs to support the commercial launch of an ADC product—a relationship it continues to maintain. The company operates across the full ADC value chain, offering integrated services from payload and monoclonal antibody (mAb) development, to linker synthesis, bio-conjugation (primarily done at its expanded UK site), and final fill & finish at its Riverview facility in the U.S. This end-to-end capability sets Piramal apart in a highly specialized space. However, the company does not currently participate in ADC discovery services, as this early-stage work tends to be fragmented across multiple CROs with relatively low average deal sizes, making it a less strategic fit.
- **Capacity expansion plans:** Piramal is actively expanding capacity at its Lexington site to address current constraints, including building a new block to accommodate growing demand. Due to limited capacity, the company has had to let go of some customers who graduated from Phase III trials, underscoring the urgent need for expansion. By the end of calendar year 2027, the Lexington facility is expected to increase capacity by 50%. This expansion is part of a broader USD 90 million CAPEX plan, with USD 84 million allocated to Lexington and USD 6 million to the Riverview site.

## Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	81,712	91,512	96,390	1,20,712	1,34,692
Sales Growth	15.4%	12.0%	5.3%	25.2%	11.6%
Other Operating Income	0	0	0	0	0
<b>Total Revenue</b>	<b>81,712</b>	<b>91,512</b>	<b>96,390</b>	<b>1,20,712</b>	<b>1,34,692</b>
Cost of Goods Sold/Op. Exp	29,540	32,317	34,700	41,645	46,469
Personnel Cost	20,295	23,075	25,109	28,971	32,326
Other Expenses	19,914	21,672	22,652	27,402	30,306
<b>EBITDA</b>	<b>11,963</b>	<b>14,448</b>	<b>13,928</b>	<b>22,694</b>	<b>25,592</b>
EBITDA Margin	14.6%	15.8%	14.5%	18.8%	19.0%
EBITDA Growth	90.4%	20.8%	-3.6%	62.9%	12.8%
Depn. & Amort.	7,406	8,163	8,575	9,247	9,791
EBIT	4,557	6,285	5,353	13,447	15,800
Other Income	1,754	1,348	1,375	1,403	1,431
Finance Cost	4,485	4,216	4,226	4,181	4,136
PBT before Excep. & Forex	1,826	3,417	2,502	10,668	13,095
Excep. & Forex Inc./Loss(-)	-628	0	0	0	0
PBT	1,198	3,417	2,502	10,668	13,095
Taxes	1,615	3,235	1,627	3,734	4,321
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	595	729	766	804	844
Reported Net Profit	178	911	1,642	7,738	9,618
<b>Adjusted Net Profit</b>	<b>178</b>	<b>911</b>	<b>1,642</b>	<b>7,738</b>	<b>9,618</b>
Net Margin	0.2%	1.0%	1.7%	6.4%	7.1%
Diluted Share Cap. (mn)	1,325.7	1,325.7	1,325.7	1,325.7	1,325.7
<b>Diluted EPS (INR)</b>	<b>0.1</b>	<b>0.7</b>	<b>1.2</b>	<b>5.8</b>	<b>7.3</b>
Diluted EPS Growth	0.0%	411.4%	80.1%	371.4%	24.3%
Total Dividend + Tax	0	0	0	0	0
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	1,826	3,417	2,502	10,668	13,095
Depn. & Amort.	7,406	8,163	8,575	9,247	9,791
Net Interest Exp. / Inc. (-)	4,366	4,112	2,851	2,778	2,705
Inc (-) / Dec in WCap.	-2,343	-4,877	-1,356	-7,621	-5,617
Others	360	1,451	0	0	0
Taxes Paid	-1,568	-3,344	-1,627	-3,734	-4,321
<b>Operating Cash Flow</b>	<b>10,046</b>	<b>8,923</b>	<b>10,946</b>	<b>11,339</b>	<b>15,653</b>
Capex	-7,120	-6,644	-8,000	-8,000	-8,000
Free Cash Flow	2,925	2,279	2,946	3,339	7,653
Inc (-) / Dec in Investments	2,807	1,654	0	0	0
Others	-27	216	1,375	1,403	1,431
<b>Investing Cash Flow</b>	<b>-4,340</b>	<b>-4,775</b>	<b>-6,625</b>	<b>-6,597</b>	<b>-6,569</b>
Inc / Dec (-) in Capital	10,359	0	0	0	0
Dividend + Tax thereon	0	-145	0	0	0
Inc / Dec (-) in Loans	-9,715	487	-500	-500	-500
Others	-4,867	-4,751	-4,226	-4,181	-4,136
<b>Financing Cash Flow</b>	<b>-4,224</b>	<b>-4,408</b>	<b>-4,726</b>	<b>-4,681</b>	<b>-4,636</b>
<b>Inc / Dec (-) in Cash</b>	<b>1,482</b>	<b>-260</b>	<b>-405</b>	<b>61</b>	<b>4,448</b>
Opening Cash Balance	710	2,083	5,015	4,610	4,670
Closing Cash Balance	2,192	1,823	4,610	4,670	9,118

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	79,114	81,255	82,896	90,635	1,00,253
Share Capital	13,230	13,244	13,244	13,244	13,244
Reserves & Surplus	65,884	68,011	69,653	77,391	87,009
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	45,589	47,203	46,703	46,203	45,703
Def. Tax Liab. / Assets (-)	-1,573	-1,448	-1,448	-1,448	-1,448
<b>Total - Equity &amp; Liab.</b>	<b>1,23,129</b>	<b>1,27,010</b>	<b>1,28,151</b>	<b>1,35,390</b>	<b>1,44,508</b>
Net Fixed Assets	79,953	79,621	79,046	77,799	76,007
Gross Fixed Assets	66,139	74,857	82,857	90,857	98,857
Intangible Assets	49,132	49,132	49,132	49,132	49,132
Less: Depn. & Amort.	41,096	49,259	57,834	67,082	76,873
Capital WIP	5,778	4,891	4,891	4,891	4,891
Investments	15,075	14,389	15,154	15,958	16,803
Current Assets	54,226	58,835	61,085	71,526	85,111
Inventories	21,759	23,127	24,718	29,893	33,738
Sundry Debtors	21,344	23,495	24,560	29,764	35,057
Cash & Bank Balances	4,826	5,015	4,610	4,670	9,118
Loans & Advances	0	0	0	0	0
Other Current Assets	6,297	7,198	7,198	7,198	7,198
Current Liab. & Prov.	26,124	25,835	27,134	29,894	33,413
Current Liabilities	18,243	18,085	19,385	22,144	25,664
Provisions & Others	7,881	7,750	7,750	7,750	7,750
Net Current Assets	28,102	33,000	33,951	41,633	51,698
<b>Total - Assets</b>	<b>1,23,129</b>	<b>1,27,010</b>	<b>1,28,151</b>	<b>1,35,390</b>	<b>1,44,508</b>

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	0.2%	1.0%	1.7%	6.4%	7.1%
Asset Turnover (x)	0.6	0.7	0.7	0.9	0.9
Leverage Factor (x)	1.8	1.6	1.6	1.6	1.5
RoE	0.2%	1.1%	2.0%	8.9%	10.1%

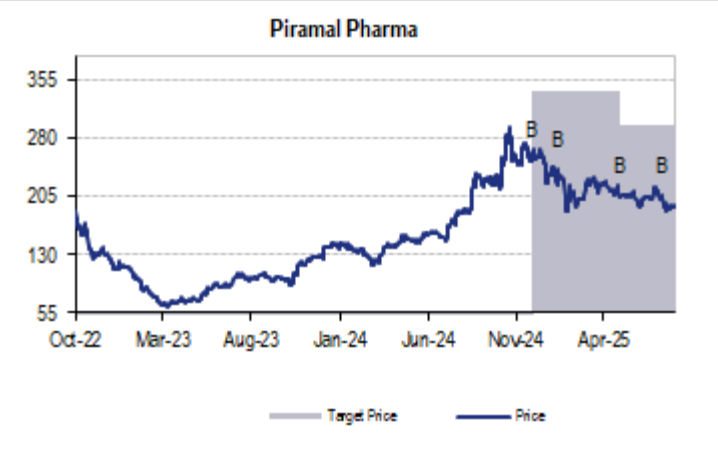
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	59.7	61.3	62.5	68.4	75.6
ROIC	-1.5%	0.3%	1.7%	7.7%	9.0%
ROE	0.2%	1.1%	2.0%	8.9%	10.1%
Net Debt/Equity (x)	0.5	0.5	0.5	0.5	0.4
P/E (x)	1,435.9	280.8	155.9	33.1	26.6
P/B (x)	3.2	3.1	3.1	2.8	2.6
EV/EBITDA (x)	24.7	20.6	21.4	13.1	11.4
EV/Sales (x)	3.6	3.3	3.1	2.5	2.2
Debtor days	95	94	93	90	95
Inventory days	97	92	94	90	91
Creditor days	81	73	74	72	77

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
16-Dec-24	Buy	340	
29-Jan-25	Buy	340	0.0
16-May-25	Buy	295	-13.2
29-Jul-25	Buy	295	0.0

Recommendation History



## APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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