kotak Institutional Equities

Pharmaceuticals

India

Sector View: **Neutral** NIFTY-50: **25,843** **October 20, 2025**

Hypercholesterolemia market—opportunities and risks

The global hypercholesterolemia market is witnessing ample activity, with launches such as Bempedoic Acid (Blue Jet) as well as ones in the pipeline, including Obicetrapib (recent win for PPL). We factor in the medium-to-long-term risk for Blue Jet from lower efficacy of Bempedoic Acid versus Obicetrapib, Merck's MK-0616 and AstraZeneca's AZD0780, apart from the imminent one of Neuland's new capacity. Nevertheless, after the sharp ~35% stock price correction in the past three months, we upgrade Blue Jet to BUY from ADD with an FV of Rs825 (Rs900 earlier). We also factor in the Obicetrapib opportunity for PPL (BUY) to derive an FV of Rs325 (Rs305 earlier).

New molecules to spice up the hypercholesterolemia space

Current treatments (ex-statins) for hypercholesterolemia, including Ezetimibe (Zetia), Bempedoic Acid (Nexletol, Nexlizet) and older PCSK9 inhibitors, offer varying degrees of LDL-C reduction but come with limitations in efficacy, administration and safety. Emerging therapies aim to address these gaps. New Amsterdam's Obicetrapib, an oral small molecule currently under investigation, demonstrates a ~35-40% LDL-C reduction and is well-tolerated. MK-0616, a novel oral peptide in Phase-3 being developed by Merck, shows a remarkable ~50-59% LDL-C reduction and a favorable safety profile, although it requires eight hours of fasting. AZD0780, another investigational oral small molecule in Phase 2b trials being developed by AstraZeneca, has shown ~35-51% LDL reduction in trials. These new agents promise to expand the therapeutic landscape by offering potent LDL-C reduction, improved tolerability and greater convenience through oral dosing.

Obicetrapib—PPL's gain is Blue Jet's loss

In light of stiff competition from Leqvio (recent label update of monotherapy), Obicetrapib and newer PCSK9 inhibitors such as Merck's MK-0616 as well as the imminent impact of Neuland's expanded capacity, we revise downwards Bempedoic Acid estimates for Blue Jet, leading to an ~8% cut in FY2026-28E EPS. On the other hand, PPL has signed a contract with New Amsterdam for commercial manufacturing of FDC of Obicetrapib and Ezetimibe at its lossmaking Sellersville facility. Owing to the large market opportunity (see Exhibits 1-5), we expect this to be a key molecule for PPL. We believe PPL could generate annual peak sales of ~US$50 mn from this contract, which would primarily accrue after FY2028E. We note Sellersville is a highly underutilized facility (CY2024 EBITDA loss of US$15 mn) and this contract should also help lower losses at this facility for PPL. We factor in incremental benefit from Obicetrapib and raise PPL's FY2026-28E EBITDA by 2-3%.

Retain BUY on PPL and upgrade Blue Jet to BUY from ADD earlier

We raise our DCF-based FV for PPL to Rs325 (Rs305 earlier) and retain BUY. Owing to lower earnings estimates, we cut our FV for Blue Jet to Rs825 (Rs900 earlier). After the recent sharp stock price correction, we upgrade Blue Jet to BUY from ADD earlier.

Company data and valuation summary

Company	Rating	Fair Value (Rs)	P/E (X) 2026E	2027E	2028E
Blue Jet Healthcare	BUY	825	30.2	24.0	19.6
Piramal Pharma	BUY	325	218.1	52.0	29.4

Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of October 20, 2025

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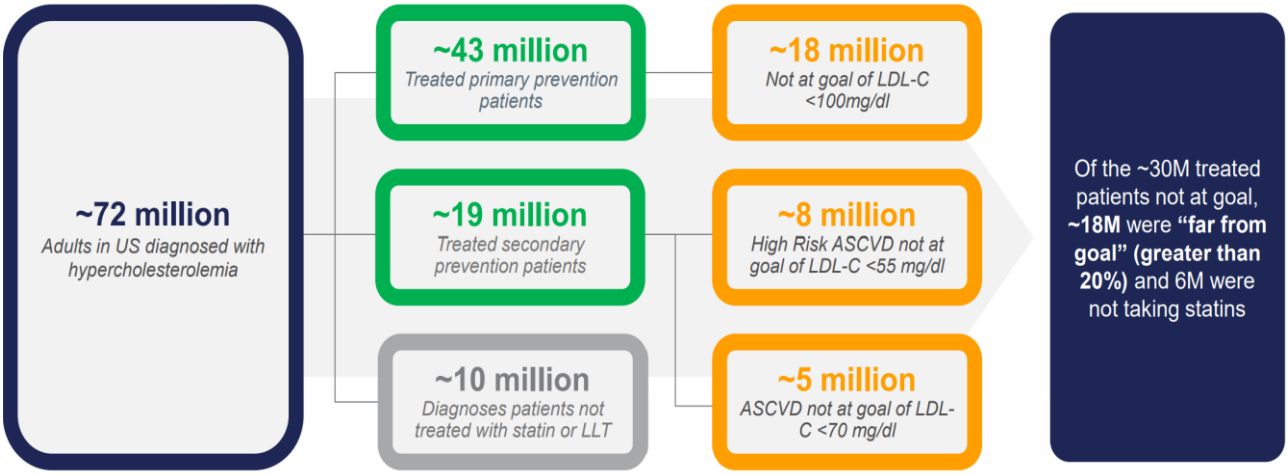
A bunch of new candidates under development in the hypercholesterolemia space

The hypercholesterolemia (high blood cholesterol levels) space is a fast-growing market globally, with the statins having a dominant share. Atherosclerotic Cardiovascular Disease (ASCVD)-related conditions are one of the most frequent causes for morbidity among patients suffering from high cholesterol levels due to plaque build-up in the arterial walls. Drug candidates such as statins, Ezetimibe, Bempedoic Acid and PCSK9 inhibitors have demonstrated meaningful reduction in ASCVD risk for patients with high cholesterol. However, there are several patients, who are either statin-intolerant, or do not witness any significant LDL-C reduction despite taking the maximum dose of a statin. For such patients, the available alternatives before CY2020 were Ezetimibe (Zetia) and older PCSK9 inhibitors such as Alirocumab (Praluent) and Evolocumab (Repatha). Since CY2020, the US FDA has approved two more molecules, Bempedoic Acid (Nexletol by Esperion) and Inclisiran (Leqvio by Novartis) for treatment of hypercholesterolemia. In addition, there are a number of molecules undergoing development, including promising candidates such as Obicetrapib (New Amsterdam) and Enlicitide decanoate (Merck's MK-0616). Moreover, these innovators have also been working on combination therapies, in addition to the existing primary molecule, which further enhance the efficacy of lowering LDL-C levels. In essence, the hypercholesterolemia space is set to witness further breakthroughs, over the next decade, with more drug candidates gradually becoming commercial.

Currently, in the US, there are ~72 mn adults diagnosed with hypercholesterolemia

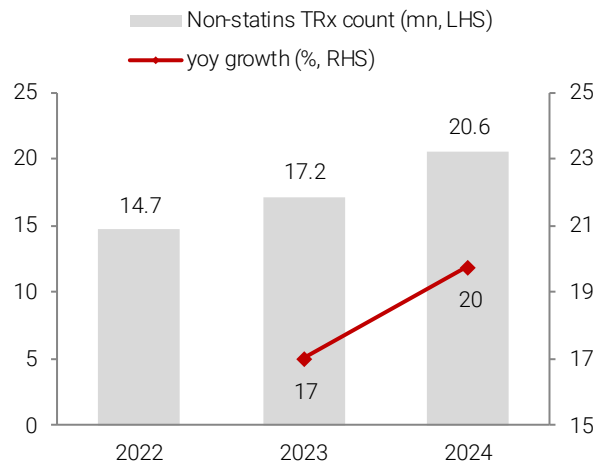
Exhibit 1: Hypercholesterolemia market in the US, calendar year-end, 2024



Source: New Amsterdam, Kotak Institutional Equities

Prescription rates of non-stains have been rising

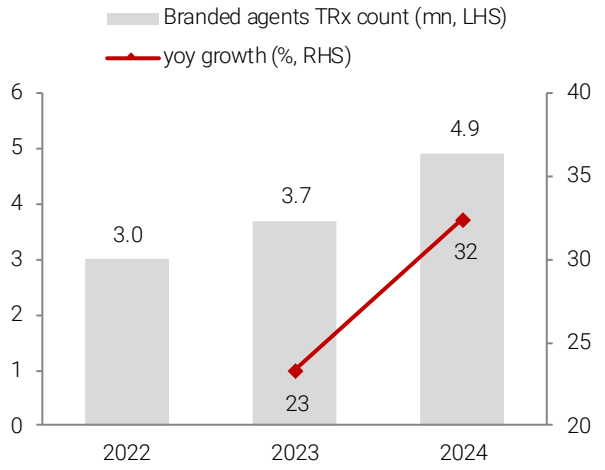
Exhibit 2: Non-statins TRx count, calendar year-ends, 2022-24



Source: New Amsterdam, Kotak Institutional Equities

Prescription rates of branded LDL-C lowering agents

Exhibit 3: Branded TRx count, calendar year-ends, 2022-24



Source: New Amsterdam, Kotak Institutional Equities

New drugs under development are looking to address gaps in existing therapies

Current treatment options (excluding statins) for hypercholesterolemia, including Ezetimibe, Bempedoic Acid and older PCSK9 inhibitors, offer varying degrees of LDL-C reduction but come with limitations in efficacy, administration and safety. Ezetimibe, an oral small molecule approved for use, reduces LDL-C by ~25% with a 7% major adverse cardiovascular event (MACE) benefit and no effect on lipoprotein [Lp(a)]. Nexletol, also oral and approved, shows a ~17% LDL-C reduction and 13% MACE benefit but carries safety warnings for tendon rupture and gout. PCSK9 inhibitors provide the highest LDL-C reduction of ~45-50% and Lp(a) lowering of ~15-30%, with a 15% MACE benefit, although they require biweekly or monthly injections and may cause injection site reactions.

Emerging therapies aim to address these gaps. New Amsterdam's Obicetrapib, an oral small molecule currently under investigation, demonstrates a ~35-40% LDL-C reduction and is well-tolerated. When combined with Ezetimibe, LDL-C reduction increases to ~49-54%, marginally surpassing PCSK9 inhibitors while maintaining oral administration. MK-0616, a novel oral peptide in Phase-3 being developed by Merck, shows a remarkable ~50-59% LDL-C reduction and favorable safety profile, representing a significant innovation in peptide-based oral delivery, although it requires eight hours fasting. AZD0780, another investigational oral small molecule in Phase 2b trials, being developed by AstraZeneca, has shown ~35-51% LDL reduction in trials. These new agents promise to expand the therapeutic landscape by offering potent LDL-C reduction, improved tolerability and greater convenience through oral dosing.

While Merck's MK-0616 has demonstrated highest LDL reduction, its efficacy is highly dependent on fasting requirements

Exhibit 4: Key details about treatment therapies for hypercholesterolemia

	Approved therapies				Upcoming therapies			
	Ezetimibe	Nexletol	Nexlizet	PCSK9i	Obicetrapib	Obicetrapib + Ezetimibe	MK-0616	AZD0780
Parameter								
Approval status	Approved	Approved	Approved	Approved	LDL-C data CY2024	LDL-C data CY2024	LDL-C data CY2026E (CVOT data CY2029E)	TBD
Current trial phase	NA	NA	NA	NA	Phase 3 completed	Phase 3 completed	Phase 3 ongoing	Phase 2b
MACE benefit	7%	13%	15%	15%	21%	TBD	TBD	TBD
Observed LDL-C reductior	25%	17-18%	38%	45-50%	35-40%	49-54%	50-59% (~20% with food)	36-51%
Administration	Oral (small molecule)	Oral (small molecule)	Oral (small molecule)	Injectable (mAb)	Oral (small molecule)	Oral (small molecule)	Oral (peptide)	Oral (small molecule)
Lp(a) lowering	None	None	None	15-30%	34-56%	63%	20-25%	7-20%
Dosing	10 mg	180 mg	180 mg Bempedoic acid + 10 mg Ezetimibe	140-150 mg	10 mg	10 mg Obicetrapib + 10 mg Ezetimibe)	380mg (20mg API + 30mg SNAC)	1mg - 30mg
Dosing frequency	One tablet daily	One tablet daily	One tablet daily	Biweekly/monthly/biyearly	One tablet daily	One tablet daily	TBD	TBD
Food effect on efficacy	No	No	No	No	No	No	High (8hr fast & 30min wait)	No
Safety & tolerability	Safe, well-tolerated	Tendon rupture & gout warning on label	Tendon rupture & gout warning on label	Safe, injection site reactions	Well-tolerated compared to placebo	Well-tolerated compared to placebo	SNAC technology has previously been observed to have tolerability concerns	Well-tolerated; SAEs and cases of AST/ALT >5x ULN

Source: New Amsterdam, Companies, Kotak Institutional Equities

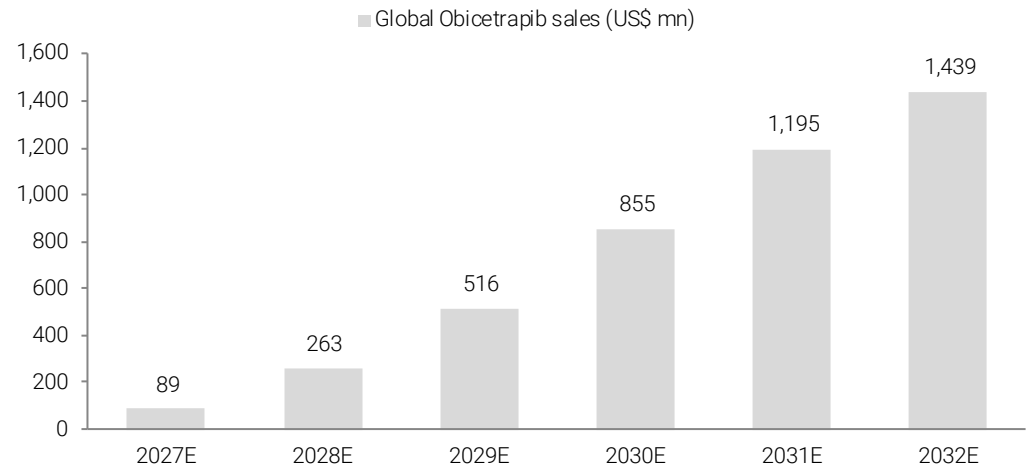
New Amsterdam's Obicetrapib has shown superior results in trials compared to Bempedoic Acid

Obicetrapib (developed by New Amsterdam) is an emerging investigational inhibitor of cholesteryl ester transfer protein (CETP), a plasma glycoprotein secreted by the liver that facilitates the movement of triglycerides and cholesterol esters between lipoproteins. While this has already shown results in lowering cholesterol levels, trials are still ongoing to study its effect on reduced ASCVD risk.

Apart from the monotherapy, New Amsterdam has also been working on an FDC (Fixed Dose Combination) of Obicetrapib and Ezetimibe. The Phase-III TANDEM trials conducted for testing impact on blood cholesterol results yielded a marked difference compared to the existing options. While Nexlizet (FDC of Bempedoic Acid + Ezetimibe) reported a ~40% reduction in LDL-C levels compared to placebo, the investigational FDC of Obicetrapib reported a ~9% higher reduction. Additionally, for the monotherapy products, Obicetrapib reported ~5% higher reduction in LDL-C, compared to only Bempedoic Acid. In our view, given these trial results, New Amsterdam's drug could potentially reach higher peak sales than Bempedoic Acid. While Merck's investigational oral peptide MK-0616 demonstrates a slightly higher LDL-C reduction compared to the FDC of Obicetrapib and Ezetimibe, the latter offers superior tolerability and significantly greater lipoprotein(a) lowering, ~63% versus 20-25% with MK-0616. Additionally, MK-0616's requirement for an 8-hour fasting period prior to administration poses a practical limitation toward long-term patient adherence and convenience.

According to Evaluate Pharma, global Obicetrapib sales are expected to reach ~US$1.4 bn by CY2032E

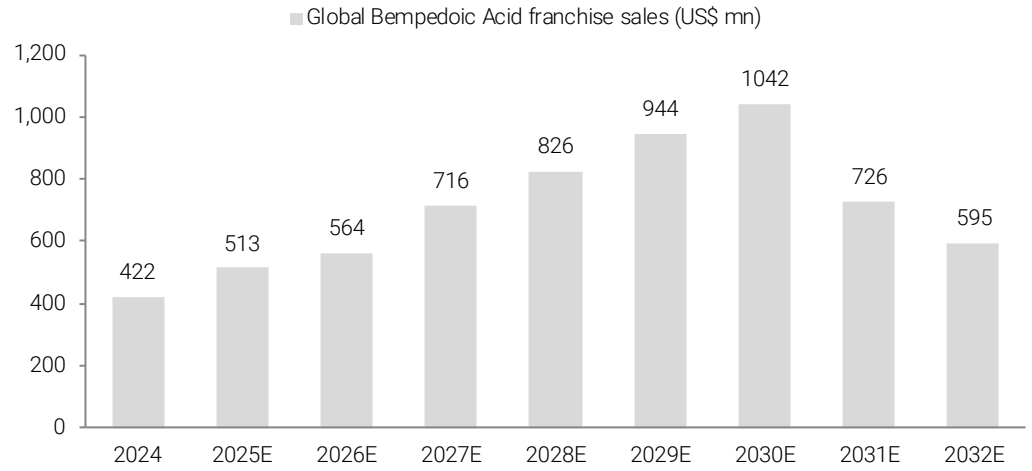
Exhibit 5: Global Obicetrapib sales, calendar year-ends, 2027-32E



Source: Evaluate Pharma, Kotak Institutional Equities

According to Evaluate Pharma, the Bempedoic Acid franchise could reach peak sales of ~US$1 bn in CY2030E

Exhibit 6: Global Bempedoic Acid franchise sales, calendar year-ends, 2024-32E



Source: Evaluate Pharma, Kotak Institutional Equities

PCSK-9 inhibitors such as Leqvio have also demonstrated robust LDL-C lowering results

While Bempedoic acid is used for lowering cholesterol in patients intolerant to statins, there are other treatments as well, with a similar target population and similar usage. One such drug is Inclisiran, which is sold by Novartis under the brand, Leqvio. Initially approved by the US FDA in CY2021 as an adjunct to diet and statin therapy for patients unable to adequately control LDL-C levels with statins alone, Leqvio received a label update in July 2025, expanding its indication to include use as a monotherapy for lowering LDL-C. In CY2020, Novartis had acquired The Medicines Company for a total amount of US$9.7 bn, the primary intent of which was to gain access to Leqvio. Leqvio is essentially a PCSK9-targeted RNA interference therapy. PCSK9 inhibitors have historically shown great efficacy in lowering LDL-C levels. In its Phase-III trials, Leqvio was able to reduce LDL-C levels by ~50% over placebo. Compared to other PCSK9 antibody drugs such as Repatha (Amgen) and Praluent (Sanofi and Regeneron), Leqvio, also aided by Novartis' strong marketing footprint, is well-positioned. In the case of Repatha and Praluent, market expectations on initial rollout of the drug were high. However, pushbacks from pharmacy benefit

managers (PBMs) hindered a smooth offtake. In contrast, Leqvio would not be subjected to such hinderances, given that it is administered by a healthcare professional, compared to self-administration pathways for Repatha and Praluent. Although Leqvio requires injectable administration, unlike oral Bempedoic acid, its twice-yearly dosing schedule enhances patient convenience. Moreover, Leqvio offers superior efficacy in lowering both LDL-C and lipoprotein(a), making it a more effective option for managing hypercholesterolemia despite the route of administration.

According to Evaluate Pharma, global Leqvio sales could reach US$4 bn by CY2032E

Exhibit 7: Global Leqvio sales, calendar year-ends, 2024-32E

Source: Evaluate Pharma, Kotak Institutional Equities

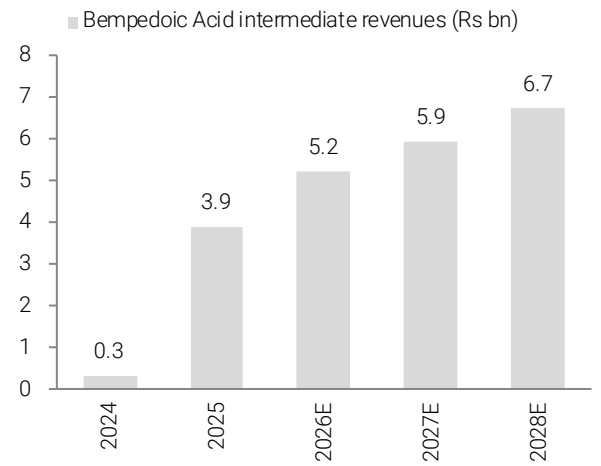
Higher competition as well as near-to-medium-term risks for Blue Jet's Bempedoic Acid supplies

In light of stiff competition from Leqvio (recent label update of monotherapy), Obicetrapib as well as new PCSK9 inhibitors such as Merck's asset (Enlicitide Decanoate), we remain cognizant of the medium-to-long-term risk to our Bempedoic Acid estimates for Blue Jet. The innovator, Esperion, continues to work on two triple combinations (Bempedoic Acid + Ezetimibe + Atorvastatin and Bempedoic Acid + Ezetimibe + Rosuvastatin), which could go commercial after FY2029E.

Apart from the long-term risk of incremental competition in the hypercholesterolemia segment, Blue Jet also faces near-to-medium-term supply risks for Bempedoic Acid. While Blue Jet supplies the intermediates to a CDMO company, which in turn manufactures the APIs for Esperion, the innovator has another API supplier, Neuland. Owing to its backward integration capabilities, Neuland manufactures the intermediates, too. We estimate that Blue Jet has a total manufacturing capacity of ~250 MT of intermediates, which translates to ~150 MT of APIs, compared to an estimated ~50 MT earlier for Neuland. Hence, until recently, we estimate Blue Jet supplied intermediates for ~70% of Esperion's API requirement. However, in August 2025, Neuland commercialized additional capacity of an estimated ~100 MT for API manufacturing of Bempedoic Acid. We believe, after commencement of this expanded capacity, Esperion could redirect certain API supplies to Neuland, away from the Blue Jet-linked supply chain. Factoring in the medium-to-long-term risk of increased competition and the more imminent impact of Neuland's new capacity, we have revised downwards our Bempedoic Acid estimates for Blue Jet, leading to a ~8% cut in FY2026-28 EPS estimates.

Blue Jet's Bempedoic Acid intermediate revenues

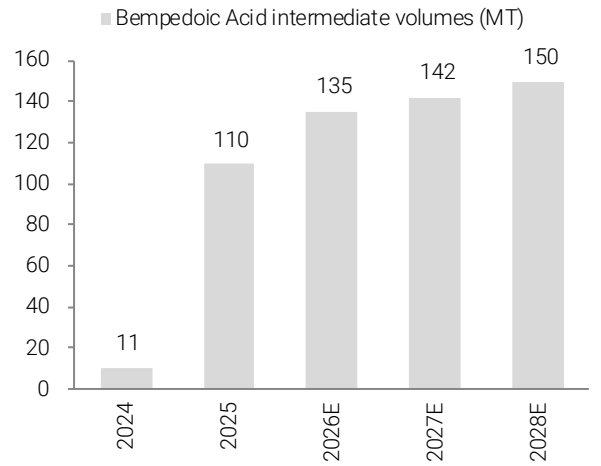
Exhibit 8: March fiscal year-ends, 2024-28E



Source: Company, Kotak Institutional Equities estimates

Blue Jet's Bempedoic Acid intermediate volumes

Exhibit 9: March fiscal year-ends, 2024-28E



Source: Company, Kotak Institutional Equities estimates

We reduce Blue Jet's FY2026-28E EPS by ~8% each, reflecting our lowered assumptions for the Bempedoic Acid intermediate

Exhibit 10: Blue Jet—changes in estimates, March fiscal year-ends, 2026-28E

	New estimates			Old estimates			Change (%)		
	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Financial metrics (Rs mn)									
Net revenues	**13,161**	**16,031**	**19,294**	**14,573**	**17,670**	**21,080**	**(9.7)**	**(9.3)**	**(8.5)**
Gross profits	7,221	9,169	11,225	7,884	9,962	12,096	(8.4)	(8.0)	(7.2)
Gross margin (%)	**54.9**	**57.2**	**58.2**	**54.1**	**56.4**	**57.4**	**77 bps**	**81 bps**	**80 bps**
EBITDA	5,084	6,441	7,927	5,433	6,918	8,526	(6.4)	(6.9)	(7.0)
EBITDA margin (%)	**38.6**	**40.2**	**41.1**	**37.3**	**39.1**	**40.4**	**135 bps**	**103 bps**	**64 bps**
Net income (adjusted)	3,797	4,779	5,866	4,109	5,196	6,390	(7.6)	(8.0)	(8.2)
EPS (adjusted) (Rs)	**21.9**	**27.5**	**33.8**	**23.7**	**30.0**	**36.8**	**(7.6)**	**(8.0)**	**(8.2)**

Source: Company, Kotak Institutional Equities estimates

We expect contrast media to constitute ~51% of the enterprise value of Blue Jet

Exhibit 11: Blue Jet—SoTP valuation, March fiscal year-end, 2028E

	September-2027E	Multiple	Value
SOTP valuation	**(Rs mn)**	**(X)**	**(Rs mn)**
Contrast media intermediates EBITDA	2,953	24.0	70,868
High intensity sweeteners EBITDA	1,199	12.0	14,384
Pharma intermediates and APIs EBITDA	3,033	18.0	54,587
Enterprise value			**139,838**
Net debt			(3,260)
Equity value			**143,098**
Minority interest			—
Equity value attributable to parent			**143,098**
Number of shares (mn)			173
Fair value per share (Rs)			**825**

Source: Company, Kotak Institutional Equities estimates

We forecast 23% overall revenue CAGR for Blue Jet over FY2025-28E

Exhibit 12: Blue Jet—KPIs, March fiscal year-ends, 2020-28E

	Units	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Overall										
Contrast media intermediates	Rs mn	4,169	3,537	4,781	5,070	4,799	4,039	4,972	6,197	7,537
yoy growth	%		*(15.2)*	*35.2*	*6.0*	*(5.3)*	*(15.8)*	*23.1*	*24.6*	*21.6*
High-intensity sweeteners	Rs mn	878	987	1,575	1,759	1,282	1,335	1,575	1,882	2,230
yoy growth	%		*12.4*	*59.5*	*11.7*	*(27.1)*	*4.1*	*18.0*	*19.5*	*18.5*
Pharma intermediates and APIs	Rs mn	248	418	412	340	947	4,622	6,219	7,458	8,934
yoy growth	%		*68.5*	*(1.5)*	*(17.4)*	*178.8*	*387.8*	*34.6*	*19.9*	*19.8*
Other operating income	Rs mn	87	47	67	41	87	304	395	494	593
yoy growth	%		*(45.6)*	*41.5*	*(38.9)*	*112.3*	*250.9*	*30.0*	*25.0*	*20.0*
Net revenues	**Rs mn**	**5,382**	**4,989**	**6,835**	**7,210**	**7,116**	**10,300**	**13,161**	**16,031**	**19,294**
yoy growth	%		*(7.3)*	*37.0*	*5.5*	*(1.3)*	*44.7*	*27.8*	*21.8*	*20.4*

Source: Company, Kotak Institutional Equities estimates

We forecast 24% adjusted EPS CAGR for Blue Jet over FY2025-28E

Exhibit 13: Blue Jet—summary financials, March fiscal year-ends, 2020-28E (Rs mn)

	2020	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit and loss									
Net revenues	**5,382**	**4,989**	**6,835**	**7,210**	**7,116**	**10,300**	**13,161**	**16,031**	**19,294**
Gross profit	**3,278**	**3,295**	**3,960**	**3,850**	**3,972**	**5,688**	**7,221**	**9,169**	**11,225**
EBITDA	**2,137**	**2,061**	**2,493**	**2,191**	**2,292**	**3,777**	**5,084**	**6,441**	**7,927**
Depreciation & amortisation	(180)	(197)	(221)	(251)	(281)	(178)	(264)	(374)	(484)
EBIT	**1,957**	**1,864**	**2,271**	**1,940**	**2,011**	**3,599**	**4,820**	**6,068**	**7,442**
Interest expense	(74)	(53)	(33)	(14)	(2)	(1)	(24)	(29)	(34)
Profit before tax	**1,941**	**1,847**	**2,432**	**2,166**	**2,201**	**4,060**	**5,111**	**6,431**	**7,896**
Tax & deferred tax	(492)	(489)	(616)	(566)	(563)	(1,009)	(1,314)	(1,653)	(2,031)
Net income (adjusted)	**1,448**	**1,423**	**1,816**	**1,600**	**1,710**	**3,052**	**3,797**	**4,779**	**5,866**
EPS (adjusted) (Rs)	**8.4**	**8.2**	**10.5**	**9.2**	**9.9**	**17.6**	**21.9**	**27.5**	**33.8**
Balance sheet									
Fixed assets (incl. goodwill)	1,060	1,214	1,219	1,587	2,964	3,488	6,241	8,887	11,424
Cash & equivalents (incl. current investments)	406	1,073	1,814	2,549	3,202	3,065	3,049	3,470	4,820
Inventories	690	1,177	1,050	1,257	1,298	2,639	3,245	3,953	4,758
Total assets	**3,754**	**5,363**	**7,134**	**8,621**	**10,588**	**14,175**	**18,442**	**23,390**	**29,412**
Borrowings	776	516	–	–	–	–	–	–	–
Total liabilities	**1,726**	**1,965**	**1,918**	**1,806**	**2,136**	**2,844**	**3,531**	**3,971**	**4,466**
Shareholders' equity	**2,014**	**3,398**	**5,215**	**6,815**	**8,452**	**11,331**	**14,912**	**19,419**	**24,946**
Total liabilities and equity	**3,754**	**5,363**	**7,134**	**8,621**	**10,588**	**14,175**	**18,442**	**23,390**	**29,412**
Cash flow statement									
Operating cash flow before working capital changes	**1,840**	**2,020**	**2,224**	**1,744**	**2,281**	**3,086**	**3,771**	**4,789**	**5,897**
Changes in working capital	(612)	(727)	(760)	(329)	132	(2,628)	(857)	(1,449)	(1,647)
Capex	(160)	(321)	(218)	(593)	(1,729)	(799)	(3,000)	(3,000)	(3,000)
Acquisitions	–	–	0	–	–	–	–	–	–
Other income	1	6	4	–	4	52	315	392	488
Payment of lease liabilities	(0)	(0)	(13)	(42)	(20)	(12)	(22)	(25)	(28)
Free cash flow to firm	**1,068**	**978**	**1,238**	**781**	**668**	**(301)**	**207**	**707**	**1,709**
Free cash flow to equity	362	716	687	771	667	(302)	189	686	1,684
Growth (%)									
Revenue		(7.3)	37.0	5.5	(1.3)	44.7	27.8	21.8	20.4
EBITDA		(3.6)	21.0	(12.1)	4.6	64.8	34.6	26.7	23.1
Reported PAT		(1.7)	27.6	(11.9)	6.9	78.5	24.4	25.8	22.7
Ratios									
EBITDA margin (%)	**39.7**	**41.3**	**36.5**	**30.4**	**32.2**	**36.7**	**38.6**	**40.2**	**41.1**
RoAE (%)	71.9	52.6	42.2	26.6	22.4	30.8	28.9	27.8	26.4
RoCE (%)	**60.7**	**44.6**	**37.0**	**23.3**	**19.4**	**26.8**	**26.6**	**25.7**	**24.5**
RoIC (%)	**73.0**	**58.8**	**54.1**	**36.0**	**30.9**	**38.8**	**34.4**	**31.5**	**29.9**
Net debt / EBITDA (X)	**0.2**	**(0.0)**	**(0.5)**	**(1.0)**	**(1.3)**	**(0.8)**	**(0.6)**	**(0.5)**	**(0.5)**

Source: Company, Kotak Institutional Equities estimates

We expect PPL's CRDMO revenues to report a healthy ~19% CAGR over FY2026-28E

While FY2026E would be a muted year for PPL's CRDMO segment on account of destocking in a key product (Rimegepant Sulphate), excluding the destocking impact, its CRDMO sales continued to grow at mid-teens yoy in 1QFY26. The base CRDMO growth in 1QFY26 was led by the overseas facilities, accompanied by yoy improvement in profitability. As highlighted at our recent Healthcare Forum, PPL continues to witness healthy traction at its overseas facilities for ADCs, HP APIs and peptides. Notwithstanding the transient impact of inventory destocking of Rimegepant Sulphate (PPL stays confident that it will remain the primary supplier), we believe PPL is well-poised to benefit from the CRDMO demand tailwinds and bake in a robust ~19% CRDMO sales CAGR over FY2026-28E.

Partnership with New Amsterdam would drive better utilizations and margins at Sellersville for PPL

PPL has entered into a partnership with New Amsterdam, a new age biotech company, for the development and commercial manufacturing of the fixed-dose combination (FDC) of Obicetrapib + Ezetimibe. While PPL had been involved in the development phase of the molecule (Ahmedabad facility), the current partnership extends PPL's offerings to manufacturing as well. It has selected the Sellersville site as the primary source, wherein, PPL has created a dedicate suite for the project, with the Pithampur site providing dual sourcing to ensure supply-chain resilience. Although there are still several Phase-3 trials ongoing for monotherapy and FDC of Obicetrapib, New Amsterdam has already filed both the products in the EU, with approvals expected in CY2027E. For the US market, the company is yet to file, and expects approval only after CY2027E. Therefore, while we expect PPL to start supplying FDC from FY2027E, we expect meaningful contribution from this contract only to accrue from FY2028E.

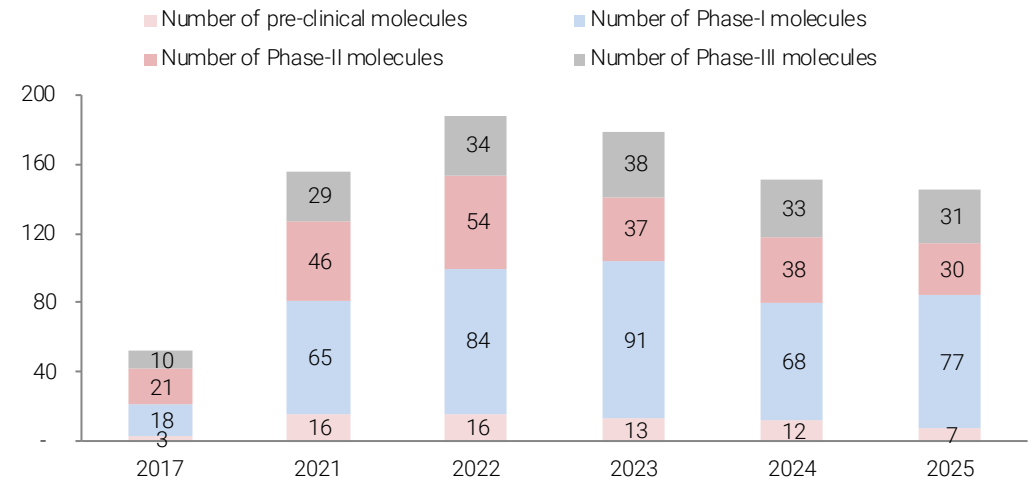
PPL acquired the Sellersville site (OSD facility) from G&W Laboratories in CY2020 for a consideration of ~US$17.5 mn. This facility has capabilities in multiple dosage formulations, including OSD, liquids, creams and ointments. However, over the past 4-5 years, there has not been any meaningful ramp-up at this site owing to weaker demand in OSDs, thus driving lower utilizations and EBITDA losses. In CY2024, the facility reported revenues of ~US$22 mn with an EBITDA loss of ~US$15 mn. We expect Obicetrapib to help improve utilization rates at the Sellersville facility. We believe PPL could generate annual peak sales of ~US$50 mn from Obicetrapib, which would largely accrue after FY2028E. PPL is also working toward getting the contract for supplies of the monotherapy product (Obicetrapib) as well as API development for the same, which could provide additional upside. While we were already implicitly baking in some sales from this contract in our on-patent commercial manufacturing sales for PPL, after the announcement, we raise our CDMO sales assumptions for PPL by US$13/27 mn for FY2027/28E. Accordingly, we raise our FY2027-28E EPS for PPL by ~3% each.

We expect on-patent commercial manufacturing to contribute ~33% of PPL's FY2028E CRDMO sales

PPL's CRDMO pipeline has scaled up significantly from just 52 molecules in FY2017 to 145 today, led by preclinical/Phase-I/Phase-II/Phase-III molecules (2.3X/4.3X/1.4X/3.1X), highlighting its strong track record and win-rate. Out of the 145 molecules across various stages of development, seven are in preclinical, 77 in Phase-I trials, 30 in Phase-II trials, and 31 are in Phase-III clinical trials. Historically, 40-50% of the Phase-III molecules have reached commercial stage and we expect PPL to bag these contracts to increase contribution of under-patent products and further reduce the generics mix.

As of FY2025, PPL had 31 molecules in Phase-III

Exhibit 14: PPL—development pipeline, March fiscal year-ends, 2017-25

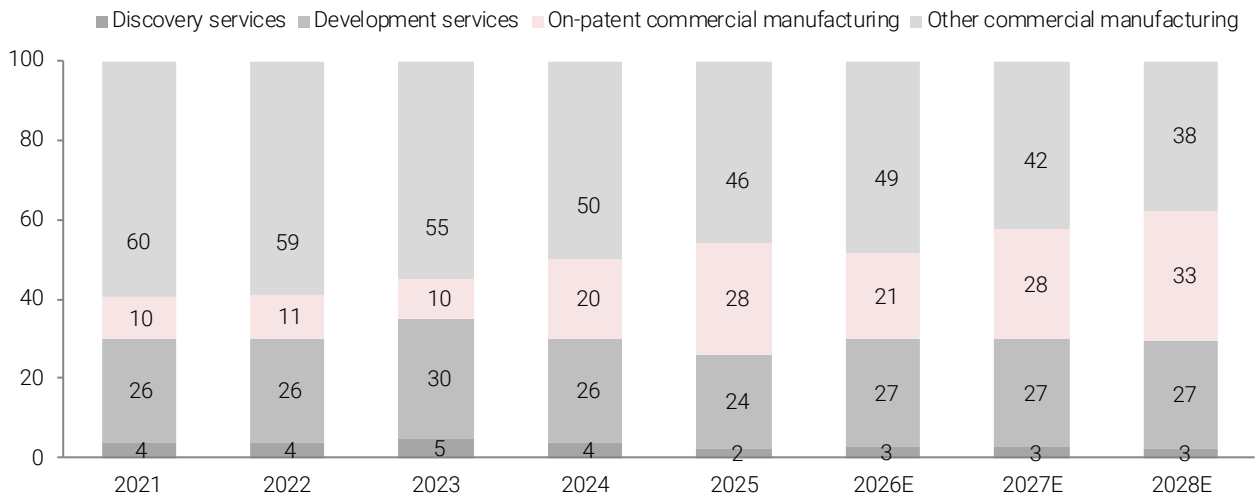


Source: Company, Kotak Institutional Equities

With 31 molecules currently in Phase-III, we expect 14-15 molecules to commercialize over the next 4-5 years. Even if four of these 14-15 turn out to be blockbuster products for PPL, it would provide a substantial boost to on-patent commercial manufacturing revenues in the medium term. Moreover, we highlight the company's ongoing expansion at its Lexington facility could itself be an indication of more molecules moving into the commercial phase over the medium term. Currently, these on-patent commercial molecules contribute ~28% of PPL's CRDMO sales. Aided by the signing of the New Amsterdam contract as well as commercialization of 10-11 new molecules over FY2025-28E, of which we expect ~25% of these molecules to be significant revenue contributors for the company, we forecast PPL's on-patent commercial manufacturing sales to increase to ~33% of its CRDMO sales by FY2028E.

We expect on-patent commercial manufacturing to contribute ~33% of PPL's FY2028E CRDMO sales

Exhibit 15: PPL—CRDMO sales mix, March fiscal year-ends, 2021-28E (%)



Source: Company, Kotak Institutional Equities estimates

We raise PPL's FY2026-28E EBITDA by 2-3%, as we factor in incremental sales from the contract with New Amsterdam

Exhibit 16: PPL—changes in estimates, March fiscal year-ends, 2026-28E

	2026E	2027E	2028E	2026E	2027E	2028E	2026E	2027E	2028E
Financial metrics	**New estimates**			**Old estimates**			**% change**		
Net revenues (Rs mn)	**96,746**	**113,359**	**130,914**	**96,513**	**111,670**	**128,273**	**0.2**	**1.5**	**2.1**
yoy growth (%)	5.7	17.2	15.5	5.5	15.7	14.9	25 bps	147 bps	62 bps
Gross profits	**62,498**	**74,024**	**85,748**	**62,348**	**72,921**	**84,019**	**0.2**	**1.5**	**2.1**
Gross margin (%)	64.6	65.3	65.5	64.6	65.3	65.5	0 bps	0 bps	0 bps
EBITDA	**14,470**	**22,236**	**27,817**	**14,217**	**21,592**	**26,890**	**1.8**	**3.0**	**3.4**
EBITDA margin (%)	15.0	19.6	21.2	14.7	19.3	21.0	23 bps	28 bps	28 bps
Net income (reported)	**1,186**	**4,976**	**8,806**	**1,091**	**4,840**	**8,552**	**8.8**	**2.8**	**3.0**
EPS (reported) (Rs)	0.9	3.8	6.7	0.8	3.7	6.5	8.8	2.8	3.0

Source: Company, Kotak Institutional Equities estimates

Our DCF model values PPL at Rs325 per share (versus Rs305 per share earlier)

Exhibit 17: PPL—DCF, March fiscal year-ends, 2024-50E (Rs mn)

	FY2024	FY2025	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2032E	FY2034E	FY2036E	FY2038E	FY2040E	FY2042E	FY2044E	FY2046E	FY2048E	FY2050E
Free cash flow profile																	
Net revenues	**81,712**	**91,512**	**96,746**	**113,359**	**130,914**	**148,587**	**168,275**	**214,395**	**270,740**	**338,858**	**420,333**	**516,725**	**628,080**	**749,645**	**878,434**	**1,010,418**	**1,140,661**
% yoy growth	*15.4*	*12.0*	*5.7*	*17.2*	*15.5*	*13.5*	*13.3*	*12.8*	*12.3*	*11.8*	*11.3*	*10.8*	*10.0*	*9.0*	*8.0*	*7.0*	*6.0*
Pre-Ind AS-116 EBITDA	**11,714**	**14,082**	**14,083**	**21,845**	**27,421**	**32,609**	**38,613**	**51,339**	**67,539**	**87,921**	**113,264**	**144,405**	**176,781**	**212,496**	**250,759**	**290,457**	**330,178**
Pre-Ind AS-116 EBITDA margin (%)	*14.3*	*15.4*	*14.6*	*19.3*	*20.9*	*21.9*	*22.9*	*23.9*	*24.9*	*25.9*	*26.9*	*27.9*	*28.1*	*28.3*	*28.5*	*28.7*	*28.9*
Gross block	111,369	120,711	129,711	139,611	149,511	160,861	171,799	198,095	231,370	273,106	324,986	388,901	466,840	560,270	670,237	797,295	941,384
Depreciation & amortisation	(7,406)	(8,163)	(9,080)	(9,773)	(10,466)	(11,260)	(12,026)	(13,867)	(16,196)	(19,117)	(22,749)	(27,223)	(32,679)	(39,219)	(46,917)	(55,811)	(65,897)
% gross block	*(6.6)*	*(6.8)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*	*(7.0)*
EBIT	4,308	5,918	5,003	12,072	16,956	21,349	26,587	37,473	51,343	68,803	90,515	117,182	144,102	173,277	203,843	234,646	264,281
EBIT margin (%)	*5.3*	*6.5*	*5.2*	*10.6*	*13.0*	*14.4*	*15.8*	*17.5*	*19.0*	*20.3*	*21.5*	*22.7*	*22.9*	*23.1*	*23.2*	*23.2*	*23.2*
NOPAT	**428**	**1,215**	**1,498**	**5,629**	**9,356**	**13,450**	**18,611**	**26,980**	**38,405**	**51,465**	**67,705**	**87,652**	**107,788**	**129,611**	**152,474**	**175,515**	**197,682**
Tax rate (%)	*(90.1)*	*(79.5)*	*(70.0)*	*(53.4)*	*(44.8)*	*(37.0)*	*(30.0)*	*(28.0)*	*(25.2)*	*(25.2)*	*(25.2)*	*(25.2)*	*(25.2)*	*(25.2)*	*(25.2)*	*(25.2)*	*(25.2)*
Capex	(7,120)	(6,644)	(10,000)	(10,000)	(10,000)	(11,350)	(10,938)	(13,936)	(17,598)	(22,026)	(27,322)	(33,587)	(40,825)	(48,727)	(57,098)	(65,677)	(74,143)
% sales	*(8.7)*	*(7.3)*	*(10.3)*	*(8.8)*	*(7.6)*	*(7.6)*	*(6.5)*	*(6.5)*	*(6.5)*	*(6.5)*	*(6.5)*	*(6.5)*	*(6.5)*	*(6.5)*	*(6.5)*	*(6.5)*	*(6.5)*
Working capital	26,166	30,626	30,981	36,301	41,922	44,576	50,482	64,318	81,222	101,658	126,100	155,018	188,424	224,893	263,530	303,125	342,198
% sales	*32.0*	*33.5*	*32.0*	*32.0*	*32.0*	*30.0*	*30.0*	*30.0*	*30.0*	*30.0*	*30.0*	*30.0*	*30.0*	*30.0*	*30.0*	*30.0*	*30.0*
Change in working capital	(2,037)	(4,459)	(356)	(5,320)	(5,621)	(2,654)	(5,906)	(7,273)	(8,864)	(10,689)	(12,752)	(15,047)	(17,129)	(18,569)	(19,521)	(19,831)	(19,370)
Free cash flow to firm	**(1,324)**	**(1,724)**	**223**	**82**	**4,201**	**10,706**	**13,792**	**19,638**	**28,139**	**37,868**	**50,381**	**66,241**	**82,512**	**101,534**	**122,772**	**145,818**	**170,066**
Discount factor				0.50	1.50	2.50	3.50	5.50	7.50	9.50	11.50	13.50	15.50	17.50	19.50	21.50	23.50
Discounted free cash flow to firm				**77**	**3,544**	**8,065**	**9,276**	**10,529**	**12,027**	**12,903**	**13,685**	**14,344**	**14,244**	**13,973**	**13,469**	**12,753**	**11,858**

Asset valuation	
WACC (%)	**12.0**
Terminal growth rate (%)	*5.5*
Terminal value	**192,457**
Enterprise value	**471,737**
Net debt	42,324
Equity value	**429,413**
Minority interest	–
Equity value attributable to parent	**429,413**
Number of shares (mn)	1,323
Fair value per share (Rs)	**325**

Source: Company, Kotak Institutional Equities estimates

We bake in 13% overall sales CAGR for PPL over FY2025-28E

Exhibit 18: PPL—sales segments, March fiscal year-ends, 2021-28E

	Units	2021	2022	2023	2024	2025	2026E	2027E	2028E
Overall									
CRDMO business	Rs mn	36,160	37,519	40,158	47,498	54,450	54,770	65,874	77,552
Growth - yoy	%		*3.8*	*7.0*	*18.3*	*14.6*	*0.6*	*20.3*	*17.7*
CHG business	Rs mn	16,690	20,021	22,859	24,489	26,323	29,661	33,503	37,433
Growth - yoy	%		*20.0*	*14.2*	*7.1*	*7.5*	*12.7*	*13.0*	*11.7*
ICH business	Rs mn	7,410	8,064	8,588	9,847	10,916	12,507	14,173	16,119
Growth - yoy	%		*8.8*	*6.5*	*14.7*	*10.8*	*14.6*	*13.3*	*13.7*
Net revenues	**Rs mn**	**63,149**	**65,591**	**70,816**	**81,713**	**91,497**	**96,746**	**113,359**	**130,914**
Growth - yoy	%		*3.9*	*8.0*	*15.4*	*12.0*	*5.7*	*17.2*	*15.5*
EBITDA	**Rs mn**	**14,280**	**9,497**	**6,282**	**11,963**	**14,448**	**14,470**	**22,236**	**27,817**
EBITDA margin	%	*22.6*	*14.5*	*8.9*	*14.6*	*15.8*	*15.0*	*19.6*	*21.2*
CRDMO business									
Discovery revenues	Rs mn	1,446	1,501	2,008	1,900	1,311	1,508	1,734	1,994
Growth - yoy	%		*3.8*	*33.8*	*(5.4)*	*(31.0)*	*15.0*	*15.0*	*15.0*
Development revenues	Rs mn	9,402	9,755	12,047	12,349	12,952	14,897	18,025	20,934
Growth - yoy	%		*3.8*	*23.5*	*2.5*	*4.9*	*15.0*	*21.0*	*16.1*
On-patent commercial manufacturing	Rs mn	3,774	4,173	4,016	9,500	15,136	11,711	18,124	25,228
Growth - yoy	%		*10.6*	*(3.8)*	*136.6*	*59.3*	*(22.6)*	*54.8*	*39.2*
Other commercial manufacturing	Rs mn	21,538	22,091	22,087	23,749	25,050	26,655	27,991	29,396
Growth - yoy	%		*2.6*	*(0.0)*	*7.5*	*5.5*	*6.4*	*5.0*	*5.0*
Net revenues	**Rs mn**	**36,160**	**37,519**	**40,158**	**47,498**	**54,450**	**54,770**	**65,874**	**77,552**
EBITDA	**Rs mn**	**8,700**	**4,210**	**402**	**4,761**	**7,066**	**5,751**	**11,528**	**15,510**
EBITDA margin	%	24.1	11.2	1.0	10.0	13.0	10.5	17.5	20.0
CHG business									
Inhalation anesthesia revenues	Rs mn	9,013	11,612	14,687	16,408	17,828	20,340	23,298	26,250
Growth - yoy	%		*28.8*	*26.5*	*11.7*	*8.7*	*14.1*	*14.5*	*12.7*
Intrathecal therapy revenues	Rs mn	3,505	3,203	3,486	3,673	3,915	4,289	4,621	4,984
Growth - yoy	%		*(8.6)*	*8.8*	*5.4*	*6.6*	*9.6*	*7.7*	*7.9*
Injectable anesthesia & pain management revenues	Rs mn	3,672	3,404	2,572	2,449	2,485	2,683	2,978	3,306
Growth - yoy	%		*(7.3)*	*(24.4)*	*(4.8)*	*1.5*	*8.0*	*11.0*	*11.0*
Other product revenues	Rs mn	501	1,802	2,114	1,959	2,096	2,348	2,606	2,893
Growth - yoy	%		*259.9*	*17.3*	*(7.4)*	*7.0*	*12.0*	*11.0*	*11.0*
Net revenues	**Rs mn**	**16,690**	**20,021**	**22,859**	**24,489**	**26,323**	**29,661**	**33,503**	**37,433**
EBITDA	**Rs mn**	**5,357**	**5,406**	**5,838**	**7,101**	**7,107**	**8,157**	**9,716**	**10,856**
EBITDA margin	%	32.1	27.0	25.5	29.0	27.0	27.5	29.0	29.0
ICH business									
Power brands revenues	Rs mn	1,940	2,680	3,700	4,480	5,378	6,416	7,534	8,882
Growth - yoy	%		*38.1*	*38.1*	*21.1*	*20.0*	*19.3*	*17.4*	*17.9*
Other brands revenues	Rs mn	5,470	5,384	4,888	5,367	5,537	6,091	6,639	7,237
Growth - yoy	%		*(1.6)*	*(9.2)*	*9.8*	*3.2*	*10.0*	*9.0*	*9.0*
Net revenues	**Rs mn**	**7,410**	**8,064**	**8,588**	**9,847**	**10,916**	**12,507**	**14,173**	**16,119**
EBITDA	**Rs mn**	**222**	**(119)**	**43**	**100**	**273**	**563**	**992**	**1,451**
EBITDA margin	%	3.0	(1.5)	0.5	1.0	2.5	4.5	7.0	9.0

Source: Company, Kotak Institutional Equities estimates

We forecast PPL to deliver a robust 24% EBITDA CAGR over FY2025-28E

Exhibit 19: PPL—financial summary, March fiscal year-ends, 2021-28E (Rs mn)

	2021	2022	2023	2024	2025	2026E	2027E	2028E
Profit and loss								
Net revenues (Rs mn)	**63,149**	**65,591**	**70,816**	**81,712**	**91,512**	**96,746**	**113,359**	**130,914**
Gross profit	**42,558**	**41,079**	**43,783**	**52,172**	**59,195**	**62,498**	**74,024**	**85,748**
EBITDA	**14,280**	**9,497**	**6,282**	**11,963**	**14,448**	**14,470**	**22,236**	**27,817**
Depreciation & amortisation	(5,450)	(5,862)	(6,767)	(7,406)	(8,163)	(9,080)	(9,773)	(10,466)
EBIT	**8,829**	**3,635**	**(484)**	**4,557**	**6,285**	**5,391**	**12,463**	**17,351**
Interest expense	(1,635)	(1,983)	(3,442)	(4,485)	(4,216)	(4,137)	(4,031)	(3,925)
Profit before tax	**9,491**	**4,850**	**(1,201)**	**1,793**	**4,146**	**3,960**	**10,672**	**15,958**
Tax & deferred tax	(1,140)	(1,090)	(663)	(1,615)	(3,295)	(2,774)	(5,696)	(7,152)
Net income (reported)	**8,350**	**3,760**	**(1,865)**	**178**	**851**	**1,186**	**4,976**	**8,806**
EPS (reported) (Rs)	**7.0**	**3.2**	**(1.6)**	**0.1**	**0.6**	**0.9**	**3.8**	**6.7**
Balance sheet								
Fixed assets (incl. goodwill)	62,097	73,812	78,227	75,459	75,250	73,041	69,931	66,822
Cash & equivalents	4,056	3,290	3,076	2,192	1,823	3,378	445	1,322
Inventories	12,320	13,888	16,814	21,759	23,127	25,762	30,186	34,861
Total assets	**108,998**	**127,970**	**145,226**	**153,118**	**156,776**	**162,377**	**170,006**	**181,684**
Borrowings	29,102	40,233	55,048	45,589	47,203	47,703	46,203	44,703
Total liabilities	**52,948**	**61,004**	**77,491**	**74,004**	**75,521**	**79,936**	**82,589**	**85,461**
Shareholders' equity	**56,050**	**66,966**	**67,735**	**79,114**	**81,255**	**82,441**	**87,417**	**96,223**
Total liabilities and equity	**108,998**	**127,970**	**145,226**	**153,118**	**156,776**	**162,377**	**170,006**	**181,684**
Cash flow statement								
Operating cash flow before working capital changes	**12,172**	**10,587**	**7,860**	**12,388**	**13,400**	**11,696**	**16,540**	**20,664**
Changes in working capital	(6,196)	(2,923)	(2,950)	(2,343)	(4,477)	(356)	(5,320)	(5,621)
Capex	(6,022)	(8,895)	(9,647)	(7,120)	(6,644)	(10,000)	(10,000)	(10,000)
Acquisitions (including intangibles)	(37,100)	(8,925)	(203)	—	—	—	—	—
Others	(1,677)	(301)	(3,534)	2,780	1,869	4,094	1,740	1,657
Free cash flow to firm	**(36,129)**	**(9,892)**	**(4,874)**	**5,132**	**5,156**	**8,290**	**8,751**	**13,618**
Ratios								
EBITDA margin (%)	**22.6**	**14.5**	**8.9**	**14.6**	**15.8**	**15.0**	**19.6**	**21.2**
RoAE (%)	14.6	6.3	(2.6)	0.3	1.1	1.3	5.9	9.6
RoCE (%)	**9.2**	**3.1**	**(0.7)**	**0.4**	**1.1**	**1.3**	**4.7**	**7.4**
RoIC (%)	**9.7**	**3.2**	**(0.8)**	**0.4**	**1.2**	**1.4**	**4.9**	**7.7**
Net debt / EBITDA (X)	**1.8**	**3.2**	**6.7**	**3.6**	**2.8**	**2.9**	**1.9**	**1.5**

Source: Company, Kotak Institutional Equities estimates

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ADD. We expect this stock to deliver 5-15% returns over the next 12 months.

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Our Fair Value estimates are also on a 12-month horizon basis.

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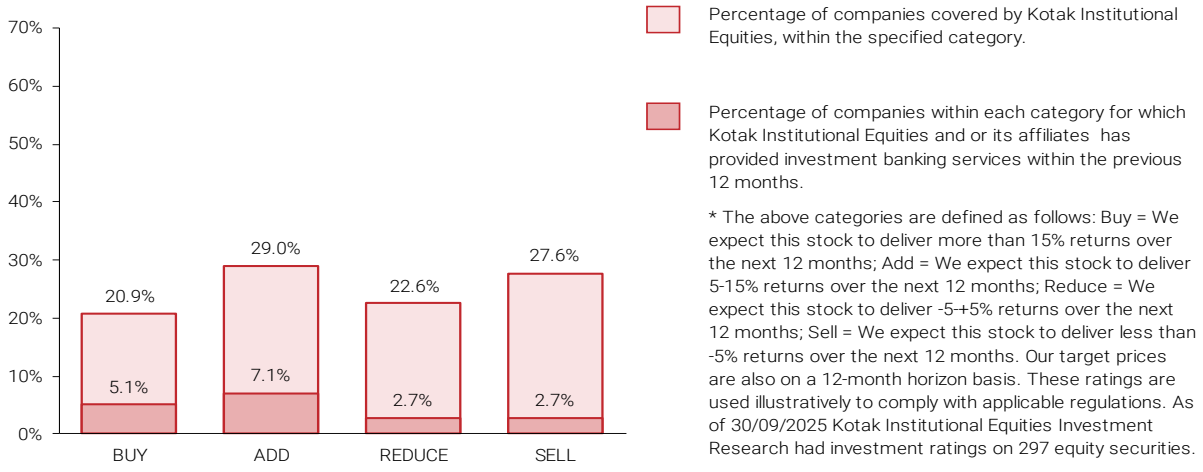

Source: Kotak Institutional Equities

As of September 30, 2025

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