Piramal Pharma Ltd — Sep 2024 Quarterly Analysis

1. VERDICT & BUSINESS QUALITY SNAPSHOT

Result: Inline / Baseline **One-line:** Piramal Pharma (PPL) is transitioning from a legacy generics player to an innovation-led integrated CDMO and specialty hospital player, with a clear roadmap to double revenue and expand EBITDA margins to 25% by FY2030.

Dimension	This Quarter	Signal / Evidence	Sentiment
Beat/Miss vs Guidance	Inline	First entry; FY24 revenue of □8,171 Cr sets the baseline for US$2Bn FY30 goal.	□
Earnings Quality	High (Core driven)	EBITDA growth (31%) significantly outpaced Revenue growth (12%) in Q1FY25 CDMO segment.	□
Guidance Confidence	Strong	Management provided granular FY2030 targets (US$2Bn+ Rev, ~25% EBITDA).	□
Management Credibility	Strong	Zero USFDA OAIs since 2012 across 350+ inspections; track record of 15+ M&As.	□
Business Quality Signal	Improving	Shift toward "Innovation-related" work (50% of CDMO) and "Differentiated" offerings (44%).	□
Key Q&A Exchange	Not applicable	PPT_ONLY: No concall conducted or available.	□
The Street's Primary Anxiety	Leverage & CDMO Volatility	Management target of 1x Net Debt/EBITDA by FY30; 50% innovation work reduces volatility.	□
Capital Cycle Stage	Harvesting / Investment	Balancing growth capex with operational excellence to drive margin recovery.	□
Margin / Return Trajectory	Improving	EBITDA margins trending toward high teens; FY30 target of 25%.	□
Pricing Power	Stable	High entry barriers in Inhalation Anesthesia (top 4 players = 90% market).	□
FCF Conversion & Quality	Not in document	PPT does not provide detailed cash flow statement for the quarter.	□
Competitive Moat Signals	Widening	Integrated ADC services (payload to fill-finish) and dominant Intrathecal share (70%).	□
Balance Sheet Strength	Adequate	Focused on reducing leverage from current levels to ~1x Net Debt/EBITDA.	□
Working Capital Efficiency	Not in document	Specific DSO/DIO/DPO figures not provided in PPT.	□
Mgmt Guidance Track Record	Reliable	Consistent execution on quality/compliance; successful integration of Janssen/Mallinckrodt assets.	□
Key Vulnerability	Biotech Funding	Macro stress in early-stage biotech funding could impact the CDMO pipeline.	□
Management Tone	Confident	Tone is focused on "US$2+ Bn" aspiration and "Operating Leverage."	□

Sentiment: □Positive **Key Takeaways (Positives & Negatives):** * **Positives:** Strong quality compliance record (Zero OAIs) provides a massive competitive edge in a segment plagued by regulatory hurdles. High-margin

"Innovation" work now accounts for 50% of CDMO revenues, shifting the business away from commodity generics. Vertical integration in Inhalation Anesthesia and 70% market share in US Intrathecal Baclofen provide stable cash cows. * **Negatives:** The business remains sensitive to global biotech funding cycles, which can delay pipeline progression. Reaching the FY30 target requires a ~12.5% Revenue CAGR and nearly doubling current EBITDA margins, leaving little room for execution errors.

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2. BUSINESS PERFORMANCE

2A. KEY METRICS

DATA SOURCE: Concall not available — commentary absent.

Metric	Current Qtr (FY24/ Q1FY25)	YoY Change	QoQ Change	Trend	Mgmt Commentary
Revenue by Geography					
North America (□Cr)	□3,350 (41%)	First entry	First entry	→	Largest market; focus on CDMO and CHG.
Europe (□Cr)	□2,043 (25%)	First entry	First entry	→	Driven by UK manufacturing sites.
Japan (□Cr)	□1,634 (20%)	First entry	First entry	→	Dominated by Injectable Anesthesia.
India (□Cr)	□817 (10%)	First entry	First entry	→	Primarily ICH and JV (Abbvie).
Financials					
Total Revenue	□8,171 Cr	First entry	First entry	→	FY24 Baseline; target US$2Bn by FY30.
EBITDA Margin % (CDMO)	18% (Q1FY25)	↑ (vs 12%)	Not in doc	↑	Margin growth (31%) > Revenue growth (12%).
EBITDA Margin % (CHG)	25%+	First entry	First entry	→	High-margin core business.
PAT Margin %	Not in doc	First entry	First entry	→	FY30 Target: Early teens.
ROCE (%)	Not in doc	First entry	First entry	→	FY30 Target: High teens.
Net Debt / EBITDA (x)	Not in doc	First entry	First entry	→	FY30 Target: ~1x.
R&D / Pipeline					
CDMO Pipeline (Projects)	150+	First entry	First entry	→	34% in Phase 3 or On-Patent.
Innovation Revenue %	50%	First entry	First entry	↑	Significant shift from FY17 (34%).
Differentiated Rev %	44%	First entry	First entry	↑	Up from 27% in FY21.

2B. SEGMENT BREAKDOWN

Segment	Revenue (□ Cr)	YoY Growth	Margin	Trend	vs Company Avg	Key Development
CDMO	□4,739 (58%)	12% (Q1)	~18%	↑	Lower	Shift to "Innovation" and "Integrated" orders (40%).
CHG	□2,451 (30%)	Not in doc	25%+	→	Higher	4th largest global Inhalation Anesthesia player.
ICH	□981 (12%)	17% (CAGR)	Not in doc	↑	Lower	Power Brands growing at 32% CAGR (FY21-24).

3. MANAGEMENT OUTLOOK & EXECUTION TRACKER

Dimension	Category	Management Target / Claim	Required Run-Rate / Mathematical Feasibility	Historical Delivery	Risk Flag
Guidance	Revenue	US$2+ Billion by FY2030.	Requires ~12.5% CAGR from FY24 (□8,171 Cr) to FY30.	First entry.	Moderate
Guidance	Margins	~25% EBITDA Margin by FY2030.	Significant expansion needed from current ~18% (CDMO) levels.	Improving over last 5 quarters.	High
Guidance	ROCE	High Teens by FY2030.	Requires disciplined capex and operating leverage.	First entry.	Moderate
Guidance	Leverage	~1x Net Debt to EBITDA.	Debt reduction must coincide with EBITDA doubling.	First entry.	Moderate
Strategy	CDMO	US$1.2 Bn Segment Revenue.	Must leverage ADC and HP API capacities.	50% Innovation work achieved.	Low
Strategy	CHG	US$600 Mn Segment Revenue.	Expansion into Emerging Markets and Specialty.	Leading share in Baclofen (70%).	Low
Strategy	ICH	US$200 Mn Segment Revenue.	Build Power Brands (□100Cr - □500Cr).	23% growth CAGR in last 5 years.	Low

4. ANALYST Q&A

Section not applicable — investor presentation only. No concall conducted or available.

5. WHAT CHANGED vs PRIOR QUARTER

First entry — no prior quarter to compare.

What Changed	Prior Quarter	This Quarter	Direction
Thesis Status	N/A	New Baseline Established	→
FY2030 Roadmap	N/A	Formal US$2Bn Revenue / 25% EBITDA target	↑
Quality Credential	N/A	350+ inspections; Zero OAIs confirmed	↑
CDMO Mix	N/A	50% Innovation related work	↑
ICH Channel Mix	N/A	E-commerce at 20% of ICH sales	↑

STOP HERE.