

'Will complete reverse merger of housing finance unit by fiscal end'

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CNBC-TV18

Piramal Enterprises Ltd on Tuesday said December quarter profit rose 21% to Rs490.47 crore, boosted by the performance of its financial services and pharmaceutical businesses.

Ajay Piramal, chairman of Piramal Group, said that the financial services business grew 68% in the quarter and its book now stands at Rs38,000 crore. On the pharmaceutical business, he expects growth to pick up in the next quarter. Edited excerpts from an interview:

You had a very good quarter, top line and bottom line both growing by more than 20%. You are seeing more growth in the financial services sector you were talking about, how that is outpacing pharma?

The financial services sector has grown by 68% in this quarter and now the book stands at Rs38,000 crore, not only has it grown the profitability has also increased significantly and the quality of assets.

We now have gross NPA of only 0.4%.

In addition to this the loans which have been sanctioned but have not yet been disbursed is another healthy Rs22,000 crore.

How is the housing finance business doing? You entered into that last quarter. At that point it was too early to tell. How has that been growing?

Housing finance has got good early start. We have been able to disburse about Rs490 crore already in the first quarter and we have a good outstanding book of loan which have been approved and yet

have to be disbursed.

And the big news coming in is that you have got Reserve Bank of India (RBI) approval for the reverse merger of the housing finance business. By when can we expect that to be completed?

We will complete this reverse merger by the end of this quarter or the end of the financial year.

Speaking a bit about the pharma business, I think that grew by 9% this quarter compared to last year. You are seeing headwinds there. How is that doing?

The pharma sector is doing well. A lot of what happens in this quarter—it is just a quarterly basis because many of our custom-

ers are global pharma companies and for them the year ending is December and therefore very often they curtail inventories and their ordering and we will see that the growth will pick up again in the first quarter of this year and so overall in the year the growth should be good.

You focus on over the counter when it comes to the pharma sector. The non-compete clause with Abbott, I believe, is ending this year. So any plans to get back into the formulations business. Is that something you are actively looking at?

There is something that we

are examining whether it makes sense for us to get into domestic formulations business but we have not made any decision yet. Our non-compete will end in September and after that if there is something to be done we will do so.

There have also been reports that you are tying up with JSW Steel and JFE to bid for Bhushan

Steel which is under the block as part of stressed asset sale. I understand you might not want to comment on this particular deal but lots of opportunities, any-

thing you are examining, are you looking actively at that space as well?

In the stressed asset space we have formed a joint venture which is with Bain and a fund called

India Resurgent Fund. We are both committed to put in money; \$100 million at the initial stage from ourselves as well as \$100 million Bain.

We are looking at several assets which we will bid for in the due course.

What sectors are exciting you the most? Is it steel and power because that is where more demand seems to be or are there other sectors?

You are right. Steel and power has big demand, cement has good opportunity as well as auto ancillaries, pharmaceuticals, chemicals these are some of the spaces that we are looking at.

We disbursed about Rs490 cr housing loans in first quarter, says Piramal Group chief Ajay Piramal

INTERVIEW