

MULTIPLE TRIGGERS across segments in the business and its lower valuation vis-a-vis peers offer room for upside

DHFL Aside, Pharma to Drive Piramal Stock

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ET Intelligence Group: The stock of Piramal Enterprises has gained nearly 52% since the beginning of February largely on account of developments in its finance business such as the acquisition of DHFL, entry into retail lending, and recovery in the property market. The stock momentum may sustain given the improving prospects of its pharmaceutical division and a possibility of its demerger and listing in the medium term.

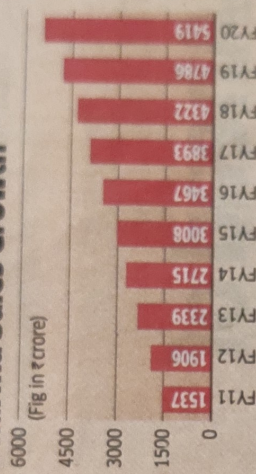
The company's management has guided for a 15% organic revenue growth in the pharma business for FY22 compared with the 1% growth in the first nine months of FY21. Besides, it expects the segment margin to improve to the high-20s from around 22% at present. The pharma division accounts for over 40% of the

Business Performance

	9M FY21	YoY Chg
Financial Services	5,555	-6%
Pharma	3,853	1%
CDMO	2,326	0.1%
Hospital Generics	1,162	-0.14%
India OTC	375	0.12%

(Fig in ₹crore)

Pharma Sales Growth



The pharma division's growth was hit by the 14% year-on-year drop in the hospital generics business in the first nine months of FY21. On the other hand, CDMO and OTC businesses grew 10% and 12%, respectively during the period.

The company's pharma peers including Gland Pharma and Divis Laboratories command a better valuation. Their enterprise value (EV) is 25 and 27 times the FY22 estimated earnings before interest, depreciation, and amortisation (EBITDA) in that order.

ma business contributing 34% to the division's revenue. The company has an integrated pipeline of 27 products with an addressable market of over \$6 billion (₹43,200 crore). The remaining pharma revenue is generated from the domestic over-the-counter (OTC) market where the company has guided for accelerated growth backed by investment in stronger brands and e-commerce.

active pharma ingredients (APIs) and formulations. Globally, CDMO is a more than \$60 billion (approximately ₹4.3 lakh crore) market. With an integrated business offering and a pipeline of 30 molecules at phase III clinical trials, the management believes the pharma business is at an inflexion point.

Hospital generics is the second biggest segment of the company's phar-

RISING VALUATIONS AFTER SHARP RUN-UP

Asset Allocation Funds Prune Equity Exposure

Top Performers

Scheme	(Fig in %)	
	3 Year	5 Year
Edelweiss Balanced Advantage	13.76	13.97
	12.59	NA

WANT PARITY with banks for data from CRILC to gauge early stress signs and strengthen appraisal; industry body FIDC writes to RBI

NBFCs Seek Access to Credit Repository of Large Borrowers

FIDC said that access to CRILC will be helpful, particularly in areas of bad loan review, credit appraisal and underwriting, monitoring the credit