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Financial Performance and Operating Leverage in Selected Indian Pharmaceutical Firms

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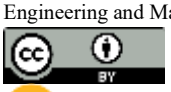
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Abstract—

This descriptive study examines how revenue growth, operating profitability and the observed sensitivity of EBITDA to revenue differ across five purposively selected listed Indian pharmaceutical firms (Piramal Pharma, Ajanta Pharma, Laurus Labs, Neuland Laboratories and Innova Captab) over FY2022–FY2026, and analyses Piramal Pharma's FY2026 results in more detail. It uses audited consolidated results, revenue CAGRs, calculated EBITDA margins (excluding other income), margin variability, an ex post EBITDA-based operating-leverage proxy and a DuPont decomposition of return on equity. Revenue CAGRs ranged from 7.8% to 20.8%. Mean calculated EBITDA margins were 25.9% (Ajanta), 23.6% (Neuland) and 23.1% (Laurus), against 13.7% (Innova) and 12.8% (Piramal). Firms described as having stronger differentiated capabilities generally recorded higher average margins; this association does not establish causality. In FY2026 Piramal's company-reported EBITDA fell 28.2% on a 3.1% revenue decline and PAT turned to a loss of INR 326 crore; an EBITDA-to-PAT bridge shows several contributing items, and return on average equity fell from 1.14% to −4.00%, mainly through net margin. Findings are limited to the sample, and MSME evidence is treated as context only.

Keywords— Indian pharmaceutical industry; EBITDA margin; operating leverage; CDMO; financial performance; case study

I. INTRODUCTION

India supplies a large share of the world's generic medicines and ranks third among pharmaceutical producers by volume. Exports reached US$30.47 billion in FY2025 (up 9.4%) and about US$31.1 billion in FY2026 (up about 2%), reaching more than 200 countries, while the domestic market was worth about INR 5.30 lakh crore (roughly US$60 billion) in FY2026 (Indian Brand Equity Foundation [IBEF], 2026). Behind these headline numbers, firms capture value very differently. Simple oral-solid generics compete mainly on price. Complex generics, contract development and manufacturing (CDMO), complex active pharmaceutical ingredients (API) and specialty products are protected by higher technical and regulatory barriers.

This paper asks how revenue growth, operating profitability and the sensitivity of operating profit to revenue differ across a small group of listed Indian pharmaceutical firms chosen on purpose. It then looks more closely at one of them, Piramal Pharma Limited, whose FY2026 results show a sharp fall in profit. The study is descriptive and relies on secondary data. Its scope is deliberately narrow: five listed firms and one case form the empirical core, while micro, small and medium enterprises (MSMEs), with attention to Maharashtra, are treated as context from which implications are drawn with caution, not as a population tested by the data.

Three questions guide the analysis. RQ1: How do revenue growth, calculated EBITDA margin and margin variability differ across the five selected firms over FY2022–FY2026? RQ2: How did Piramal Pharma's FY2026 profit decline arise, and what does the observed relationship between its EBITDA and revenue indicate? RQ3: What do the available sources say about



compliance and financing constraints facing pharmaceutical MSMEs, and what implications can reasonably be drawn from the listed-firm evidence?

The contribution is modest and specific. The paper uses one definition of calculated EBITDA (excluding other income) and one revenue denominator for all firms and years; it reconciles company-reported EBITDA with that definition; it presents a full year-on-year bridge from EBITDA to net profit for Piramal Pharma; and it states plainly what the evidence cannot show. Section II reviews the literature and the gap, Section III sets out the conceptual background and propositions, Section IV describes the methodology, Section V reports the comparative analysis, Section VI presents the Piramal Pharma case, Section VII covers sector and MSME context, and Sections VIII and IX discuss and conclude.

II. LITERATURE REVIEW AND RESEARCH GAP

This review draws on searches run in October 2026 using a web search engine and publisher and repository sites, with combinations of the terms Indian pharmaceutical industry, profitability, EBITDA, operating leverage, cost stickiness, CDMO, API, MSME, Schedule M, GMP compliance and financing. It is a targeted review, not a systematic one; Scopus and Web of Science were not searched. Four strands matter here: financial performance and profitability of Indian pharmaceutical firms; operating leverage and cost behaviour; CDMO and API business models; and compliance and financing constraints of pharmaceutical MSMEs. Table I summarises the main studies: what each examined, how, what it found and what it leaves unanswered.

Table I: Summary of selected literature

Study	Question and data	Method	Principal findings	Not addressed
Profitability of Indian pharmaceutical firms				
Chander (2008)	Determinants of corporate profitability; 50 drug and pharmaceutical firms from the Prowess database	Multiple regression; profitability measured by return on capital employed; ten explanatory variables	Age, efficiency ratios, past profitability and R&D intensity were statistically significant	Pre-dates the CDMO and complex-generic shift; no cost-structure or EBITDA-reconciliation analysis
Tyagi & Nauriyal (2017)	Firm-level profitability determinants; top 91 drug and pharmaceutical firms by sales, 2000–2013, with a pre- and post-TRIPS comparison	Inflation-adjusted panel data; OLS with Driscoll–Kraay standard errors and feasible generalised least squares	Reports the determinants of firm profitability and the pre- and post-TRIPS comparison; coefficients are not summarised here	Ends in 2013; no business-model comparison
	Paul (2025) Multilevel profitability using the DuPont model; 170 pharmaceutical companies, 2010–11 to 2018–19	Panel regression followed by stepwise panel regression	Profit margin, asset utilisation and leverage had significant positive effects on profitability; interest load had a significant negative effect; tax load had no significant effect	Industry-wide averages; no firm-level case or EBITDA-definition analysis
Operating leverage and cost behaviour				
	Lev (1974) Association between operating leverage and risk	Cross-sectional analysis of listed firms	Treats operating leverage as a source of earnings and market risk	Not specific to pharmaceuticals or recent cost structures
Anderson, Banker & Janakiraman (2003)	Whether selling, general and administrative costs are 'sticky'; 7,629 firms over 20 years	Regression of cost changes on sales changes, separately for increases and decreases	Costs rose on average 0.55% per 1% sales increase but fell only 0.35% per 1% sales decrease	Does not identify which cost lines are committed in pharmaceutical manufacturing
Novy-Marx (2011)	Operating leverage and the cross-section of expected returns	Constructs a measure of operating leverage and sorts firms into portfolios	Operating leverage predicts returns and helps explain the value premium within industries	Shows that measuring operating leverage is not trivial; does not address single-year profit declines
CDMO / API business models and MSME constraints				
Pharma Manufacturing (n.d.); Chemical & Engineering News (2024)	Position of Indian CDMOs and API makers relative to China	Industry and trade reporting; one consultancy estimate is cited	Reports market-size projections, a reported price advantage over Chinese providers, and continued dependence on China for API raw materials	Not peer-reviewed; no firm-level margin or volatility evidence



Study	Question and data	Method	Principal findings	Not addressed
Sarmah & Saikia (2023)	Business challenges of Indian MSMEs; 320 registered MSMEs in Assam (not pharmaceutical)	Survey and principal component analysis	Capital inaccessibility was the highest-ranked challenge for mature MSMEs	Not sector-specific; does not examine regulatory compliance cost
Abrol, John & Singh (2026)	Quality of Indian generic medicines and the position of MSME manufacturers	Policy analysis using government and policy documents and secondary data	Notes that most such medicines come from MSMEs, links quality problems to structural change in the industry after TRIPS, and proposes industrial-policy support, institutional collaboration and technical help instead of closing MSMEs	No firm-level financial data on compliance cost or financing gaps
Business Standard (2025)	Readiness of pharmaceutical MSMEs for revised Schedule M; industry-body estimates	Press report citing industry bodies	Reports about 10,500 units, 8,500 of them MSMEs, and estimates of upgrade cost from INR 50 lakh to INR 2.5 crore per plant	Not peer-reviewed; estimates are not audited data

Note. Descriptions are the authors' summaries of the cited abstracts and articles.

Profitability of Indian pharmaceutical firms. Existing firm-level studies mostly use regression on panels of listed firms to identify determinants of profitability, such as age, efficiency, past profitability, R&D intensity, leverage and size (Chander, 2008; Tyagi & Nauriyal, 2017; Paul, 2025). They offer breadth but rely on aggregate ratios, and they rarely examine how definitional choices, such as whether other income is included in EBITDA, change the measured margin, or how a profit decline decomposes between operating and non-operating items.

Operating leverage and cost behaviour. Operating leverage links cost rigidity to earnings variability (Lev, 1974). Later work shows that measuring it is non-trivial (Novy-Marx, 2011) and that costs often fall by less than they rise for equivalent sales movements (Anderson et al., 2003). These studies support treating an observed EBITDA-to-revenue ratio as a proxy influenced by cost behaviour, not as a direct measure of the fixed-cost share.

CDMO and API business models. The evidence located on Indian CDMO and API firms comes mainly from consultancy and trade reporting, which highlight growth prospects and dependence on China for raw materials (Pharma Manufacturing, n.d.; Chemical & Engineering News, 2024). The search did not locate peer-reviewed studies comparing the margins and margin variability of listed Indian CDMO, API and branded-formulation firms on a common basis.

MSME compliance and financing. Studies of Indian MSMEs identify access to capital as a leading challenge (Sarmah & Saikia, 2023), a policy analysis of generic-medicine quality discusses the position of MSME manufacturers (Abrol et al., 2026), and press reports describe the cost of Revised Schedule M for small pharmaceutical units (Business Standard, 2025c). The search did not locate a peer-reviewed empirical estimate of Schedule M compliance cost or financing gaps for pharmaceutical MSMEs.

Gap and contribution. Within the sources located, none (i) compares firms with different business models on one EBITDA definition over a recent period, (ii) pairs that comparison with a reconciled bridge from EBITDA to net profit for a firm in a year of decline, and (iii) sets both beside the documented regulatory and financing constraints of smaller manufacturers. This paper addresses (i) and (ii) directly with five firms and one case, and addresses (iii) only as context. Because the search was targeted and not systematic, the statement of the gap applies to the sources located.

III. CONCEPTUAL BACKGROUND AND PROPOSITIONS

Resource-based and dynamic-capability perspectives suggest that firms holding valuable, hard-to-imitate resources can sustain higher returns, and that capabilities need renewing as conditions change (Barney, 1991; Teece et al., 1997). In pharmaceutical contract manufacturing, a customer's programme is qualified and approved at a specific site, so moving it to another supplier needs further technical and regulatory work.

This is one instance of the general switching-cost mechanism (Klemperer, 1987), applied here by analogy; the study does not measure it. Operating leverage links cost rigidity to profit variability (Lev, 1974). Together these ideas motivate three descriptive propositions. They are expectations to compare with the data, not hypotheses to be tested statistically.

> **P1.** Firms described as having stronger differentiated capabilities (complex products, specialty or branded portfolios, technology platforms) record higher average calculated EBITDA margins than firms described as more diversified or contract-manufacturing-heavy.



P2. Firms with programme-based, capital-intensive revenue (CDMO and API) show greater year-to-year variation in EBITDA margin than firms with portfolio-based revenue.

P3. In a year of revenue decline, EBITDA falls proportionately by more than revenue, so that the ex post EBITDA-based operating-leverage proxy exceeds one.

IV. METHODOLOGY

A. Design and justification

The study is a descriptive, secondary-data analysis of five purposively selected firms with an embedded single-case study (Yin, 2018). The design is descriptive because the aim is to describe and reconcile reported performance in a small purposive sample over a short window: five firms and five annual observations per firm. With so few observations, statistical inference about causes would be unreliable, so the findings are presented as patterns within this sample and not as effects that generalise.

Primary data are not needed for listed firms whose audited results are public. The conclusions are accordingly limited to the sample and period.

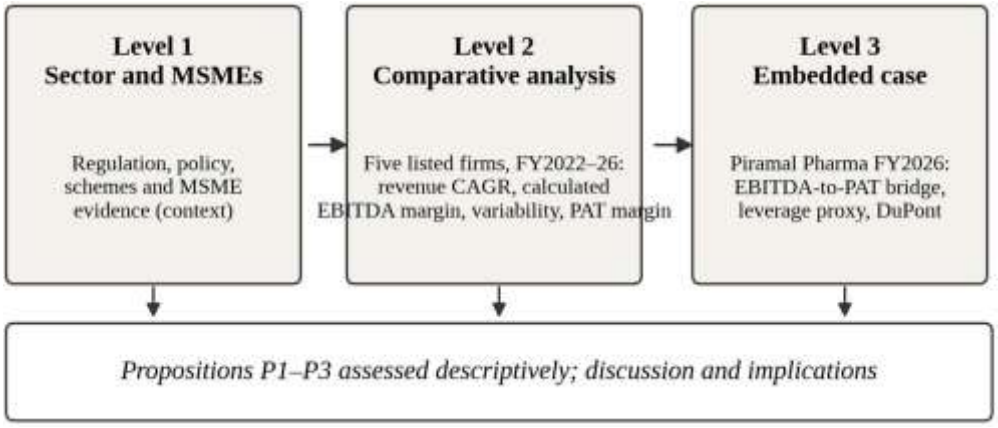


Fig. 1. Research design.

B. Sample, inclusion and exclusion criteria

The five firms were chosen purposively by the first author. The choice reflects an analytical mindset applied to company performance and a consulting orientation developed during an internship in a consulting firm: the aim was to compare firms that look alike at industry level (all are listed Indian pharmaceutical companies) but earn their revenue in different ways, so that differences in financial outcomes could be read against differences in business model, as an adviser benchmarking a client against its peers would do. The firms were not selected by a systematic screen of all listed pharmaceutical firms. The five firms satisfy the following criteria, stated to make the selection transparent: (i) listing on the National Stock Exchange or Bombay Stock Exchange; (ii) consolidated results available for FY2022–FY2026 (fiscal years end 31 March), including comparatives for firms listed during the period; (iii) revenue from operations above INR 500 crore in FY2022; and (iv) coverage of different business models, namely CDMO-led diversified (Piramal Pharma), branded specialty formulations (Ajanta Pharma), API, formulations and CDMO (Laurus Labs), complex API and CDMO (Neuland Laboratories) and contract manufacturing with branded formulations (Innova Captab). Firms lacking a complete five-year consolidated series were not considered. Larger CDMO and API peers and large diversified generic firms are not included, and their omission limits generalisation.

Choice of the case firm. Piramal Pharma was chosen for the detailed case because it is the clearest illustration of the paper's central question, how a fall in revenue is transmitted to profit and returns. Among the five firms it had the largest revenue in FY2026, was the only firm whose revenue fell that year (−3.1%) and the only one to report a net loss, so the sample contains a natural contrast between it and four firms that grew. Its three-segment structure (CDMO, complex hospital generics and consumer healthcare) allows business-mix effects to be discussed, and its audited statements disclose associate profit, tax and exceptional items, which permits a complete bridge from EBITDA to net profit and a DuPont analysis of return on equity. The case also bears on questions an MBA-level analyst or adviser would ask of such a firm: how much debt and fixed charge the earnings can carry, whether capital projects are earning their cost, and how far the loss reflects operations and how far one-off items. It is an informative case of a profit decline in a diversified firm and not a representative firm.



Table II: Sample and business-model classification

Company	Business model (from company disclosures)	Description category	FY2026 revenue (INR crore)
Piramal Pharma	CDMO-led platform with complex hospital generics and India consumer healthcare	Mixed / diversified	8,869
Ajanta Pharma	Branded specialty formulations in India, Asia and Africa; growing US generics	Stronger differentiation described	5,453
Laurus Labs	Generic API and formulations with a CDMO business	Stronger differentiation described	6,813
Neuland Laboratories	Complex API and custom manufacturing (CDMO)	Stronger differentiation described	2,023
Innova Captab	Contract manufacturing with branded formulations	Contract-manufacturing-heavy	1,630

Note. Categories are the authors' qualitative judgements; see Section IV-D. Revenue is consolidated revenue from operations (Section IV-C).

C. Data sources, consolidation and cut-off

All figures are consolidated. Revenue from operations and each operating-expense line (cost of materials consumed, purchases of stock-in-trade, changes in inventories, employee benefits and other expenses, plus manufacturing expenses for Neuland Laboratories) were transcribed for every company and every year from the audited consolidated results published to the stock exchanges: Piramal Pharma Limited (2023, 2024b, 2025, 2026a), Ajanta Pharma Limited (2022, 2024, 2026), Laurus Labs Limited (2023, 2024, 2026b), Neuland Laboratories Limited (2022, 2024, 2026) and Innova Captab Limited (2023, 2024, 2026). Each filing contains two years, so every year is read from a filing that reports it, and FY2022 comes from the comparative column of the following year's filing. Piramal Pharma's FY2023 and FY2024 statements were also checked to its Annual Report 2023-24 (Piramal Pharma Limited, 2024a); that report does not cover FY2025 or FY2026, which come from the audited results filed on 14 May 2025 and 28 April 2026. Appendix C lists the document, filing date and page used for each company and year. Profit after tax is the audited profit attributable to owners. An aggregator (Value Research Online, 2026a–e) was used only as a cross-check; it matched the filings exactly except for Piramal Pharma in FY2024–FY2026 and Innova Captab in FY2026 (Section IV-F). Company press releases (Piramal Pharma Limited, 2026b; Laurus Labs, 2026a) supply segment data and company-reported EBITDA. The exchange filings are audited but abridged; the figures have not been checked to the full annual reports except for Piramal Pharma's FY2023–FY2024 statements. The data collection cut-off is October 2026; no information after the FY2026 annual results is used, although later quarterly results exist.

FY2022 data and comparability. Piramal Pharma was listed in October 2022 following a demerger, and Innova Captab in December 2023, so their FY2022 figures are comparatives reported in the FY2023 results and audited statements; the supporting workbook records the file and page for each. Acquisitions, restructurings and changes in business mix (for example Piramal Pharma's 2022 demerger and the expansion of Laurus Labs' CDMO business) may affect comparability across years. The study does not adjust for them.

D. Classification of business models and differentiation

Firms were assigned to the description categories in Table II by reading each company's own results releases and business descriptions. A firm was described as having "stronger differentiation" where its disclosures emphasise complex or specialty products, proprietary technology platforms or branded portfolios as the main revenue base; "contract-manufacturing-heavy" where revenue is predominantly manufacturing for third parties; and "mixed" where several models of comparable weight coexist. Differentiation is therefore inferred from descriptions and not measured independently, for example by R&D intensity, product-approval counts or customer concentration. This is a weakness of the test of P1.

E. Measures

Revenue denominator. Every ratio uses revenue from operations as the denominator, for every company and year; total income and revenue including other income are never used.

Company-reported and calculated EBITDA. Company-reported EBITDA is the figure a company publishes; definitions differ across companies and are not always disclosed. Calculated EBITDA is the authors' calculation: revenue from operations minus operating expenditure, that is, cost of materials consumed, purchases of stock-in-trade, changes in inventories, employee benefits expense, other expenses and, for Neuland Laboratories, manufacturing expenses. It therefore excludes other income, depreciation and amortisation, finance costs and exceptional items. Every cross-company result in Section V uses calculated EBITDA, and the term "EBITDA" is not used without a qualifier for those results. Section VI uses company-reported EBITDA for Piramal Pharma, which includes



other income, because the company reports its profit-and-loss items on that basis, and states both measures where they differ. Appendix A reconciles company-reported and calculated EBITDA for Piramal Pharma, Ajanta Pharma and Laurus Labs.

Growth and margins. CAGR (%) = [(Revenue in FY2026 ÷ Revenue in FY2022)^(1/4) − 1] × 100.
Margin level is the five-year mean of the annual margins; margin variability is their sample standard deviation (n − 1) and range. The net profit margin is profit after tax (PAT) divided by revenue from operations.

Operating-leverage proxy. The ex post EBITDA-based operating-leverage proxy is the percentage change in EBITDA divided by the percentage change in revenue. It is an observed ratio. It can be affected by business mix, changes in individual expense lines, other income and the EBITDA definition, and it does not by itself establish the share of fixed costs. When the revenue change is small, the ratio is sensitive to small movements.

Return on equity and DuPont decomposition. Return on equity (ROE) is profit after tax divided by equity. The main analysis uses the conventional three-factor decomposition on average balances: ROE = (PAT ÷ revenue) × (revenue ÷ average total assets) × (average total assets ÷ average equity), where averages are of the opening and closing audited balance sheets. An alternative decomposition uses net assets (equity plus net debt) as presented in the company's investor presentation, with closing balances; it is reported in Appendix B. Changes in ROE are attributed to the three factors by substituting them one at a time (net margin, then turnover, then multiplier), so the split depends on that order. When the net margin is negative, a lower asset turnover mechanically reduces the size of the loss and gives a positive arithmetic contribution; this does not indicate improved operating efficiency.

Descriptive terms. To avoid undefined labels, the following conventions are used in Section V. They are the authors' descriptive thresholds chosen to separate the observed groups, not statistical tests. A firm is called higher-margin if its five-year mean calculated EBITDA margin is above 20% and lower-margin if it is below 15%. Margin variability is called wider if the standard deviation of the five annual margins exceeds 5 percentage points and narrower if it is below 3.5.
Revenue growth is called faster if the four-year CAGR exceeds 15% and slower if it is below 10%.

F. Missing data, source differences and rounding

No company-year is missing. Where sources differ, the difference is reported and not resolved by assumption. The aggregator's operating expenditure matched the audited filings in 21 of the 25 company-years (within INR 0.01 crore) but exceeded them for Piramal Pharma by INR 25.75 crore in FY2024, INR 26.96 crore in FY2025 and INR 29.13 crore in FY2026, and for Innova Captab by INR 11.29 crore in FY2026. The cause is unidentified (Appendix A), so the audited filings are used throughout. All calculations use unrounded inputs (two decimals of INR crore); results are rounded to one decimal place for display, half up. A reader who recomputes a standard deviation from the one-decimal margins in Table IV may differ by up to 0.1 percentage point; both calculations are in the supporting workbook.

G. Scope

Valuation is outside the scope of the present study.

V. RESULTS: COMPARATIVE FINANCIAL PERFORMANCE

A. Revenue growth

Revenue CAGRs over FY2022–FY2026 ranged from 7.8% (Piramal Pharma) to 20.8% (Neuland Laboratories) (Table III; Figure 2). Neuland Laboratories grew fastest, followed by Innova Captab (19.5%) and Ajanta Pharma (13.0%); Laurus Labs grew at 8.4% after a 16.6% decline in FY2024 and 22.7% growth in FY2026.
Piramal Pharma peaked at INR 9,151 crore in FY2025 and fell 3.1% in FY2026, the only revenue decline among the five firms that year. In this sample the largest firm grew slowest and the two smallest grew fastest.

Table III: Revenue from operations, FY2022–FY2026 (INR crore)

Company	FY2022	FY2023	FY2024	FY2025	FY2026	CAGR (%)	FY2026 growth (%)
Piramal Pharma	6,559	7,082	8,171	9,151	8,869	7.8	−3.1
Ajanta Pharma	3,341	3,743	4,209	4,648	5,453	13.0	17.3
Laurus Labs	4,936	6,041	5,041	5,554	6,813	8.4	22.7
Neuland Laboratories	951	1,191	1,559	1,477	2,023	20.8	37.0
Innova Captab	801	926	1,081	1,244	1,630	19.5	31.1

Note. CAGR (%) = [(Revenue in FY2026 ÷ Revenue in FY2022)^(1/4) − 1] × 100. Sources: audited consolidated results in the exchange filings listed in Section IV-C; see the supporting workbook (sheet Filings) for file and page. Growth rates are computed from unrounded figures.

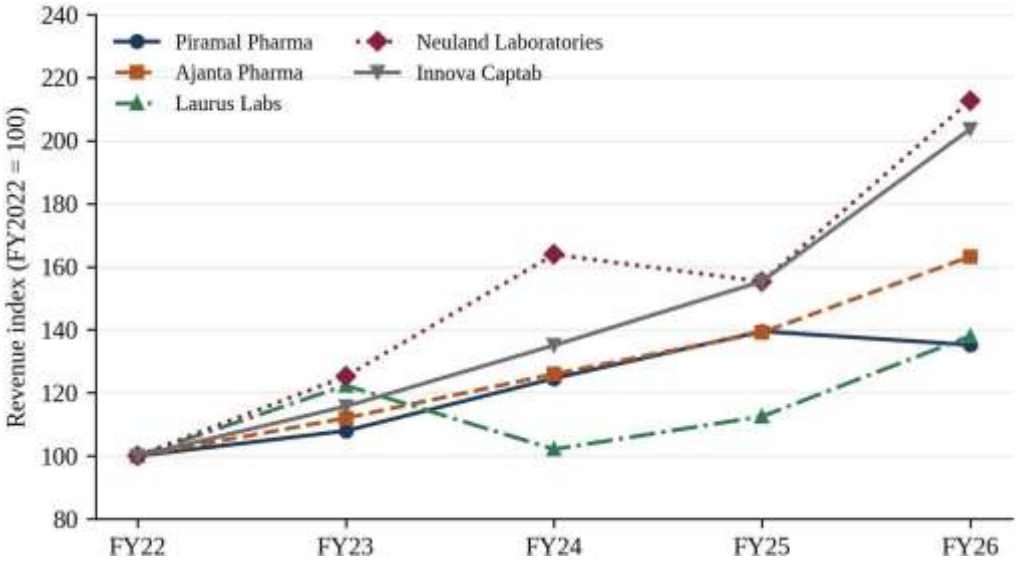


Fig. 2. Revenue index of the five firms, FY2022–FY2026 (FY2022 = 100).

B. Calculated EBITDA margin: level and variability

On calculated EBITDA margin (calculated EBITDA as a percentage of revenue from operations), three firms are higher-margin under the convention in Section IV-E, with five-year means of 23.1–25.9%: Ajanta Pharma (25.9%), Neuland Laboratories (23.6%) and Laurus Labs (23.1%). Two are lower-margin: Innova Captab (13.7%) and Piramal Pharma (12.8%) (Table IV; Figure 3). The ordering does not follow the formulation–API divide: Ajanta Pharma, a formulation company, has the highest mean.

Variability differs as well. Neuland Laboratories and Laurus Labs show the widest swings (standard deviations of 5.9 and 5.7 percentage points; ranges of 14.7 and 13.4). Laurus Labs's margin fell from 26.4% in FY2023 to 15.4% in FY2024 when revenue declined, and recovered to 26.1% by FY2026; Neuland Laboratories's margin ranged from 15.0% in FY2022 to 29.7% in FY2024. Piramal Pharma ranged from 8.9% (FY2023) to 15.8% (FY2025), with a standard deviation of 3.0. Ajanta Pharma (2.9) was similar and Innova Captab (1.4) had narrower variability, although at a lower margin level.

Table IV: Calculated EBITDA margin, FY2022–FY2026 (% of revenue from operations)

Company	FY2022	FY2023	FY2024	FY2025	FY2026	Mean	SD	Range (pp)
Piramal Pharma	14.5	8.9	14.6	15.8	10.4	12.8	3.0	6.9
Ajanta Pharma	27.8	20.9	27.8	27.1	25.6	25.9	2.9	6.9
Laurus Labs	28.8	26.4	15.4	19.0	26.1	23.1	5.7	13.4
Neuland Laboratories	15.0	22.8	29.7	21.9	28.4	23.6	5.9	14.7
Innova Captab	12.0	12.3	14.3	15.0	14.9	13.7	1.4	3.0

Note. Calculated EBITDA = revenue from operations minus operating expenditure (excluding depreciation and amortisation, finance costs, exceptional items and other income); the same definition and denominator are used for every firm and year. SD = sample standard deviation (n − 1) of the five annual margins, computed from unrounded margins; pp = percentage points. Sources: as Table III; authors' calculations in the supporting workbook (sheet Margins).

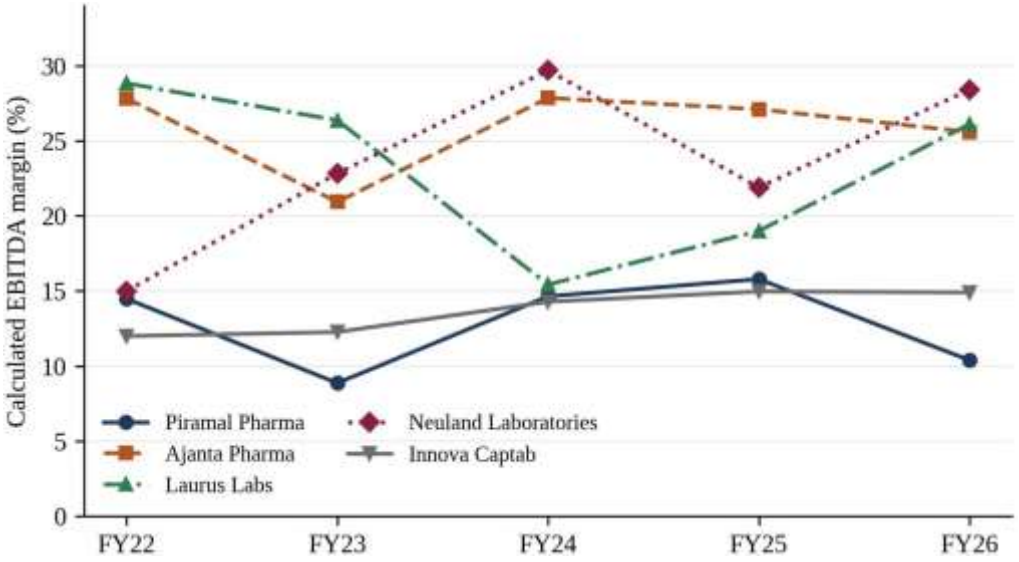


Fig. 3. Calculated EBITDA margin, FY2022–FY2026.

C. FY2026 profitability and the growth–margin map

Table V combines FY2026 operating and net profitability. Neuland Laboratories, Ajanta Pharma and Laurus Labs had calculated EBITDA margins of 25.6–28.4% and PAT margins of 13.0–19.4%. Innova Captab recorded a calculated EBITDA margin of 14.9% and a PAT margin of 8.6%. Piramal Pharma, with a calculated EBITDA margin of 10.4%, reported a loss of INR 326 crore (a net margin of −3.7%). Figure 4 plots growth against mean margin. No firm combined faster growth (CAGR above 15%) with a higher-margin mean (above 20%) and narrower variability (standard deviation below 3.5 points): Neuland Laboratories grew faster and had a higher mean but wider variability, and Piramal Pharma sits in the slower-growth, lower-margin corner.

Table V: FY2026 operating and net profitability

Company	Revenue (INR crore)	Calculated EBITDA margin (%)	PAT (INR crore)	PAT margin (%)
Piramal Pharma	8,869	10.4	−326	−3.7
Ajanta Pharma	5,453	25.6	1,056	19.4
Laurus Labs	6,813	26.1	889	13.0
Neuland Laboratories	2,023	28.4	364	18.0
Innova Captab	1,630	14.9	141	8.6

Note. PAT is profit after tax as reported, Piramal Pharma's after an exceptional charge of INR 196 crore. Sources for PAT: audited consolidated results (Piramal Pharma Limited, 2026a; Ajanta Pharma Limited, 2026; Laurus Labs Limited, 2026b; Neuland Laboratories Limited, 2026; Innova Captab Limited, 2026); profit attributable to owners.

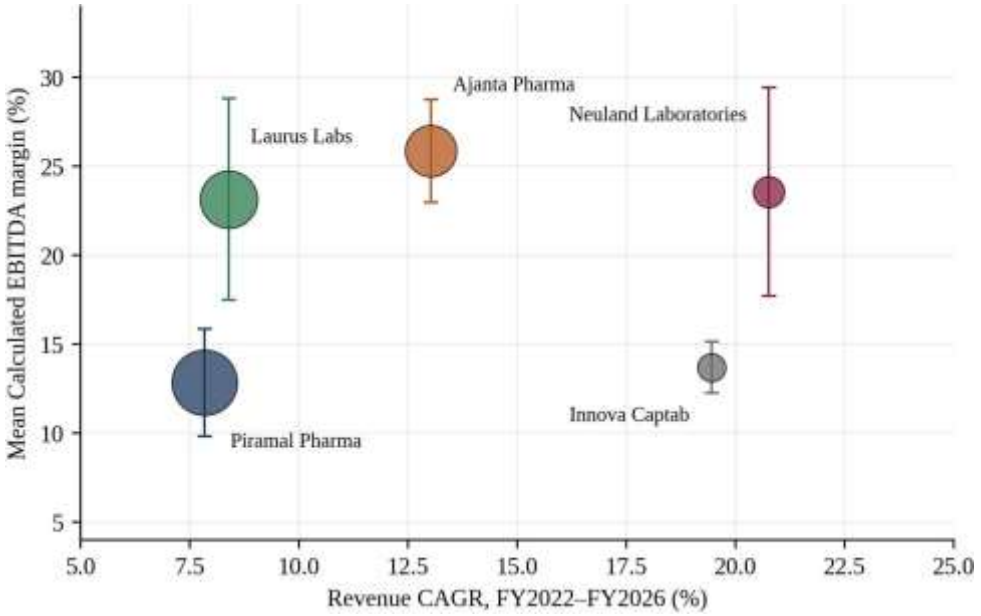


Fig. 4. Growth–margin map, FY2022–FY2026. Bubble area is proportional to FY2026 revenue; vertical bars show ±1 sample standard deviation of the annual calculated EBITDA margin.

D. Observed response of calculated EBITDA in years of revenue decline

P3 concerns how EBITDA responds when revenue falls, so the proxy is examined in years of revenue decline. In years of revenue growth the ratio mixes operating leverage with margin changes from price, mix or efficiency and cannot be read as the sensitivity to a revenue shortfall. The sample contains only three such firm-years (Table VI). In each, calculated EBITDA fell proportionately by more than revenue, with proxies of 3.1 (Laurus Labs, FY2024), 5.7 (Neuland Laboratories, FY2025) and 11.7 (Piramal Pharma, FY2026). The pattern is consistent with P3, but three observations cannot establish it, and it is not evidence of cost stickiness: product mix, pricing, capacity utilisation, input costs, foreign-exchange effects and changes in individual expense lines could each produce the same result, and the study does not separate them. The ratio is also sensitive to the size of the revenue change and is not a measure of fixed-cost shares.

Table VI: Observed EBITDA-based operating-leverage proxy in years of revenue decline

Company and year	Change in revenue (%)	Change in calculated EBITDA (%)	Proxy (×)
Laurus Labs, FY2024	−16.6	−51.2	3.1
Neuland Laboratories, FY2025	−5.2	−30.1	5.7
Piramal Pharma, FY2026	−3.1	−36.2	11.7

Note. Calculated EBITDA (excluding other income). Proxy = % change in calculated EBITDA ÷ % change in revenue. Section VI-D reports the Piramal Pharma proxy on two definitions.

E. Assessment of propositions P1 and P2

P1. Within the selected sample, firms described as having stronger differentiated capabilities (Ajanta Pharma, Neuland Laboratories, Laurus Labs) generally recorded higher average calculated EBITDA margins (23.1–25.9%) than the contract-manufacturing-heavy and mixed firms (13.7% and 12.8%). This descriptive association is consistent with P1 but does not establish causality: differentiation is inferred from descriptions (Section IV-D), and the margin differences may also reflect product mix, acquisitions, geography, capacity utilisation and company-specific events that the study does not isolate.

P2. The CDMO- and API-oriented firms Laurus Labs and Neuland Laboratories show the largest standard deviations of margin (5.7 and 5.9 percentage points). Piramal Pharma, whose CDMO segment is the largest, has a standard deviation of 3.0, close to that of the portfolio-based Ajanta Pharma (2.9), and Innova Captab has the narrowest variability (1.4). The pattern is partly consistent with P2: the two firms most associated with programme-based CDMO and API revenue are the most variable, but Piramal Pharma is not clearly more variable than Ajanta Pharma.



VI. RESULTS: CASE STUDY OF PIRAMAL PHARMA LIMITED

A. Company profile

Piramal Pharma Limited is a Mumbai-headquartered pharmaceutical company incorporated on 4 March 2020 as part of the demerger of the pharmaceuticals business of Piramal Enterprises and listed on the BSE and NSE on 19 October 2022 (BSE Limited, 2024; Piramal Pharma Limited, 2022). It received a 20% growth-equity investment from The Carlyle Group in 2020 (The Carlyle Group, 2020; BSE Limited, 2024). It operates three segments: CDMO (Piramal Pharma Solutions), complex hospital generics (CHG, through Piramal Critical Care) and India consumer healthcare (PCH), whose brands include Saridon, Supradyn, Lacto Calamine and Little's. It also holds an associate interest in an ophthalmology joint venture with AbbVie.

B. FY2026 results

Revenue from operations fell 3.1% to INR 8,869 crore. CDMO revenue fell 9.8% to INR 4,915 crore, while CHG grew 2.7% and PCH 16.6%. Company-reported EBITDA, which includes other income, fell 28.2% to INR 1,135 crore (a margin of 12.8% against 17.3%), and the company reported a loss after exceptional items of INR 326 crore against a profit of INR 91 crore. The company attributes the revenue decline to inventory destocking, slower early-stage order inflows in the first half of FY2026 and softer inhalation-anaesthesia sales outside the United States, and notes a recovery in biopharma funding from September 2025 (Piramal Pharma Limited, 2026b). It also reports 209 customer-site audits (165 in FY2025) and 38 regulatory inspections closed, including three by the US FDA.

Table VII: Piramal Pharma: consolidated results, FY2025 and FY2026 (INR crore)

Item	FY2025	FY2026	Change
Revenue from operations	**9,151**	**8,869**	**−3.1%**
CDMO	5,447	4,915	−9.8%
Complex hospital generics (CHG)	2,633	2,703	+2.7%
India consumer healthcare (PCH)	1,093	1,274	+16.6%
Material cost	3,232	3,239	+0.2%
Employee expenses	2,307	2,416	+4.7%
Other expenses	2,167	2,293	+5.8%
Other income	135	213	+58.2%
EBITDA as reported (includes other income)	**1,580**	**1,135**	**−28.2%**
EBITDA margin as reported (% of revenue)	17.3	12.8	−4.5 pp
Net debt (year end)	4,199	4,140	−1.4%
Total equity (year end)	8,125	8,163	+0.5%
Capital work-in-progress (incl. intangibles under development)	977	1,100	+12.6%

Note. n.m. = not meaningful; pp = percentage points. Segment revenues sum to slightly more than consolidated revenue (INR 9,173 crore in FY2025 and INR 8,892 crore in FY2026) because of inter-segment eliminations. Percentage changes are computed from the rounded figures shown. Source: Piramal Pharma Limited (2026a, 2026b).

C. From EBITDA to net profit

Table VIII reconciles company-reported EBITDA to net profit using the items in the company's audited results; all calculations use unrounded inputs and the table is rounded for display. In FY2026, EBITDA of INR 1,135 crore less depreciation, amortisation and impairment of INR 831 crore and interest of INR 341 crore, plus a INR 57 crore share of associate profit, gave a profit before tax and exceptional items of INR 20 crore. After tax of INR 150 crore, PAT before exceptional items was INR −130 crore, and after an exceptional charge of INR 196 crore PAT was INR −326 crore. The charges are conceptually distinct. Depreciation and amortisation (with impairment, where the company includes it in that line) are non-cash charges on the asset base; interest is the cost of debt; and the exceptional charge, which consists mainly of an impairment of INR 175.82 crore on intangible assets under development, is reported separately below profit before tax.

Table VIII: Piramal Pharma: reconciliation of EBITDA to PAT (INR crore)

Item	FY2025	FY2026	Change
EBITDA as reported	**1,580**	**1,135**	**−445**
Less: depreciation, amortisation and impairment	816	831	15



Item	FY2025	FY2026	Change
Less: interest expense	422	341	−81
Add: share of profit of associates	73	57	−16
Profit before tax and exceptional items	**415**	**20**	**−395**
Less: tax expense	324	150	−174
PAT before exceptional items	**91**	**−130**	**−221**
Less: exceptional charge	0	196	196
PAT after exceptional items	**91**	**−326**	**−417**

Note. Computed from rounded figures in the company's audited results; the computed PAT equals the reported PAT in both years. Associate profit (INR 72.93 crore and INR 57.20 crore) and tax (INR 323.51 crore and INR 149.88 crore) agree with the audited results (Piramal Pharma Limited, 2025, 2026a). The FY2026 exceptional charge of INR 196.14 crore comprises an impairment of INR 175.82 crore, a labour-code impact of INR 26.94 crore and a settlement of INR 14.81 crore, less a receipt of INR 21.43 crore (results note 6). The FY2025 depreciation line includes an impairment charge of INR 44.75 crore, so part of the change in that line reflects impairment and not depreciation alone. Recomputed FY2026 EBITDA is INR 1,135 crore against INR 1,135 crore reported, a rounding difference.

Table VIII and Figure 5 show the year-on-year change in PAT of INR −417 crore. The exceptional charge accounts arithmetically for 47.0% of that change. The remainder reflects several movements together: the fall in EBITDA (INR −445 crore, which on its own exceeds the whole change), a higher charge for depreciation, amortisation and impairment (INR −15 crore; the FY2025 line includes an impairment of INR 44.75 crore) and a lower share of associate profit (INR −16 crore), partly offset by lower interest (INR +81 crore) and lower tax (INR +174 crore). The balance therefore cannot be attributed to operating performance alone without a full line-by-line reconciliation, and the tax movement in particular is large relative to profit before tax.

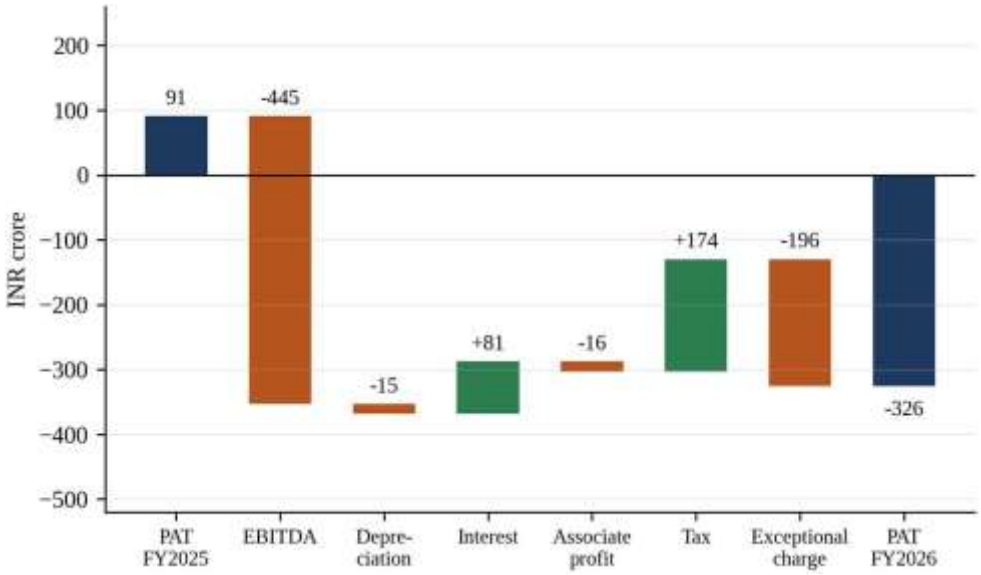


Fig. 5. Year-on-year bridge of Piramal Pharma's PAT, FY2025 to FY2026 (INR crore). Components sum exactly to the change in reported PAT.

Depreciation, amortisation and impairment (INR 831 crore) and interest (INR 341 crore) together exceeded EBITDA (INR 1,135 crore); they differ in nature, the first being a non-cash charge on assets and the second the cost of debt. Year-end net debt of INR 4,140 crore equals 3.6 times EBITDA, and EBITDA covers interest 3.3 times. The separate FY2026 impairment of INR 175.82 crore is non-cash but also indicates that a capital project did not meet its expected commercial case; capital work-in-progress including intangibles under development was INR 977 crore in FY2025 and INR 1,100 crore in FY2026.

D. Ex post EBITDA-based operating-leverage proxy

Company-reported EBITDA fell 28.2% while revenue fell 3.1%, an ex post EBITDA-based operating-leverage proxy of 9.1. On calculated EBITDA (excluding other income) the proxy is 11.7, the figure for Piramal Pharma used in Table VI and elsewhere; 9.1 is the lower of the two because other income rose by INR 78 crore. The ratio is sensitive because the revenue change is small: had revenue fallen 4.1% or 2.1% instead, the same company-reported EBITDA decline would give 6.9 or 13.5. The proxy measures the observed sensitivity of EBITDA to revenue; it does not measure the proportion



of fixed costs. It reflects business mix (CDMO revenue fell while PCH grew), pricing, capacity utilisation, input costs, changes in individual expense lines (employee and other expenses rose while revenue fell), other income and the definition used, and the case cannot separate committed costs from discretionary cost increases. The observed pattern is consistent with P3, but one firm-year cannot test it.

E. Return on equity and DuPont decomposition Table IX gives the conventional decomposition on average total assets and average equity (Section IV-E). The audited consolidated balance sheets give total assets of INR 15,311.81 crore, INR 15,677.59 crore and INR 17,965.04 crore at 31 March 2024, 2025 and 2026 and equity of INR 7,911.37 crore, INR 8,125.47 crore and INR 8,162.62 crore (Piramal Pharma Limited, 2024b, 2025, 2026a). Profit attributable to owners equals reported PAT and non-controlling interest is nil, so PAT and equity are on the same ownership basis. Data-aggregator values for total assets were lower than the audited figures, which is why audited balance sheets are used.

Table IX: Piramal Pharma: return on equity and DuPont decomposition on average total assets

Measure	FY2025	FY2026
Panel A: return on equity		
PAT after exceptional items (INR crore)	91	−326
Average equity (INR crore)	8,018.42	8,144.05
ROE on average equity (%)	**1.14**	**−4.00**
ROE on closing equity (%)	1.12	−3.99
Panel B: three-factor decomposition, average balances		
Net margin (PAT ÷ revenue, %)	1.00	−3.68
Asset turnover (revenue ÷ average total assets, ×)	0.591	0.527
Equity multiplier (average total assets ÷ average equity, ×)	1.932	2.065
Product: ROE on average equity (%)	**1.14**	**−4.00**
Panel C: contribution to the change in ROE, FY2025 to FY2026 (percentage points)		
Net margin		−5.33
Asset turnover		+0.45
Equity multiplier		−0.26
Total change in ROE		**−5.14**

Note. Computed from the audited consolidated results (Piramal Pharma Limited, 2024b, 2025, 2026a). Contributions are computed by substituting the factors one at a time in the order net margin, asset turnover, equity multiplier, so the split depends on that order. Because the FY2026 net margin is negative, a lower asset turnover reduces the size of the loss and its contribution is positive; this does not indicate improved operating efficiency. The net-asset decomposition used in the company's investor presentation is in Appendix B.

ROE on average equity fell from 1.14% to −4.00%, a change of −5.14 percentage points. Attributed sequentially, the fall in net margin contributes −5.33 percentage points, asset turnover +0.45 and the equity multiplier −0.26. The decline in ROE is therefore associated mainly with the fall in net margin. The positive turnover contribution is an arithmetic effect of a negative margin, as noted above.

Movements in assets and their financing are discussed separately (Piramal Pharma Limited, 2025, 2026a). Total assets rose by INR 2,287.45 crore. On the asset side, inventories rose by INR 751.74 crore; cash, bank balances and current investments by INR 834.40 crore; property, plant and equipment, capital work-in-progress, right-of-use assets, goodwill and intangibles together by INR 673.42 crore; and other assets by INR 219.74 crore, while trade receivables fell by INR 191.85 crore. On the financing side, the same total was matched by higher borrowings (INR +775.21 crore), trade payables, which are liabilities that finance operations (INR +945.34 crore), other liabilities and provisions (INR +486.84 crore), lease liabilities (INR +42.91 crore) and equity (INR +37.15 crore). Net debt fell by INR 59.19 crore because cash rose alongside borrowings. This study does not analyse the causes of these movements.

F. Qualitative portfolio assessment and strategic implications

Table X links disclosed evidence to indicated actions. It is a qualitative assessment: it does not apply a market-growth and relative-market-share matrix or a scored industry-attractiveness and business-strength framework, because the disclosures do not provide the measurements those methods require.



Table X: Qualitative portfolio assessment and strategic implications for Piramal Pharma

Business or capability	Disclosed evidence	Indicated action (subject to management information)
Inhalation anaesthesia (CHG)	Company reports a 47% market share, up from 45% in March 2024, and ex-US ramp-up	Defend share; this is a cash-generating franchise within CHG
ADC, sterile injectables, high-potency API (CDMO overseas sites)	Company reports US$90 million of capex on track for sterile-injectable and payload-linker capacity and rising enquiry momentum	Sequence further capacity additions behind confirmed order inflow; track returns on the project that was impaired
Early-stage CDMO pipeline	Order slowdown in the first half of FY2026 linked by the company to biotech funding; recovery noted from September 2025	Screen early-stage clients for funding stability and technical complexity
India consumer healthcare (PCH)	Revenue +16.6%; Power Brands +24%; e-commerce +48%	Continue brand-led growth; monitor margin contribution
	Lines not separately disclosed	No public segment data classification is made; management information is needed

Note. Source: Piramal Pharma Limited (2026b) and authors' interpretation. Evidence is as stated by the company and has not been independently verified.

VII. SECTOR AND MSME CONTEXT AND IMPLICATIONS

The listed firms and MSMEs are different populations. The evidence below is therefore presented in three groups, kept separate, and findings from one group are not used to validate conditions in another.

A. Regulation and policy

Revised Schedule M of the Drugs Rules, 1945, which aligns Indian good manufacturing practice with WHO standards, was notified on 28 December 2023 as G.S.R. 922(E) (Ministry of Health and Family Welfare, 2023). Manufacturers with turnover above INR 250 crore had to comply within six months and those with turnover of INR 250 crore or less within twelve months (Press Information Bureau [PIB], 2025). By notification G.S.R. 127(E) dated 11 February 2025, the Ministry conditionally extended the compliance date to 31 December 2025 for manufacturers with turnover of INR 250 crore or less, provided they submitted an upgrade plan in Form A to the Central Licence Approving Authority within three months of the notification (Ministry of Health and Family Welfare, 2025; PIB, 2025). The extension was therefore conditional and was not available to every MSME. As at October 2026 that date has passed.

Support is delivered mainly through the Department of Pharmaceuticals. The scheme Strengthening of Pharmaceutical Industry (SPI) is a central-sector scheme with an outlay of INR 500 crore and a tenure of FY2021-22 to FY2025-26. Its sub-schemes are Assistance to Pharmaceutical Industry for Common Facilities (APICF), the Revamped Pharmaceutical Technology Upgradation Assistance Scheme (RPTUAS) and the Pharmaceutical and Medical Devices Promotion and Development Scheme (PMPDS); under APICF the grant-in-aid is 70% of the approved project cost or INR 20 crore, whichever is less (Department of Pharmaceuticals, 2024, 2026, n.d.). *Position as at 12 October 2026:* the Department's Annual Report 2025-26 and the revised SPI guidelines of 14 March 2024 document the scheme for the period to FY2025-26, and the authors located no official notification extending it beyond FY2025-26; assistance for new applications after March 2026 is therefore not confirmed. Separate production-linked incentive schemes exist for bulk drugs (outlay INR 6,940 crore, FY2020-21 to FY2029-30) and for pharmaceuticals (INR 15,000 crore, FY2020-21 to FY2028-29) (PIB, n.d.).

B. Evidence on MSME constraints, by type

Table XI separates evidence specific to Maharashtra, national pharmaceutical MSME evidence and implications inferred from the listed-firm analysis. The reviewed sources highlight compliance capital and input dependence as important supply-side constraints; demand-side constraints were not directly assessed.

Table XI: Evidence on pharmaceutical MSME constraints, by type of evidence

Type	Evidence	Source and limitation
A. Maharashtra-specific		
Cluster presence	Of 118 pharma clusters identified nationally, 40, the largest number for any state, are in Maharashtra	Department of Pharmaceuticals (2023) survey of pharma clusters
Exports and plants	About US$5.94 billion of pharmaceutical exports in FY2026 (about 19% of India's total); 59 US FDA-approved plants in the state	Devdiscourse (2026); Maharashtra Industrial Development Corporation (2025); press and agency reports
B. National pharmaceutical MSME evidence		



Type	Evidence	Source and limitation
	Scale About 10,500 pharmaceutical units, of which about 8,500 are MSMEs; about 2,000 MSMEs hold good-manufacturing certification; a headline report that about one in four MSME units was likely to be ready for the Schedule M transition	Business Standard (2025); press report citing industry bodies Business Standard (2025); estimates, not audited data
Compliance cost	Industry-body estimates of upgrade cost range from about INR 50 lakh to INR 2.5 crore per plant	NITI Aayog findings as reported by Outlook India (2026) and The Wire (2026); secondary reports
Input dependence	API imports of US$7.4 billion in 2025; over 65% of critical API imports reported to come from China	Sarmah & Saikia (2023), not pharmaceutical-specific
Financing	Limited access to capital is a leading challenge for MSMEs generally; no pharma-specific MSME credit-pricing data were found	Suggests that committed costs could amplify demand shocks; whether this applies to MSMEs is not tested
C. Implications inferred from the listed-firm analysis (not tested on MSMEs)		
Cost rigidity	In the three firm-years of revenue decline studied, calculated EBITDA fell proportionately by more than revenue (Table VI)	

C. Implications

Supported by the analysis of the listed firms. The Piramal Pharma case suggests (i) reviewing the expected returns on capital projects before commitment, given the impairment of INR 175.82 crore, and (ii) sequencing capacity additions behind confirmed demand. For firm-level analysis, the case shows that definitions of EBITDA and items below EBITDA need to be reported transparently.

Broader suggestions, not findings of this study. For pharmaceutical MSMEs the following are potential options, each subject to eligibility, lender assessment and confirmation of current availability with the relevant authority (Section VII-A): using cluster common facilities where eligible, which can spread fixed compliance cost; sequencing remaining capital expenditure within the upgrade plan already submitted to the licensing authority and the conditions attached to it; qualifying alternative suppliers for critical inputs; and preparing cash-flow forecasts for lenders. Sequencing must stay within the applicable compliance requirements. The conditional extension to 31 December 2025 has passed, and phasing cannot be used to defer compliance beyond the dates permitted. Each option involves trade-offs: alternative suppliers may cost more or require re-qualification, and lenders will assess risk independently. The paper does not recommend converting all fixed costs into variable costs: quality, compliance and specialist capabilities require committed expenditure, and reducing it may weaken long-term capability and delivery reliability.

VIII. DISCUSSION

Among the five firms, those described as having stronger differentiated capabilities generally earned higher average calculated EBITDA margins. This is a descriptive association; it does not show that differentiation causes higher margins. Margins varied most for the CDMO- and API-oriented firms, Laurus Labs and Neuland Laboratories. In Piramal Pharma's FY2026 results, a 3.1% fall in revenue coincided with a 28.2% fall in company-reported EBITDA and a net loss. The reconciliation shows that operating results, depreciation and impairment, interest, associate profit, tax and exceptional items all contributed, and the fall in ROE was associated mainly with net margin. The sector and MSME evidence concerns a different population, so it is used only to frame implications.

Other influences cannot be ruled out. Product mix, pricing, acquisitions, geography, capacity utilisation, foreign-exchange movements and company-specific events may each explain part of the margin differences and of the Piramal Pharma decline, and with five firms no statistical control is possible. Appendix D summarises how the three propositions fare against the evidence.

IX. CONCLUSION, LIMITATIONS AND FUTURE RESEARCH

Across a purposive sample of five listed Indian pharmaceutical firms over FY2022–FY2026, revenue CAGRs ranged from 7.8% to 20.8% and mean calculated EBITDA margins from 12.8% to 25.9%. Firms described as having stronger differentiated capabilities generally earned higher average margins, but this association is descriptive and does not establish causality. In FY2026, Piramal Pharma's EBITDA fell 28.2% on a 3.1% fall in revenue and its profit turned into a loss. The pattern is consistent with a rigid cost base, although the study cannot separate committed from discretionary costs. For pharmaceutical MSMEs, the sources reviewed point to compliance capital and input dependence as important supply-side constraints, and the listed-firm findings are offered only as contextual implications.

Limitations. The inputs were transcribed from audited consolidated results in exchange filings, which are abridged, and have not been checked to the full annual reports except for Piramal Pharma's FY2023–FY2024 statements. The sample is small and purposive, and it leaves out larger CDMO and API peers. Differentiation is inferred from descriptions, not measured. For Laurus Labs, company-reported EBITDA differs from calculated



EBITDA including other income by a residual that is not identified (Appendix A). The literature search was targeted, not systematic. The MSME evidence comes from press, policy and national or state sources, and demand-side constraints were not assessed.

Future research. Future research could use a panel of listed pharmaceutical firms with explicit proxies for differentiation (for example CDMO share, R&D intensity and export share) to allow statistical testing; audited line-item data would allow the EBITDA definitions to be reconciled fully; primary data from Maharashtra MSMEs would test the constraints identified here; and segment-level cost data would allow committed and discretionary costs to be separated.

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Competing interests. Competing interests are declared on the separate title page.

Ethics. The study uses only publicly available secondary data and involves no human participants.

Data availability. All data are from the public sources cited. The supporting calculation sheet (formulas, inputs and source log) accompanies the manuscript.

Use of AI tools. The authors used a generative AI assistant (Claude, Anthropic) to help with drafting, formatting and checking calculations. The authors reviewed and edited the text, verified the data against the cited filings, and take full responsibility for the content.



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APPENDIX A. COMPANY-REPORTED AND CALCULATED EBITDA

Company-reported EBITDA is the figure a company publishes; calculated EBITDA is the authors' calculation (revenue from operations minus operating expenditure, excluding other income). Table A1 relates the two for Piramal Pharma, whose company-reported figure includes other income; Table A2 does so for Ajanta Pharma, whose reported figure excludes it; and Table A3 reconciles Laurus Labs.

Table A1. Piramal Pharma: company-reported and calculated EBITDA (INR crore)

Measure	FY2025	FY2026
Company-reported EBITDA (includes other income)	1,580	1,135
Less: other income	135	213
EBITDA excluding other income, from published line items	1,445	922
Calculated EBITDA excluding other income (authors' calculation)	1,444.83	921.62
Company-reported margin (% of revenue)	17.3	12.8
Calculated margin (% of revenue)	15.8	10.4

Note. Sources: Piramal Pharma Limited (2025, 2026a, 2026b); authors' calculations (workbook sheets EBITDA_Reconciliation and Piramal_Audited). The published line items are rounded to whole crores and can differ from the calculated figure by INR 1 crore.

Table A2. Ajanta Pharma: company-reported and calculated EBITDA (INR crore)

Measure	FY2022	FY2023	FY2024	FY2025	FY2026
Company-reported EBITDA (press release; excludes other income)	929	783	1,172	1,260	1,395
Calculated EBITDA excluding other income	929.30	783.25	1,171.94	1,259.50	1,394.83
Difference	−0.30	−0.25	0.06	0.50	0.17

Note. Sources: Ajanta Pharma Limited (2022, 2024, 2026) and the accompanying press releases; authors' calculations. The differences are within the rounding of the whole-crore company figures.

Table A3. Laurus Labs: reconciliation of company-reported and calculated EBITDA (INR crore)

Item	FY2025	FY2026
(a) Company-reported EBITDA (press release)	1,115	1,826
(b) Calculated EBITDA excluding other income	1,055.28	1,777.71
(c) Other income (audited consolidated results)	75.10	54.95
(d) Calculated EBITDA including other income = (b) + (c)	1,130.38	1,832.66
(e) Difference (a) − (b)	59.72	48.29
(f) Residual (a) − (d): not identified	−15.38	−6.66
(g) Residual as % of revenue	−0.28	−0.10

Note. Sources: Laurus Labs Limited (2026a, 2026b, 2026c); authors' calculations (workbook sheet Company_vs_Calculated).

For Laurus Labs, the difference of INR 48.29 crore between company-reported EBITDA and calculated EBITDA in FY2026 is explained mainly by other income of INR 54.95 crore, which the company's figure appears to include. Calculated EBITDA including other income is INR 1,832.66 crore, so a residual of INR −6.66 crore (−0.10% of revenue) remains between the company's figure and that measure. The audited results, the press release and the October 2026 investor presentation (Laurus Labs Limited, 2026c) report EBITDA of INR 1,826 crore but do not define it or reconcile it to the audited statements, so the residual is reported as unidentified and no cause is asserted. The same applies to the FY2025 residual of INR −15.38 crore.

Aggregator differences. An earlier version of this analysis used an aggregator series for operating expenditure. Against the audited consolidated results it matched for Ajanta Pharma, Laurus Labs and Neuland Laboratories in every year, and for Piramal Pharma and Innova Captab in all other years, but exceeded the audited line items for Piramal Pharma by INR 25.75 crore in FY2024, INR 26.96 crore in FY2025 and INR
29.13 crore in FY2026, and for Innova Captab by INR
11.29 crore in FY2026. The adjustment items behind these differences have not been identified, and no cause is asserted. The audited line items are used for all firms.



APPENDIX B. NET-ASSET DECOMPOSITION OF PIRAMAL PHARMA'S RETURN ON EQUITY

The company's investor presentation reports net assets (net fixed assets, capital work-in-progress, net working capital and other assets), which equal equity plus net debt. Table B1 applies the three-factor decomposition to closing balances on that basis. It is an alternative to the conventional decomposition in Table IX and is not gross total assets.

Table B1. Piramal Pharma: net-asset decomposition on closing balances

Measure	FY2025	FY2026
Net margin (PAT ÷ revenue, %)	1.00	−3.68
Net-asset turnover (revenue ÷ net assets, ×)	0.743	0.721
Net-asset multiplier (net assets ÷ equity, ×)	1.517	1.507
Product: ROE on closing equity (%)	**1.12**	**−3.99**

Note. Net assets are equity plus net debt: INR 12,324.72 crore (FY2025) and INR 12,302.68 crore (FY2026), from the audited balance sheets (Piramal Pharma Limited, 2025, 2026a). On this basis turnover and the multiplier change little and the fall in ROE is associated with net margin, which agrees with Table IX.

APPENDIX C. SOURCE DOCUMENTS BY COMPANY AND YEAR

Table C1. Audited consolidated results used for each company and year

Company	Year	Document	Filing date	PDF page (P&L; balance sheet)
Piramal Pharma	FY2022	Results for year ended 31 March 2023 (comparative column)	24 May 2023	1; 2
Piramal Pharma	FY2023	Results for year ended 31 March 2023; Annual Report 2023-24 (PDF p. 128, printed pp. 252–253)	24 May 2023	1; 2
Piramal Pharma	FY2024	Results for year ended 31 March 2024; Annual Report 2023-24	10 May 2024	1; 2
Piramal Pharma	FY2025	Results for year ended 31 March 2025	14 May 2025	1; 2
Piramal Pharma	FY2026	Results for year ended 31 March 2026	28 Apr 2026	1; 2
Ajanta Pharma	FY2022	Results for year ended 31 March 2022	10 May 2022	4; 5
Ajanta Pharma	FY2023	Results for year ended 31 March 2024 (comparative)	2 May 2024	4; 5
Ajanta Pharma	FY2024	Results for year ended 31 March 2024	2 May 2024	4; 5
Ajanta Pharma	FY2025	Results for year ended 31 March 2026 (comparative)	5 May 2026	4; 5
Ajanta Pharma	FY2026	Results for year ended 31 March 2026	5 May 2026	4; 5
Laurus Labs	FY2022	Results for year ended 31 March 2023 (comparative)	27 Apr 2023	2
Laurus Labs	FY2023	Results for year ended 31 March 2023 and 2024	27 Apr 2023	2
Laurus Labs	FY2024	Results for year ended 31 March 2024	25 Apr 2024	2
Laurus Labs	FY2025	Results for year ended 31 March 2026 (comparative)	30 Apr 2026	3
Laurus Labs	FY2026	Results for year ended 31 March 2026	30 Apr 2026	3
Neuland Laboratories	FY2022	Results for year ended 31 March 2022	10 May 2022	13
Neuland Laboratories	FY2023	Results for year ended 31 March 2024 (comparative)	10 May 2024	6
Neuland Laboratories	FY2024	Results for year ended 31 March 2024	10 May 2024	6
Neuland Laboratories	FY2025	Results for year ended 31 March 2026 (comparative)	12 May 2026	7
Neuland Laboratories	FY2026	Results for year ended 31 March 2026	12 May 2026	7
Innova Captab	FY2022	Audited consolidated statements, year ended 31 March 2023 (comparative; scanned)	2023	10
Innova Captab	FY2023	Audited consolidated statements, year ended 31 March 2023	2023	10
Innova Captab	FY2024	Results for year ended 31 March 2024	29 May 2024	14
Innova Captab	FY2025	Results for year ended 31 March 2026 (comparative)	7 May 2026	7



Company	Year	Document	Filing date	PDF page (P&L; balance sheet)
nnova Captab	FY2026	Results for year ended 31 March 2026	7 May 2026	7

Note. All documents are audited consolidated results published to the stock exchanges, except Piramal Pharma's Annual Report 2023-24 and Innova Captab's audited financial statements for FY2023. Each filing reports two years; the comparative column supplies the earlier year. The Annual Report 2023-24 covers FY2023 and FY2024 only. The supporting workbook (sheet Sources_By_Year) gives file names.

APPENDIX D. SUMMARY ASSESSMENT OF THE PROPOSITIONS

Table D1. Summary assessment of the propositions

Proposition	Observation	Assessment
P1: stronger differentiation, higher average margin	Means of 23.1–25.9% for Ajanta Pharma, Neuland Laboratories and Laurus Labs against 13.7% and 12.8%; differentiation inferred from descriptions	Consistent with P1; association only
P2: programme-based revenue, greater margin variability	SD 5.7 and 5.9 (Laurus, Neuland) against 2.9 (Ajanta); Piramal 3.0; Innova 1.4	Partly consistent with P2
P3: EBITDA falls proportionately more than revenue in a decline year	Proxy of 3.1, 5.7 and 11.7 in the three decline years (calculated EBITDA); 9.1 for Piramal on company-reported EBITDA	Observed pattern is consistent with P3; three observations