

Piramal Enterprises Limited
 December 30, 2020

Ratings

| Instruments/ Facilities | Rated Amount (Rs. crore) | Rating ¹ | Rating Action |
|---|--|---------------------|---------------|
| Long term bank facilities-Term loan | 1,200 (reduced from Rs.3,200 crore) (Rs. One Thousand Two Hundred crore only) | CARE AA; Stable | Reaffirmed |
| Short term bank facilities- Fund based | 1,200 (reduced from Rs.2,600 crore) (Rs. One Thousand Two Hundred crore only) | CARE A1+ | Reaffirmed |
| Short term bank facilities- Non fund based | Nil (reduced from Rs.200 crore) | - | Withdrawn |
| Total Bank Facilities | Rs.2,400 crore (reduced from Rs.6,000 crore) (Rs. Two Thousand Four Hundred crore only) | | |
| Non-Convertible Debentures | 6,600 (Rs. Six Thousand Six Hundred crore only) | CARE AA; Stable | Reaffirmed |
| Commercial Paper | 6,000 (Rs. Six Thousand crore only) | CARE A1+ | Reaffirmed |
| Fund based-Short term (InterCorporate Deposits) | 250 (Rs. Two Hundred and Fifty crore only) | CARE A1+ | Reaffirmed |
| Short term Non-Convertible Debentures | 500 (Rs. Five Hundred crore only) | CARE A1+ | Reaffirmed |

Details of instruments/facilities in Annexure-1

CARE has withdrawn the ratings assigned to bank facilities worth Rs.3,600 crore on company's request as per CARE's withdrawal policy

Detailed Rationale & Key Rating Drivers

The rating of Piramal Enterprises Limited (PEL), derives strength from established track record of the promoter group in building and scaling up businesses, presence in diversified segments like real estate, healthcare, financial services and glass manufacturing, strong and experienced management team.

The rating positively factors in PEL's adequate financial flexibility being the holding company of the group, demonstrated fund raising/refinancing ability and monetizable investments in entities of Shriram group. The rating also factors in increase in scale of operations and accredited manufacturing facilities with well-equipped R&D facilities across geographies.

The group has demonstrated resource raising ability as PEL (the flagship holding company of the group) has raised nearly Rs.14,500 crore of equity capital during FY20 (refers to period from April 01 to March 31) including fresh equity capital of Rs.5,400 crore, ~Rs.6,750 crore through sale of its healthcare and analytics business and ~Rs.2,300 crore by way of sale of investment in a Shriram group entity. This provides cushion to the PEL's ability to absorb any external shocks in financial services business.

During FY21, PEL has transferred its Pharmaceuticals (Pharma) business to its newly formed subsidiary 'Piramal Pharma Limited' (PPL). PPL raised ~Rs.3,500 crore from Carlyle group by diluting its 20% shareholding. These fund raising has enabled PEL to reduce its leverage on consolidated level. CARE also takes note of PEL's plan to exit from its investment in the Shriram group during FY21 which will further deleverage its balance sheet and provide comfort.

Further, PEL on a consolidated level has raised debt resources to the tune of ~Rs.13,500 crore during FY20 and ~Rs.12,000 crore during FY21 till November 30, 2020, largely from public sector banks in recent times and has been able to refinance the immediate term maturities in view of overall slowdown witnessed in the real estate segment. The risk aversion in the market continues towards the NBFC / HFC sector in general and wholesale lending focused nonbanking lenders in particular which have seen challenges in resource mobilization in recent times.

The aforementioned rating strengths are partially constrained by PEL's moderately seasoned loan book and moderation in asset quality as well as significant exposure to the real estate sector (PEL has significant capital employed in financial services subsidiaries) in its financial services segment.

Further, the client concentration in the loan portfolio given the large ticket size of loans to real estate developers continues to remain high. The real estate sector which was already facing challenges in terms of access to funding and slow sales leading to increase in inventory levels was further impacted on account of nation-wide lockdown due to COVID-19 in terms of

¹Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

slower construction due to migrant workers shifting as well as lower demand on the back of fall in economic activity. The sector is expected to see further consolidation over the medium term.

The group has been taking steps to reduce the proportion of wholesale book either by sell down of its exposures, refinance or other measures and has plan to reduce the level and proportion of real estate exposures in the near to medium term and bring in more granularity to the loan book by reducing the borrower concentration. CARE will continue to monitor the progress on the same and would take suitable action if required.

The rating also factors in moderation in profitability during FY20 as the company has made one-time conservative provisioning for expected credit loss on account of Covid-19 and one time MAT credit reversal and accounting write-off of Deferred Tax Assets (DTA) due to opting of lower tax rate under new tax regime.

The risk aversion in the market continues towards the NBFC / HFC sector in general and wholesale lending focused nonbanking lenders in particular which has seen challenges in resource mobilization in recent times. Therefore, continuous mobilization of resources and maintaining adequate liquidity in the current operating environment in the financial services businesses is a key rating monitorable for PEL.

Going ahead, PEL's ability to continuous mobilize resources, maintaining adequate liquidity and maintaining asset quality for PEL (financial services business) in the current operating environment is a key rating monitorable.

Positive Factors - Factors that could lead to positive rating action/upgrade:

- Substantial reduction in exposure to real estate segment in overall loan book and single group exposure of consolidated tangible net worth on a sustained basis.
- Gross NPA below 0.5% in the financial services business

Negative Factors - Factors that could lead to negative rating action/downgrade:

- Any delay in planned reduction in the real estate loan book of PEL – Financial services business by March 31, 2021
- Mismatch in asset liability maturities and challenges in raising long term funding.
- Further deterioration in asset quality (Gross NPA) from current levels.
- Decline in PBIT margins in pharma segment below 15% on a sustained basis.

PEL derives more than 50% of its revenues and profit from Financial services business carried out by its NBFC and HFC subsidiaries. The spread of the COVID-19 pandemic has led to a nation-wide lockdown which is likely to impact the overall growth and collections of NBFCs/HFCs sector. As a result, in CARE's view the credit risk profile of NBFCs/HFCs is expected to deteriorate over the medium term. Liquidity profile, resource raising ability, funding support from parent/group and exposure to vulnerable asset classes and operating profiles in terms of geographies and borrower types would be critical monitorable factors in the NBFCs/HFCs sector.

CARE will continue to assess on the impact on the key business and financial parameters of NBFCs/HFCs sector and shall take appropriate rating actions if needed.

Detailed description of the key rating drivers

Key Rating Strengths

Strong and resourceful promoters along with experienced management team

PEL is the flagship company of Piramal group spearheaded by Mr. Ajay Piramal (Chairman). The Group is a diversified Indian business house with interests in Financial Services businesses, Pharma (CDMO, Critical Care, OTC), and Healthcare Insights & Analytics segment which was sold off in Q4FY20 for a consideration of US \$950 Million (~Rs.6,750 crore). PEL is one of the major global pharma Contract Development and Manufacturing Organizations (CDMO) and has entire inhalation anaesthetic product portfolio. The Board is ably supported by experienced senior management team heading various verticals with adequate and relevant experience in their respective fields.

Accredited manufacturing facilities with well-equipped R&D facilities across geographies:

The company has flexibility and scalability of operations, with investments in network of contract development and manufacturing facilities located in North America, Europe and Asia with US FDA and UK MHRA approval for all the major sites including Grangemouth, Morpeth in Europe, Canada and Kentucky in US and Ahmedabad, Pithampur and Digwal in India. The company in total has 14 manufacturing plants located across India, North America, United Kingdom, etc. The company has cleared 36 US FDA inspections, 169 other regulatory inspections and 1,130 customer audits across all its facilities.

Adequate financial flexibility supported by investments in Shriram group, equity infusion, and comfortable gearing levels

PEL has been raising equity capital and has been providing growth capital to its subsidiaries including Pharma and financial services. During FY20, PEL raised nearly Rs.14,500 crore of capital in the form of 10% stake sale in Shriram Transport of Rs.2,300 crore, Sale of its Healthcare and Analytics business to Clarivate Analytics for Rs.6,750 crore, Rights issue of Rs.3,650 crore including promoter investment of Rs.1,600 crore and further, Rs.1,750 crore by Preferential allotment to CDPQ. Furthermore to add comfort to capital requirement, PEL has financial flexibility in terms of its holdings in Shriram Group. Majority of the issuance was further utilised for the purpose of deleveraging.

The group has plans to convert PEL into a holding company which will hold investments into pharma and financial services business in the medium term. As a part of the transformation, the group has transferred its Pharma Business assets from PEL to Piramal Pharma Ltd (PPL), a wholly owned subsidiary of PEL. The group has divested 20% shareholding in PPL to Carlyle Group raising Rs.3,500 crore, valuing the Pharma business at ~2.775 billion USD (~Rs.20,500 crore).

PEL (consolidated) has been raising capital and reducing the leverage over the last two years. On a consolidated basis, PEL has raised significant amount of Debt in H1FY21 to the tune of Rs.11,571 crore, of which around 79% of the Debt raised is Long Term has a long term maturity (>3 years) largely from the public sector banks leading to a positive asset liability profile. PEL (consolidated) reported net worth of Rs.31,475 crore as on September 30, 2020 with Gross debt of Rs.42,749 crore leading to overall gearing of 1.36 times as compared to net worth of Rs.27,233 crore and total Gross debt of Rs.56,040 crore with overall gearing of 2.06 times as on March 31, 2019. The net debt post Pharma deal inflow stands at Rs.33,457 crore as on October 06, 2020 (provisional).

Key Rating Weaknesses

Heightened regulatory and pricing risks

PEL (pharma division) has its presence in more than 100 countries across the world and has 14 manufacturing plants across India, North America, United Kingdom, etc. Considering the nature of the product usage and application, and consequent impacts, PEL is required to comply with various laws, rules and regulations and operate under strict regulatory environment. Thus, infringement in any of the law, and any significant adverse change in the import/export policy or environmental/regulatory policies in the area of operations of the company, can have a serious consequence on the operations of the company.

Nevertheless, the company is continuously taking adequate steps to address the regulatory risks. Further, all manufacturing sites of Pharma Solutions continue to successfully clear regulatory audits, conducted by various leading global regulatory agencies. Since start of FY12, the company has cleared 36 USFDA inspections, 169 other regulatory audits and 1,130 customer audits.

Moderation in profitability, largely on account of one time provisioning for expected credit loss on account of Covid-19 and reversal of MAT credit as well DTA write-off under new tax regime

During FY20, the pharma Business reported revenue of Rs.5,419 crore as compared to Rs.4,786 crore in FY19, majorly driven by growth across all the segments. Further Pharma business contributed 41.47% to the total operating income in FY20 as compared to 40.28% in FY19. Further, PEL's Pharma business reported EBITDA margins of 26% as compared to 21% in FY19, the improvement in the margins driven by synergies from acquisitions, growth from high margin businesses, strong distribution networks, higher capacity utilization and backward integration of raw materials.

Further the revenue moderately deteriorated in H1FY21 (refers to period from April 01 to September 30), the pharma business reported revenue of Rs.2,479 crore marginally lower than Rs.2,489 crore reported in H1FY20, contributing 44% to PEL's overall revenue, majorly on account of some near-term demand challenges in inhalation anesthesia as surgeries were suspended across many geographies due to concerns related to the pandemic, however, the business showed an improved performance over Q1FY21 in Q2FY21, backed by the business witnessing improved demand for products used in surgical procedures. The pharma business reported EBITDA margins of 16.09% as compared to 21.95% in H1FY20.

The financial services business reported revenue of Rs.7,649 crore as compared to Rs.7,063 crore in FY19, the increase in the revenues, majorly driven by increased yields in the loan portfolio partially offset by reduction in the AUM, contributing 58.53% of the total operating income as compared to 59.44% in FY19. The financial services business reported EBITDA of Rs.355 crore for FY20 as against Rs.2,450.74 crore for FY19. The major reason for subdued performance in financial services business is on account of one time conservative ECL provision at Rs.1,903 crore during Q4FY20 on account of COVID-19. As a result of this increase in provisions, the total provisions have increased from Rs.947 crore (1.8% of total asset book) as on December 31, 2019, to Rs.2,963 crore (5.8% of total loan book) as on March 31, 2020.

Further, the revenues declined in H1FY21 (-5% on YoY basis) majorly on account of business getting impacted by the pandemic. Further, PEL reported marginal deterioration in the EBITDA margins to 33% as compared to 37% in H1FY20.

On an overall level PEL reported Net profit of Rs.21 crore as compared to Rs.1,464 crore in FY19, the deterioration in profitability was majorly on account of one-time DTA write-off and MAT credit reversal of Rs.1,758 Crores on adoption of the new income tax regime by the Company and some of its Indian subsidiaries, and the one time incremental conservative ECL provision in the Financial Services business of Rs.1,903 Crores (or Rs.1,411 Crores, net of taxes) on account of Covid-19.

Intense competition from both MNCs and Indian companies in India and abroad for Pharmaceutical segment

PEL (pharma division) is present largely in the outsourced (Contract Development & Manufacturing Organisation (CDMO) its pharma solutions business (largest contributor to revenue). The company faces intense competition in the domestic as well as regulated markets that it operates in. Pricing pressure, increasing regulation, increased sensitivity towards product performance are the key issues in the pharmaceutical industry.

Significant sectoral exposure primarily to real estate sector and moderation in asset quality

As on September 30, 2020, real estate loan exposure of PEL constitutes 79% of the AUM (Rs. 48,460 crore) as compared to 75% as on March 31, 2020 and 72% as on March 31, 2019. The increase in real estate concentration is largely on account of significant reduction in non-Real estate loan book over past 6 months and real estate exposures sell down deals traction took a hit on account of lockdown. On account of which, the overall AUM has reduced significantly to Rs.48,460 crore as compared to Rs.48,374 crore and Rs.54,760 as on March 31, 2019.

The continued stress in real estate may pose asset quality challenges going forward. In general, PEL's Real estate loans typically had principal moratorium of 6 months and above (depending on loan to loan basis). PEL (Consolidated) has established a strong developer network along with real estate research arm which has benefited the company to invest and exit the exposure at various stages which provides comfort.

The group has plans to reduce the proportion of wholesale lending portfolio while increasing the proportion of retail lending in the medium term. The group has plans to significantly reduce its wholesale lending portfolio by around 15-20% by end of FY21 (as compared to September 30, 2020), largely on account of reduction in real estate exposures via prepayment / sell-down / refinance of exposures.

On consolidated level financial services business, the company reported Gross NPAs of to 2.5% as on September 30, 2020, up from 0.9% as on September 30, 2019 with Net NPA of 1.6% and Provisioning coverage ratio at 237%. While company has adequate provisioning for NPA's as on date, asset quality will remain key monitorable going forward.

High client concentration in the lending portfolio

As on September 30, 2020, the loan book of PEL is largely wholesale in nature and has significant borrower concentration. PEL's top 10 group exposures constituted around 32% (March 31, 2020: 33% and March 31, 2019: 34%) of the wholesale AUM as on September 30, 2020 and 44% of tangible net worth as on September 30, 2020. CARE has noted that PEL plans to bring down the top exposures down in near term.

The company is expected to ramp up its housing finance business as well as consumer finance lending products (expected to be launched in H2FY21), which is expected to increase the granularity of the portfolio. The pace of diversification and de-risking of portfolio will remain key monitorable.

Liquidity: Adequate

PEL on a consolidated level had cash and cash equivalents of around Rs.5,578 crore as on September 30, 2020 (March 31, 2020: Rs.4,341 crore). PEL also has strong financial flexibility being holding company of the group, further it also has minority stake in Shriram Group as an additional buffer.

As per the asset liability maturity (ALM) statement of Piramal capital & housing finance limited and PHL Fininvest Private Limited as on September 30, 2020, it has debt repayments (Including Interest) of Rs.13,243 crore towards which the company has scheduled repayments to the extent of Rs.15,898 crore and free cash and cash equivalents of Rs.4,229 crore.

Analytical approach: Consolidated

CARE has assessed credit risk profile of PEL by considering the consolidated financial statements owing to financial and operational linkages between the parent and subsidiaries. Details of consolidated entities is mentioned in annexure.

Applicable Criteria

[Criteria on assigning Outlook and Credit Watch to Credit Ratings](#)

[CARE's Policy on Default Recognition](#)

[Criteria for Short Term Instruments](#)

[Rating Methodology-Pharmaceutical Sector](#)

[Financial ratios-Non-Financial Sector](#)

[Policy on withdrawal of ratings](#)

About the Company – Piramal Enterprises Limited (PEL)

Piramal Enterprises Limited (PEL) is part of the Ajay Piramal group of companies with presence in Pharmaceuticals (CRAMS, Critical Care, Over the Counter (OTC), Healthcare Insights & Analytics segment which was divested in H2FY20 and financial services business (through wholly owned subsidiary). The company has presence in more than 100 countries and manufacturing bases in India, UK and North America.

In Pharma, the company operates through an end-to-end manufacturing capabilities across 13 global facilities and a large global distribution network to over 100 countries. PEL has differentiated itself in niche pharma products, critical care and provides an entire pool of integrated pharma services including in the areas of injectable, HPAPIs (High Potency Active Pharmaceutical Ingredients), ADCs (Antibody Drug Conjugates) etc. The Company is also focusing on growing the Consumer Products segment in India.

In this, PEL provides healthcare analytics, data and insight products and services to the world's leading pharma, biotech and medical technology companies. This enables customers to make informed business decisions and minimise commercial challenges.

In the financial services business, Piramal Capital & Housing Finance Limited (PCFHL), a wholly owned subsidiary of PEL, is registered as housing finance company with National Housing Bank (NHB) and is engaged in wholesale financing to real estate developers and corporate clients [Corporate finance group (CFG) and emerging corporate lending(ECL)], and retail housing loans to individual customers. CFG provides customised funding solutions to companies across sectors such as infrastructure, renewable energy, roads, industrials, auto components etc. while ECL focuses on lending towards Small and Medium Enterprises (SMEs). The company also has incorporated wholly owned subsidiary namely PHL Fininvest Private Limited, which is engaged in lending to real estate developers, corporate clients, and emerging corporates. The said entity was formed to adhere with guidelines stated by regulatory bodies for single entity exposure.

| Brief Financials (Rs. crore) - PEL | FY19 (A) | FY20 (A) |
|------------------------------------|----------|----------|
| Total operating income | 11,883 | 13,068 |
| PBILDT | 7,043 | 7,248 |
| PAT | 1,464 | 21 |
| Overall gearing (times) | 2.06 | 1.38 |
| Interest coverage (times) | 1.72 | 1.36 |

A: Audited; IND AS

All ratios are as per CARE's calculation

Status of non-cooperation with previous CRA: NA

Any other information: NA

Rating History for last three years: Please refer Annexure-2

Annexure-1: Details of Instruments/Facilities

| Name of the Instrument | ISIN | Date of Issuance | Coupon Rate | Maturity Date | Size of the Issue (Rs. crore) | Rating assigned along with Rating Outlook |
|--|--------------|------------------|-------------|---------------|-------------------------------|---|
| Bank Facilities - Fund Based – LT – Term Loan | - | - | - | - | 1,200.00 | CARE AA; Stable |
| Bank facilities - Non-Fund –based - ST - BG/LC | - | - | - | - | - | Withdrawn |
| Bank Facilities - Fund-based –ST- Working Capital Limits | - | - | - | - | 1,200.00 | CARE A1+ |
| Debentures-Non-Convertible Debentures | INE140A07575 | 30-Dec-19 | 10.25% | 29-Jun-21 | 1,600.00 | CARE AA; Stable |
| Debentures-Non-Convertible Debentures | INE140A07559 | 16-Jan-20 | 10.25% | 30-Jun-21 | 150.00 | CARE AA; Stable |
| Debentures-Non-Convertible Debentures | INE140A07567 | 21-Jan-20 | 9.00% | 06-May-22 | 300.00 | CARE AA; Stable |
| Debentures-Non-Convertible Debentures | INE140A07179 | 31-Jul-18 | 9.75% | 14-Jul-26 | 35.00 | CARE AA; Stable |
| Debentures-Non-Convertible Debentures | INE140A07203 | 31-Jul-18 | 9.57% | 19-Jul-21 | 10.00 | CARE AA; Stable |
| Debentures-Non-Convertible Debentures | INE140A07211 | 31-Jul-18 | 9.75% | 14-Jul-26 | 5.00 | CARE AA; Stable |
| Debentures-Non-Convertible Debentures | INE140A07583 | 30-Mar-20 | 10.25% | 30-Jun-21 | 750.00 | CARE AA; Stable |

| | | | | | | |
|---------------------------------------|--------------|-----------|-------|-----------|----------|-----------------|
| Debentures-Non-Convertible Debentures | INE140A07591 | 21-May-20 | 8.55% | 19-May-23 | 500.00 | CARE AA; Stable |
| Debentures-Non-Convertible Debentures | INE140A07609 | 25-Jun-20 | 9.00% | 26-Jun-23 | 2,590.00 | CARE AA; Stable |
| Debentures-Non-Convertible Debentures | INE140A07617 | 07-Jul-20 | 9.50% | 07-Jul-20 | 76 | CARE AA; Stable |
| Debentures-Non-Convertible Debentures | Proposed | - | - | - | 584 | CARE AA; Stable |
| Short Term Non Convertible Debentures | INE140A07625 | 31-Aug-20 | 7.95% | 28-Dec-20 | 50 | CARE A1+ |
| Short Term Non Convertible Debentures | Proposed | - | - | - | 450 | CARE A1+ |
| Inter Corporate Deposit | - | - | - | - | 250 | CARE A1+ |
| Commercial Papers | - | - | - | - | 6,000 | CARE A1+ |

Annexure-2: Rating History of last three years

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|--|-----------------|--------------------------------|-----------------|---|---|---|--|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2020-2021 | Date(s) & Rating(s) assigned in 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 |
| 1. | Debentures-Non Convertible Debentures | LT | 2,500 | CARE AA; Stable | - | 1)CARE AA; Stable (30-Dec-19) | - | - |
| 2. | Debentures-Non Convertible Debentures | LT | 100.00 | CARE AA; Stable | - | 1) CARE AA; Stable (30-Dec-19) 2)CARE AA; Stable (06-May-19) | 1)CARE AA; Stable (14-Sep-18) | 1)CARE AA; Stable (29-Nov-17) |
| 3. | Commercial Paper | ST | 5000.00 | CARE A1+ | 1) CARE A1+ (28-Apr-20) | 1) CARE AA; Stable (30-Dec-19) 2)CARE A1+ (06-May-19) | 1)CARE A1+ (14-Sep-18) | 1)CARE A1+ (29-Nov-17) 2)CARE A1+ (29-Sep-17) |
| 4. | Fund-based - LT-Term Loan | LT | 1200.00 | CARE AA; Stable | - | 1) CARE AA; Stable (30-Dec-19) 2)CARE AA; Stable (06-May-19) | 1)CARE AA; Stable (14-Sep-18) | - |
| 5. | Inter Corporate Deposit | ST | 250.00 | CARE A1+ | - | 1) CARE A1+ (30-Dec-19) 2)CARE A1+ (06-May-19) | 1)CARE A1+ (14-Sep-18) | - |
| 6. | Commercial Paper | ST | 1000.00 | CARE A1+ | 1) CARE A1+ (28-Apr-20) | 1) CARE A1+ (30-Dec-19) 2)CARE A1+ (06-May-19) | 1)CARE A1+ (14-Sep-18) | - |
| 7. | Non-fund-based - ST-BG/LC | ST | 0.00 | Withdrawn | - | 1)CARE A1+ (30-Dec-19) 2)CARE A1+ (06-May-19) | 1)CARE A1+ (14-Sep-18) | - |

| Sr. No. | Name of the Instrument/Bank Facilities | Current Ratings | | | Rating history | | | |
|---------|--|-----------------|--------------------------------|-----------------|---|--|---|---|
| | | Type | Amount Outstanding (Rs. crore) | Rating | Date(s) & Rating(s) assigned in 2020-2021 | Date(s) & Rating(s) assigned in 2019-2020 | Date(s) & Rating(s) assigned in 2018-2019 | Date(s) & Rating(s) assigned in 2017-2018 |
| 8. | Fund-based - ST-Working Capital Limits | ST | 1,200 | CARE A1+ | - | 1) CARE A1+ (30-Dec-19) 2) CARE A1+ (06-May-19) | 1) CARE A1+ (14-Sep-18) | - |
| 9. | Debentures-Non Convertible Debentures | ST | 500.00 | CARE A1+ | - | 1) CARE A1+ (30-Dec-19) | 1) CARE A1+ (07-Mar-19) | - |
| 10. | Debentures-Non Convertible Debentures | LT | 1,000 | CARE AA; Stable | - | 1) CARE AA; Stable (30-Mar-20) | - | - |
| 11. | Debentures-Non Convertible Debentures | LT | 3,000 | CARE AA; Stable | 1) CARE AA; Stable (24-Apr-20) | - | - | - |

Annexure 3: Entities considered for consolidation

| Sr. no. | Subsidiary | Extent of Consolidation (%) | Rationale for consolidation |
|---------|--|-----------------------------|-----------------------------|
| 1 | PHL Finvest Private Limited | 100 | Wholly owned Subsidiary |
| 2 | Searchlight Health Private Limited | 51 | Partially owned Subsidiary |
| 3 | Piramal International | 100 | Wholly owned Subsidiary |
| 4 | Piramal Holdings(Suisse) SA | 100 | Wholly owned Subsidiary |
| 5 | Piramal Critical Care Italia,SPA | 100 | Wholly owned Subsidiary |
| 6 | Piramal Critical Care Deutschland GmbH | 100 | Wholly owned Subsidiary |
| 7 | Piramal Critical Care Limited | 100 | Wholly owned Subsidiary |
| 8 | Piramal Healthcare(Canada) Limited | 100 | Wholly owned Subsidiary |
| 9 | Piramal Critical Care B.V. | 100 | Wholly owned Subsidiary |
| 10 | Piramal Pharma Solutions B.V. | 100 | Wholly owned Subsidiary |
| 11 | Piramal Critical Care Pty.Ltd. | 100 | Wholly owned Subsidiary |
| 12 | Piramal Healthcare UK Limited | 100 | Wholly owned Subsidiary |
| 13 | Piramal Healthcare Pension Trustees Limited | 100 | Wholly owned Subsidiary |
| 14 | Piramal Critical Care South Africa(Pty) Ltd | 100 | Wholly owned Subsidiary |
| 15 | Piramal Dutch Holdings N.V. | 100 | Wholly owned Subsidiary |
| 16 | Piramal Healthcare Inc. | 100 | Wholly owned Subsidiary |
| 17 | Piramal Critical Care,Inc | 100 | Wholly owned Subsidiary |
| 18 | Piramal Pharma Inc. | 100 | Wholly owned Subsidiary |
| 19 | Piramal Pharma Solutions Inc. | 100 | Wholly owned Subsidiary |
| 20 | PEL Pharma Inc. | 100 | Wholly owned Subsidiary |
| 21 | Ash Stevens LLC | 100 | Wholly owned Subsidiary |
| 22 | Piramal Dutch IM Holdco B.V. | 100 | Wholly owned Subsidiary |
| 23 | PEL-DRG Dutch Holdco B.V. | 100 | Wholly owned Subsidiary |
| 24 | Piramal Capital and Housing Finance Limited | 100 | Wholly owned Subsidiary |
| 25 | Piramal Fund Management Private Limited | 100 | Wholly owned Subsidiary |
| 26 | Piramal Asset Management Private Limited | 100 | Wholly owned Subsidiary |
| 27 | Piramal Investment Advisory Services Private Limited | 100 | Wholly owned Subsidiary |
| 28 | Piramal Investment Opportunities Fund | 100 | Wholly owned Subsidiary |
| 29 | INDIAREIT Investment Management Private Limited | 100 | Wholly owned Subsidiary |
| 30 | Piramal Asset Management Private Limited | 100 | Wholly owned Subsidiary |
| 31 | Piramal Capital International Limited | 100 | Wholly owned Subsidiary |
| 32 | Piramal Securities Limited | 100 | Wholly owned Subsidiary |

| | | | |
|----|--|-----|-------------------------|
| 33 | Piramal Systems & Technologies Private Limited | 100 | Wholly owned Subsidiary |
| 34 | Piramal Technologies SA | 100 | Wholly owned Subsidiary |
| 35 | PEL Finhold Private Limited | 100 | Wholly owned Subsidiary |
| 36 | Piramal Consumer Products Private Limited | 100 | Wholly owned Subsidiary |
| 37 | Piramal Pharma Limited | 100 | Wholly owned Subsidiary |

Annexure 4: Complexity Level of various Instruments rated of this company

| Sr. No. | Name of the Instrument | Complexity level |
|---------|--|------------------|
| 1 | Bank Facilities - Fund Based – LT – Term Loan | Simple |
| 2 | Bank facilities - Non - Fund –based - ST - BG/LC | Simple |
| 3 | Bank Facilities - Fund-based –ST- Working Capital Limits | Simple |
| 4 | Long Term Instruments – Non Convertible Debentures | Simple |
| 5 | Short Term Instruments – Non Convertible Debentures | Simple |
| 6 | Commercial Paper | Simple |
| 7 | Short Term Instruments - Inter Corporate Deposit | Simple |

Note on complexity levels of the rated instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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