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Piramal Pharma cutting China exposure to manage supply-chain resilience, says Nandini Piramal

By Rica Bhattacharyya, ET Bureau Last Updated: Oct 28, 2026, 06:10:00 PM IST

Synopsis
In a strategic move to enhance risk management, Piramal Pharma has drastically cut its reliance on Chinese raw materials to under 10%. The company is actively diversifying its supply chains to provide greater flexibility against geopolitical challenges while broadening its manufacturing footprint to locations like India, the UK, and the US.

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Piramal Pharma cuts China raw material dependence to single digits

Mumbai: Piramal Pharma has reduced its dependence on Chinese raw materials to single-digit levels, but the move is currently aimed at mitigating supply-chain risks rather than gaining a commercial advantage, chairperson Nandini Piramal said.

Talking to ET she elaborated that the "single-digit exposure" refers to China's share of consolidated procurement spend and explained that the diversification is aimed at managing supply-chain risks.

"Pharma companies are looking to diversify their supply chain amidst the geopolitical disturbance. Also, they are looking to reduce their high dependence on any one single geography. Hence, by having facilities in multiple locations like India, UK and US helps us give more flexibility and supply chain options to our customers," Piramal said.

Piramal had recently reported to have spoken about reducing the company's dependence on Chinese raw materials.

On being asked whether the move could potentially become a significant commercial advantage, Piramal said: "At this point, it's a risk management measure." She added that the cost of diversification was difficult to quantify amid broader inflationary pressures.

The extent to which Indian manufacturers can replace Chinese suppliers depends on the material, she said. "I think it depends on what it is."

On the cost of diversification, she said: "I can't give an exact number but with the West Asian crisis, there is inflation everywhere. We have worked hard at

trying to diversify and make sure that we have backup supplies for everything."

Piramal's international manufacturing facilities also undertake specialised work, including antibody-drug conjugates (ADCs), **high-potency active pharmaceutical ingredients** (HPAPIs) and sterile injectables, which command better margins than its Indian facilities.

"Our overseas sites do differentiated works such as ADC, HP API, sterile injectable, etc and hence they generate better gross margins compared to our India sites," she said.

The company is positioning its global manufacturing footprint as a way to offer customers greater flexibility, including nearshoring, offshore production and integrated manufacturing solutions.

Separately, Piramal said she expects the contract development and manufacturing organisation (CDMO) business to be the biggest driver of revenue and margin growth over the next two to three years.

The company is also expanding in complex peptides but has no plans to enter the GLP-1 drug market directly. "We're not necessarily entering the GLP-1s, but we are doing complex peptides, and we're also doing some of the more niche ones," Piramal said.

Piramal Pharma reported a 28% year-on-year increase in second-quarter revenue to Rs 2,617 crore and raised its FY27 revenue growth guidance to 19-20%.

In **consumer healthcare**, the company is focusing on proprietary brands ahead of the expiry of its Bayer distribution agreement in December. The agreement contributed Rs 475 crore to FY26 revenue, but Piramal said it was a relatively low-margin business and its exit would not materially affect the company as a whole.

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