

# Piramal eyeing debt-laden companies across sectors

Auto ancillary, cement, steel, textiles, pharma firms among those on Piramal's radar

BY BIDYA SAPAM  
bidya.s@livemint.com

MUMBAI

**P**iramal Enterprises Ltd (PEL) plans to bid for debt-laden companies across six to seven sectors including auto ancillary, cement and textiles that are currently undergoing insolvency proceedings, group chairman Ajay Piramal said.

Piramal attributed the company's robust earnings in the December quarter to the strong growth in its financial services business.

On Tuesday, PEL posted a 21% increase in net profit to Rs490 crore in the third quarter, and a revenue growth of 22% to Rs2,858 crore from a year ago.

"We are continuously looking at different companies in the NCLT (National Company Law Tribunal)... We have put our bids. We are looking beyond one company. We will be bidding in six-seven sectors like auto ancillary, cement, steel, textiles, pharma and chemicals," Piramal said in an interview.

The Piramal group, through its distressed asset investment platform with private equity fund Bain Capital Credit, had submitted bids for debt-ridden Bhushan Steel Ltd. Piramal joined JSW Steel and its Japanese business partner JFE Steel Corp. to bid for Bhushan Steel, which has a total debt of around Rs42,355 crore on 31 March



Piramal Group chairman Ajay Piramal. Piramal Enterprises posted a 21% increase in net profit to Rs490 crore in the third quarter, and a revenue growth of 22% to Rs2,858 crore from a year ago. **ABHIJIT BHATLEKAR/MINT**

2017.

Last year, NCLT allowed banks to initiate insolvency proceedings against Bhushan Steel.

The petition for launching the insolvency process against Bhushan Steel was filed by the country's largest lender, State Bank of India (SBI), the lead bank in its lenders' consortium.

"The drivers (for decisions to bid) are whether we feel inherently the asset is good, can we turn it around by bringing in equity or by bringing additional debt into it and can we get decent IRR (internal rate of return). Very often, we will also partner with somebody who knows

the industry or an industry expert," Piramal said.

Last year, Piramal Enterprises had announced a \$1 billion distressed asset investment platform in association with Bain Capital Credit. The company, which has presence in diverse sectors including financial services, pharmaceuticals and real estate, is in the process of raising around Rs7,000 crore both through existing and new global and domestic investors.

Piramal said these funds will be utilised to fund most expansion plans in the financial services and pharmaceutical businesses.

Of the total Rs7,000 crore that

would be raised by year end, Rs5,000 will go towards financial services, Rs1,000 will be in pharma and Rs1,000 will be for general purposes, Piramal said.

"The major driver (for the robust quarterly result) has been the financial services space. The (loan) book has grown by 68% to Rs38,000 crore. In addition, what's heartening is another Rs22,000 crore that has been sanctioned but not yet disbursed," he said.

During the third quarter, corporate loan book grew 134% to Rs6,392 crore, the company said in a statement.

Income from financial services jumped by 46% to Rs1,316 crore, driven by the increase in the size of the loan book, it said.

In August, Piramal had received a licence to start a housing finance company (HFC). The HFC disbursed Rs491 crore as 31 December 2017, it said.

Besides, the company posted Rs1,022 crore revenue from the pharma business, up 7% from a year ago.

Piramal also said that the company is examining opportunities to re-enter the domestic prescription drug market after it sold its India business to Abbott Laboratories in 2010. He declined to share details.

"In pharma, we continuously look for acquisitions...if it makes strategic sense and if there is any value," he said. In November, PEL acquired Digeplex and the associated brands in the gastro-intestinal segment from Shreya Lifesciences for an undisclosed sum.



**Tech earnings preview: Giants post growth even as threats loom**

[bit.ly/2nraLNF](https://bit.ly/2nraLNF)