

COMPANIES P2

Piramal sells healthcare analytics biz for \$950 mn

Piramal Enterprises (PEL) on Friday said it would sell its healthcare insights and analytics business, Decision Resources Group (DRG), to Clarivate Analytics for \$950 million. The company said it decided to sell as it saw good value for its shareholders.

Piramal sells subsidiary to Clarivate for \$950 mn

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Piramal Enterprises (PEL) on Friday said it would sell its healthcare insights and analytics business Decision Resources Group (DRG) to Nasdaq-listed Clarivate Analytics for \$950 million.

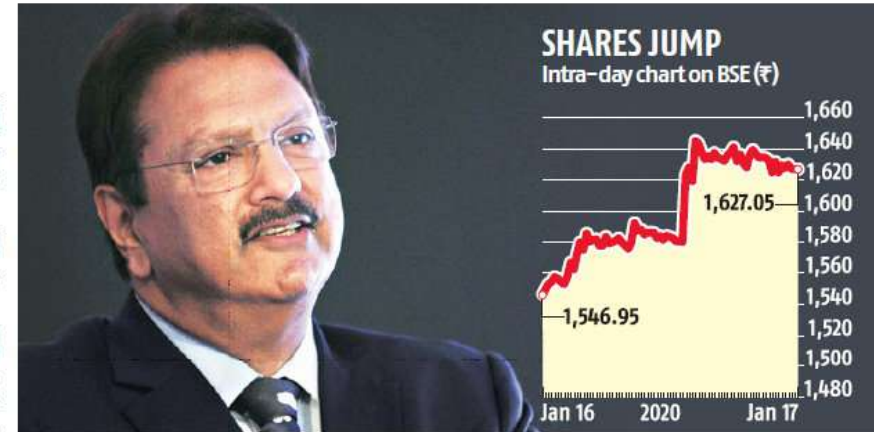
The company said this was a strategic investment for PEL and it decided to sell as it saw good value for its shareholders. The sale value is roughly five times DRG's annual sales.

Ajay Piramal, chairman of Piramal Group, said, "At PEL, we have always felt that we should do what is in the best interest of shareholders. When we got this valuation of 5x of sales we thought that it is a good valuation for our PEL shareholders."

Piramal said the firm got an attractive valuation at the time of selling its domestic formulation to Abbott, and that prompted the sale. "Same thing we did in Vodafone as well. Same here, we think it's a good valuation and PEL shareholders will benefit from this," Piramal said. He clarified that Piramal was not using DRG's analytics for its international pharma business.

PEL had initially invested \$650 million in 2012 to acquire DRG, of which \$260 million was infused as equity. It has realized 2.3-times its initial equity investment in rupee terms. PEL shares jumped around 5.5 per cent on the bourses on Friday after the deal announcement came in. PEL said, "As committed earlier, we are on track to bring in ₹10,000 crore of equity in PEL, along with the preferential allotment, where we raised capital from CDPQ and our ongoing rights issue." In the past year, the company has raised long-term capital of ₹24,000 crore to pare short-term liability.

It added that along with the ongoing equity



■ Deal to strengthen balance sheet along with ongoing equity capital raising plans

■ Co plans to raise around 20% equity capital in pharma biz where it is looking for inorganic opportunities

■ AJAY PIRAMAL has been a savvy investor making huge returns from his investments in Vodafone, sale of domestic drug biz

capital raising exercise in PEL, this transaction not only strengthens the company's balance sheet but also marks another step towards significantly unlocking its value in future.

The firm is also splitting its pharma business into subsidiaries and working towards raising another 20 per cent equity capital in the pharma business to tap organic and inorganic growth opportunities.

Clarivate Analytics is a \$5 billion worth company, a leading provider of insights and analytics with nearly \$1 billion in revenues, 4,300 employees in 42 countries.

Jere Stead, executive chairman and CEO, Clarivate Analytics, felt that this was a milestone acquisition, which doubles the size of Clarivate's life sciences business. With this acquisition, Clarivate will be well positioned in

the \$19 billion life sciences analytics market, which has seen double-digit growth, to support customers across the entire drug, device and medical technology lifecycle from research to outcome. Ajay Piramal has been an astute investor and savvy dealmaker that yielded him high returns over the years. When he sold his domestic formulation business to Abbott in 2010, the company was valued at more than nine times its sales. It was much more than the market benchmark valuations at that time.

Then again, in 2014, Piramal sold his 11 per cent stake in Vodafone India, reaping a windfall of 52 per cent return in just two years. PEL had sold the stake (comprising 45.4 million Vodafone shares) to Prime Metal, an indirect subsidiary of Vodafone, for ₹8,900 crore. Piramal had picked up the stake for ₹5,864 crore.