

Carlyle and Piramal Pharma Sign Agreement on a 20% Strategic Growth Investment

- **Integrate Piramal Enterprises' pharma businesses into its subsidiary Piramal Pharma Limited**
- **Capital Raise to accelerate Piramal Pharma's organic and inorganic growth plans**
- **Carlyle's global healthcare experience to bring significant value to Piramal Pharma**

June 27, 2020 | Mumbai, India: Piramal Enterprises Limited ("PEL", NSE: PEL, BSE: 500302, 912460) and The Carlyle Group today 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. (collectively, "Carlyle", NASDAQ: CG), has agreed to invest fresh equity capital for a 20% stake in Piramal Pharma Limited ("Piramal Pharma"), a wholly owned subsidiary of Piramal Enterprises Limited that will contain its pharmaceutical businesses ("Pharma Business"). 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.”

Nandini Piramal, Executive Director, Piramal Enterprises, said “We are delighted to partner with Carlyle, which has extensive experience in the healthcare sector. They impressed us with their understanding of our business, expertise in the sector, global mindset and capabilities, and collaborative approach to long-term partnerships. These strengths will be invaluable as we seek to accelerate our growth trajectory. This fresh growth investment into our pharma business will be used as growth capital for the pharma businesses to expand capacity across our sites as well as to tap attractive acquisition opportunities within and outside India. In the interim, the proceeds from this capital raise may also enable us to further strengthen our balance sheet through deleveraging in the near term.”

Greg Zeluck, Co-Head, Carlyle Asia Partners advisory team, said, “This investment marks the beginning of an important partnership with the Piramal family, and further underscores our commitment to the Indian market. India is a hugely strategic part of Carlyle’s Asia business, and a market where we continue to see many attractive investment opportunities where we believe we can collaborate with management teams to drive long-term value for companies and stakeholders.”

PEL has demonstrated a three-decade track record of growth and re-invention in pharma. Following the sale of its domestic pharma business to Abbott in 2010 for US\$3.8 billion, the company has demonstrated its ability to build a solid and resilient pharma business over the last 10 years. Leveraging its differentiated business model and strong quality track record, PEL’s pharma revenue since the Abbott deal has grown 3.5 times at a CAGR of 15% from ₹1,537Cr in FY11 to ₹5,419Cr in FY20. In this period, the pharma business EBITDA has gone up 13.0 times at a CAGR of 33% from ₹110Cr in FY11 to ₹1,436Cr in FY20 (excluding financials of Allergan and CCPL JV), resulting in a significant improvement in the EBITDA Margin from 7% in FY11 to 26% in FY20.

Carlyle has a well-established history of investing in the healthcare sector, both in India and globally, fueled by a deep understanding of the market and an ability to create value through its operational expertise and close partnerships with management. Last month, the firm announced its majority stake investment in SeQuent Scientific, the largest Indian pure-play animal healthcare company, which is expected to close in the third quarter of 2020. Its other investments in the Indian healthcare sector include Medanta Medicity Hospital, a leading hospital in the National Capital Region of Delhi, and Metropolis Healthcare, a chain of diagnostic centers and laboratories.

Globally, Carlyle has strong experience in the pharmaceutical services sector, having invested in Albany Molecular Research (AMRI), a global contract research, development and manufacturing organization (CDMO), PPD, a leading global contract research organization (CRO), and Ambio, a global pharmaceutical ingredient manufacturer.

Carlyle is a long-standing global investment firm in India, making investments in India since 2000. With global resources, deep industry expertise and strong local knowledge, Carlyle has invested more than US\$2.5 billion in India as of March 31, 2020. Notable investments in India include SBI Life, SBI Card, HDFC, India Infoline, Delhivery and PNB Housing Finance.

Rothschild & Co served as financial advisor; Cyril Amarchand Mangaldas and Covington & Burling LLP served as legal advisors to PEL on this transaction. J.P. Morgan served as financial advisor and AZB & Partners and White & Case served as legal advisors to Carlyle.

About The Carlyle Group

The Carlyle Group (NASDAQ: CG) is a global investment firm with deep industry expertise that deploys private capital across four business segments: Corporate Private Equity, Real Assets, Global Credit and Investment Solutions. With \$217 billion of assets under management as of March 31, 2020, Carlyle's purpose is to invest wisely and create value on behalf of its investors, portfolio companies and the communities in which we live and invest. The Carlyle Group employs more than 1,775 people in 32 offices across six continents. Further information is available at www.carlyle.com. Follow The Carlyle Group on Twitter @OneCarlyle.

About Piramal Enterprises Limited:

Piramal Enterprises Limited (PEL) is one of India's large diversified companies, with presence in Financial Services and Pharmaceuticals. PEL's consolidated revenues were ~US\$1.7 billion in FY2020, with ~34% of revenues generated from outside India.

In Pharma, through end-to-end manufacturing capabilities across 13 global facilities and a large global distribution network to over 100 countries, PEL sells a portfolio of niche differentiated pharma products and provides an entire pool of pharma services (including in the areas of injectable, HPAPI etc.). The Company is also strengthening its presence in the Consumer Product segment in India.

In Financial Services, PEL offers a complete suite of financial products in both wholesale and retail financing across sectors. The Group has long-standing partnerships with leading institutional investors such as CPPIB, APG, Ivanhoé Cambridge (subsidiary of CDPO) and Bain Capital Credit. PEL also has equity investments in the Shriram Group, a leading financial conglomerate in India.

PEL is listed on the BSE Limited and the National Stock Exchange of India Limited in India.

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