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Carlyle, Piramal Pharma ink 20% strategic growth investment

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Integrate Piramal Enterprisesâ?? pharma businesses into its subsidiary Piramal Pharma Limited



Piramal Enterprises Limitedand The Carlyle Group have announced that CA Clover Intermediate II Investments, an affiliated entity of CAP V Mauritius Limited, an investment fund managed and advised by affiliated entities of The Carlyle Group Inc., has agreed to invest fresh equity capital for a 20% stake in Piramal Pharma Limited, a wholly owned subsidiary of Piramal Enterprises Limited that will contain its pharmaceutical businesses.

The transaction values the Pharma Business at an enterprise value (EV) of US$2,775 million with an upside component of up to US$360 million depending on the company's FY21 performance.

Based on the EV (excluding the upside component), exchange rate and pharma net debt as on 31st March 2020, the estimated equity capital investment for Carlyle's 20% stake in Piramal Pharma would amount to ~US$490 million. The final amount of equity investment will depend on the net debt, exchange rate and performance against the pre-agreed conditions at the time of closing of the deal.

Piramal Pharma will include (a) Piramal Pharma Solutions, an end-to-end contract development and manufacturing (CDMO) business; (b) Piramal Critical Care, a complex hospital generics business selling specialized products across over 100 countries; (c) Consumer Products Division, a consumer healthcare business selling over-the-counter products in India; and (d) PEL's investment in the joint venture with Allergan India, a leader in ophthalmology in the domestic market and Convergence Chemicals Private Limited.

This transaction is one of the largest private equity deals in the Indian pharmaceutical sector, and is expected to close in 2020, subject to customary closing conditions and regulatory approvals.

Ajay Piramal, Chairman, Piramal Enterprises Limited, said, "We are pleased to announce the strategic growth investment by Carlyle, a marquee global investor, in Piramal Pharma. This is an affirmation of the strength of our ability to build new, attractive and scalable businesses with a significant runway for continued organic growth and opportunities for consolidation. This infusion of funds will further strengthen our balance sheet and provide us with a war chest for the next phase of our strategy. We are pleased to have an investor of this caliber join the Piramal family and continue our stellar track record of partnerships."

Neeraj Bharadwaj, Managing Director, Carlyle Asia Partners advisory team, said, "Piramal Pharma has built a strong, diversified pharma business with a solid market position and scale in each of its core business segments of Pharma Solutions, Critical Care and Consumer Products. Given global pharma industry trends, we see attractive opportunities for organic as well as inorganic growth in each of these businesses. We are excited to work with the company's experienced management team, and will leverage our global network, extensive knowledge of the healthcare sector, and operating experience to seek to expand its platform, develop strategic opportunities and facilitate broader market access."