

India Contract Drugmaker Piramal Says Focused on Cutting China Exposure

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Takeaways by Bloomberg AI

- Piramal Pharma Ltd. has cut its exposure to Chinese raw materials to reduce concentration risk as countries look to diversify critical drug supply chains.
- Nandini Piramal said the company has gotten its exposure to China down to single-digits, amid rising geopolitical tensions and disruptions to supply chains.
- Former UK Prime Minister Rishi Sunak said India can be a massive beneficiary as countries move supply chains away from China, providing resilience in a critical area.

Indian contract drug manufacturer [Piramal Pharma Ltd.](#) has cut its exposure to Chinese raw materials in a bid to reduce concentration risk, as countries globally look to diversify critical drug supply chains.

“One of the things that we worked really hard on is limiting our exposure to China,” Nandini Piramal, chairperson at Piramal Pharma told Haslinda Amin on the sidelines of Bloomberg’s New Economy Forum in New Delhi on Tuesday. “We’ve gotten it down to single-digits,” she said without elaborating.

Piramal is among global drugmakers increasingly seeking to reduce their reliance on China for pharmaceutical ingredients and manufacturing, amid rising geopolitical tensions and repeated disruptions to supply chains in recent years.

As countries look to diversify and move supply chains away from China, India can “be a massive beneficiary,” former UK Prime Minister Rishi Sunak said during a panel at the forum. “We have kind of learnt from the experience in critical minerals in not having a dependence on one country and China.”

“There is a similar dependence in key starting materials or the active pharmaceutical ingredients that are single sourced from China and that is a new risk. That is lack of resilience in a critical area for all of us,” Sunak said. “If you have a trusted partner like India, it can provide that resilience for you.”

Global Turmoil

Piramal, whose firm derives over half its revenue from its contract manufacturing business, also said that the continuing global turmoil, especially in the Middle East, has driven up the cost of drug raw materials, complicating the sector’s economics.

The Mumbai-based drugmaker firm is also affected by the Section 232 tariffs in the US, which apply a [100% tariff rate](#) to many patented drugs and associated ingredients, with 40% of its revenue derived from North America. The drugmaker’s stock has risen 12.8% this year, a middling performance

compared to peers in the [Nifty Pharma Index](#).

“I think India could be a good supplier to the US and the world,” Piramal said. “We have manufacturing talent and the capacity that is different from China.”

— With assistance from Naman Tandon