

Piramal Pharma (PIRPHARM)- BUY

Initiating Coverage

Current Market Price (CMP)

Rs.225

Target Price

Rs. 300

Rationale:

- PPL has metamorphosed into formidable CRDMO player with niche capabilities.
- We expect higher growth in innovation and differentiated projects.
- We expect earnings to grow by 375.1% in FY26E & grow by 119.1% in FY27E.
- Stock is currently trading at valuation of 54.9x P/E FY27E EPS.
- Initiate with BUY with a DCF-based FV of Rs300.

Initiating Coverage:

Positives:

- A harmonious fusion of diverse elements to drive ongoing turnaround.
- Over the past decade, PPL has added capabilities through 15+ M&As.
- We expect a cumulative FCF generation of ~Rs1700 cr over FY2025-28E.
- An improvement in RoEs/RoICs to ~10/9% to address investor concerns.
- PPL's senior executives are being evaluated on profitability metrics.

Negatives:

- Key risks: High debt, product concentration and M&A integration issues.

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For detailed report dated 25th Mar 2025. Note: CMP & valuation may differ due to difference in dates.



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