April 29, 2022

Piramal Capital & Housing Finance Limited (erstwhile Dewan Housing Finance Corporation Limited): Ratings reaffirmed, and ratings withdrawn for matured instruments; ratings removed from Watch with Developing Implications and Stable outlook assigned

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debenture (NCD) Programme	2,030	2,030	[ICRA]AA reaffirmed; removed from Watch with Developing Implications and Stable outlook assigned
NCD Programme	500	0	[ICRA]AA reaffirmed and withdrawn; removed from Watch with Developing Implications and Stable outlook assigned
NCD Programme	19,550	19,550	[ICRA]AA reaffirmed; removed from Watch with Developing Implications and Stable outlook assigned
Retail NCD Programme	2,000	2,000	[ICRA]AA reaffirmed; removed from Watch with Developing Implications and Stable outlook assigned
Long-term Market-linked Debenture (Principal Protected) {MLD (PP)} Programme	500	500	PP-MLD[ICRA]AA reaffirmed; removed from Watch with Developing Implications and Stable outlook assigned
Subordinated Bonds (Tier II)	1,500	1,500	[ICRA]AA reaffirmed; removed from Watch with Developing Implications and Stable outlook assigned
Long-term Bank Lines (Fund-based/CC)	900	900	[ICRA]AA reaffirmed; removed from Watch with Developing Implications and Stable outlook assigned
Long-term Bank Lines (Term Loans)	4,650	4,650	[ICRA]AA reaffirmed; rating removed from Watch with Developing Implications and Stable outlook assigned
Total	**31,630**	**31,130**	

**Instrument details are provided in Annexure-1*

PP-MLD refers to the principal protected market linked debenture programme. According to the terms of the rated market linked debentures, the amount invested, i.e., the principal, is protected against erosion while the returns on the investment could vary as they are linked to movements in one or more variables such as equity indices, commodity prices, and/or foreign exchange rates. The assigned rating expresses ICRA's current opinion on the credit risk associated with the issuer concerned. The rating does not address the risks associated with variability in returns resulting from adverse movements in the variable(s) concerned

Rationale

To arrive at the ratings, ICRA has taken a consolidated view of the credit profiles of Piramal Enterprises Limited (PEL) and its subsidiaries – Piramal Capital & Housing Finance Limited {PCHFL; erstwhile Dewan Housing Finance Corporation Limited (DHFL)} and PHL Fininvest Private Limited (PFPL). ICRA has taken note of the ongoing restructuring exercise within the Piramal Group (the Group), whereby the pharmaceutical business is proposed to be demerged from PEL. This is expected to get done over the next few quarters, subject to securing requisite regulatory approvals, as indicated by the management. Consequently, PEL is envisaged to become a non-banking financial company (NBFC) with a wholly-owned housing finance company (HFC; i.e. PCHFL) and will retain the non-pharmaceutical business related assets, including investments in the Shriram Group. It is noted that with the sizeable growth in the financial services business (including the acquisition of DHFL in FY2022), the overall capital base of the financial services business is significantly higher than that of the pharmaceutical business housed primarily under PEL's subsidiary – Piramal Pharma Limited (PPL[1]). Given the proposed contours of the corporate restructuring exercise, PEL's credit profile is not expected to alter materially.

ICRA has reaffirmed the [ICRA]AA/PP-MLD[ICRA]AA ratings assigned to the Rs. 31,130-crore borrowing programme of PCHFL. ICRA has removed the rating Watch with Developing Implications and assigned a Stable outlook, given the timely implementation of DHFL's resolution plan along with the maintenance of a comfortable capitalisation profile and the improvement in the diversification and granularity of the asset profile following DHFL's merger with PCHFL. The erstwhile PCHFL was reverse merged with DHFL with effect from September 30, 2021, and the amalgamated entity (DHFL) was rechristened as Piramal Capital & Housing Finance Limited.

The ratings take into account PEL's strong capitalisation profile, supported by sizeable fund raising in recent years, its domain experience given its presence across the real estate industry value chain, and the experienced leadership team. The ratings also factor in PEL's established track record in the real estate lending segment, its monitoring and risk management systems, and its efforts to diversify and lengthen its liabilities profile. PEL also has an established position and a wide product portfolio in the global pharmaceutical business with accredited facilities. ICRA, however, notes that this business is in the process of being demerged from PEL.

The ratings are constrained by the portfolio vulnerability emanating from the high sectoral concentration in the real estate segment, with the large ticket sized exposures in the wholesale lending book, and the uncertainty associated with the retail assets onboarded by erstwhile DHFL. The fair valuation of DHFL's assets prior to the amalgamation, factoring in the asset quality, provides some comfort. ICRA notes that the amalgamation has also facilitated an improvement in the diversification and granularity of PEL's asset profile.

The share of retail loans stood at 36% of the consolidated loan book and 41% of PCHFL's loan book, post amalgamation, as of December 31, 2021. The Reserve Bank of India (RBI) has prescribed a minimum level of individual home loans of 40% of the loan book by March 31, 2022, for HFCs. PEL intends to scale up the retail segment, leveraging DHFL's branch network (301 branches spread across 24 states) for sourcing retail mortgages as well as cross-selling other products, and would continue with its stated plan of pruning the wholesale book to reduce the portfolio concentration and shore up the liquidity. PEL's ability to effectively monitor and manage the integrated operations, given the significant scale of DHFL, scale up the retail business, and maintain healthy asset quality would remain critical.

While the amalgamation has resulted in a greater diversification in the asset profile (with increase in retail loans), PEL has also witnessed some moderation in the cost of funds since March 2020 with a reduction of ~170 basis points (bps) in the average cost of funds (excluding the NCD raised for the DHFL transaction). Post March 2021, PEL's financial services business (PEL FS) also raised funds via a retail bond issuance at 8.7%, an NCD issuance for the DHFL acquisition at 6.75% and term loan bank borrowings at ~7-8%. Going forward, the company's ability to continue to raise funds at competitive rates from diverse sources on a sustained basis would remain a monitorable. Furthermore, PEL's ability to scale up the retail book while maintaining a healthy asset quality and earnings profile would be a key monitorable.

ICRA has also withdrawn the rating on the Rs. 500-crore NCD programme of PCHFL as there is no amount outstanding against the rated instrument. This is in accordance with ICRA's policy on the withdrawal of credit ratings.

[1] *At present, PEL has an 80% stake in PPL, while the balance is held by The Carlyle Group*

Key rating drivers and their description

Credit strengths

Domain expertise and financial flexibility as part of Piramal Group; established position in real estate lending – PEL draws strength from the Group's technical expertise, given its experience in real estate-based private equity investment, advisory services, and the development space. Further, given the extensive experience of the Group in the real estate segment, the company leverages the large network of developers with relationships built over a period of time. The Group's demonstrated ability to incubate and scale up new ventures also provides comfort.

As on December 31, 2021, PEL had consolidated assets under management (AUM)[2] of Rs. 65,792 crore (excluding Rs. 20,134 crore of off-balance sheet retail assets acquired from DHFL, which is now being managed by PEL) compared to Rs. 47,181 crore (pre-merger) as on June 30, 2021. The proportion of retail assets in the overall AUM increased to 36% (post-merger) as of December 31, 2021, from 11% (pre-merger) as of June 30, 2021. Going forward, PEL aims to be a well-diversified lender with a focus on becoming retail oriented.

Comfortable capitalisation supported by sizeable fund raising in recent years – PEL's capitalisation has been supported by sizeable fund raising in recent years. In FY2020-FY2021, PEL raised Rs. 18,173 crore of equity funds through a mix of avenues including preferential issue (Rs. 1,750 crore in December 2019), rights issue (Rs. 3,650 crore in January 2020), divestment of investments (Rs. 2,300 crore raised through the sale of stake in Shriram Transport in June 2019), divestment of non-core businesses (Rs. 6,750 crore raised through the sale of the Decisions Resources Group (DRG) business in February 2020) and a partial stake sale in its pharmaceutical business (Rs. 3,523 crore in October 2020). Of the total funds raised, Rs. 3,700 crore was infused into the financial services business (Rs. 1,400 crore was infused into PCHFL and Rs. 2,060 crore was infused into PFPL) as equity in FY2020.

PEL had a consolidated net worth of Rs. 35,890 crore and a gearing (total debt/tangible net worth) of 1.7 times as on September 30, 2021. Of this, while ~Rs. 18,000 crore and ~Rs. 6,000 crore are already allocated to the financial services business and the pharmaceutical business, the balance is available for incremental allocation in the financial services business.

As on December 31, 2021, PEL FS had a sizeable net worth of Rs. 18,292 crore and the capitalisation ratio (CRAR[3]) was comfortable at 26% (PCHFL's CRAR stood at 21.53% as of December 31, 2021, on a standalone basis). Post the merger with DHFL, PEL FS' net gearing increased to 2.5 times as of December 31, 2021 (2.7 times as of September 30, 2021) from 1.6 times (pre-merger) as of June 30, 2021 (1.8 times as on March 31, 2021), though it remains comfortable.

PCHFL's (erstwhile DHFL) standalone net worth stood at Rs. 12,007 crore as of December 31, 2021 compared to Rs. 11,230 crore as of March 31, 2021, while the gearing (gross borrowings/net worth) stood at 4.2 times as of December 31, 2021 compared to 2.7 times as of March 31, 2021. The increase in the gearing was on account of the issuance of debt instruments of Rs. 19,532 crore at 6.75% as a part of the consideration for the acquisition deal for DHFL. Apart from this, PEL FS raised Rs. 6,011 crore through a combination of NCDs and bank loans in FY2022.

PEL FS also has a moderately diversified resource profile with NCDs accounting for 64% of its borrowings, followed by bank loans at 24%, commercial paper (CP) at 5%, securitisation at 5%, public issue at 1% and others at 1% as of December 31, 2021. The share of NCDs/bonds in the borrowing mix increased from 45% as of March 31, 2021. PEL FS also raised Rs. 804 crore through a maiden retail bond issuance in July 2021. CP borrowings accounted for ~5% of PEL FS' total debt as on December 31, 2021 compared to ~35% as on September 30, 2018.

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[2] Total AUM includes share in alternative investment funds (AIFs) and investments. The total loan book stood at Rs. 60,640 crore as of December 31, 2021 (post-merger) compared to Rs. 42,754 crore as of June 30, 2021 (pre-merger)

[3] CRAR: Capital to risk weighted assets ratio

On a standalone basis, PCHFL had gross debt of Rs. 46,527 crore of which 67% was from NCDs, 25% from bank lines, 6% from PEL inter-corporate deposits (ICDs) and 2% from others as of December 31, 2021.

Experienced management team – ICRA also draws comfort from the Group's experienced management team, which has a track record of successfully scaling up businesses. PEL FS has a strong focus on risk management, control systems and compliance processes, which provides comfort. Moreover, it has a dedicated asset monitoring team for monitoring and managing the post-disbursement performance of the loans and the overall portfolio quality. While the Group's experience in retail lending remains limited, it has taken on board seasoned industry professionals to build its franchise in the retail segment, including its recently announced entry in the technology-driven consumer lending business. It has also engaged reputed and experienced external consultants for framing its credit policies and credit appraisal systems, expansion strategy and operational policies.

Credit challenges

Ability to maintain asset quality, given sizeable exposure to real estate and retail assets onboarded from DHFL – On an amalgamated basis, PEL FS' book includes 36% retail and 64% wholesale loans while PCHFL's book includes 41% retail and 59% wholesale loans. While the amalgamation has facilitated an improvement in the diversification and granularity of PEL FS' asset profile, the share of the real estate segment remains high, accounting for ~46% of the amalgamated book, given the largely real estate-oriented lending business of PEL FS (~89% of the erstwhile PEL FS' wholesale book as on December 31, 2021). PEL FS' loan book remains concentrated towards the inherently risky real estate sector. The early stage of development of some of the underlying projects, loans given to the holding companies of developers (mezzanine debt), and the share of portfolio under scheduled moratorium heighten the portfolio risk. The book concentration remains high with the top group exposures forming a sizeable proportion of the overall book, though there has been a reduction in the overall wholesale loan book and group exposures over the past few years. The presence of a collateral cover, the Group's expertise in the real estate segment and its emphasis on risk management and monitoring processes provide some comfort.

ICRA notes that PEL FS reported an increase in the gross non-performing advances (GNPAs) in FY2020 and FY2021. The reported GNPAs, however, improved to 2.9% as of September 30, 2021, on an amalgamated basis with no additional GNPAs from the net loans acquired from DHFL. The GNPAs increased marginally to 3.3%, as of December 31, 2021, due to the slippage of one account in the wholesale book to stage-3 from stage-2 as well as the impact of the RBI's circular on NPA classification. Additionally, PEL FS has provided relief to the borrowers impacted by the Covid-19 pandemic through the extension of the date of commencement of commercial operations (DCCO), aggregating ~7% of the AUM. ICRA notes that the uncertainty regarding the expected performance of the retail assets (onboarded from DHFL) adds to the portfolio vulnerability, though the fair valuation of these assets prior to the amalgamation provides some comfort. Furthermore, PEL FS carries adequate provisions on its books (Rs. 2,655 crore or 4.0% of the AUM as on December 31, 2021) to cushion the impact of the increased portfolio vulnerability.

The share of retail loans for PEL FS stood at 36% of the overall loans and 41% for PCHFL, post amalgamation, as of December 31, 2021. The RBI has prescribed a minimum level of individual home loans of 40% of the loan book by March 31, 2022, for HFCs. ICRA notes that PEL FS intends to scale up the retail segment, leveraging DHFL's branch network (301 branches spread across 24 states) for sourcing retail mortgages as well as cross-selling other products, and would continue with its stated plan of pruning the wholesale book to reduce the portfolio concentration and shore up the liquidity. ICRA notes that while new business would help diversify the portfolio, the concentration and credit risks will remain high over the near term given the large real estate exposure. PEL FS' ability to effectively monitor and manage the integrated operations, given the significant scale of DHFL, scale up the retail business, and maintain healthy asset quality would remain critical.

Ability to raise funds at competitive rates from diverse sources would be critical – PEL FS raised long-term debt (more than 1-year maturity) of ~Rs. 13,500 crore in FY2020 and ~Rs. 20,000 crore in FY2021. It raised ~Rs. 6,000 crore (excluding Rs. 19,532 crore for the DHFL transaction) in FY2022. While the amalgamation has led to greater diversification in the asset profile (with increase in retail loans), PEL FS has also witnessed some moderation in the cost of funds since March 2020 with a reduction of ~170 bps in the average cost of funds (excluding the NCD raised for the DHFL transaction) till December 2021 and a reduction of ~250 bps from March 2020 till December 2021 (including the NCD raised for the DHFL transaction). Post March 2021, PEL FS also raised funds via a retail bond issuance at 8.7%, an NCD issuance for the DHFL acquisition at 6.75% and term loan bank borrowings at ~7-8%. The average cost of borrowings stood at 9.1% in Q3 FY2022 compared to 9.5% in Q2 FY2022 (on a proforma basis, including the impact of the DHFL acquisition) and 10.9% in Q3 FY2022. Going forward, the company's ability to continue to raise funds at competitive rates from diverse sources on a sustained basis would remain a monitorable.

Liquidity position: Adequate

PEL's liquidity position is adequate. As on December 31, 2021, it had cash/bank balances and liquid investments of ~Rs. 11,300 crore on a consolidated basis compared to debt repayment of ~Rs. 10,700 crore in FY2023. The company's liquidity position further remains supported by its strong promoter group and its track record of successfully raising capital and refinancing debt repayments.

PCHFL had a cash and bank balance of ~Rs. 7,800 crore as of December 31, 2021, while the repayment obligation (principal) from January 2022 to June 2022 is Rs. 4,979 crore. PCHFL's liquidity profile is, thus, adequate.

As on December 31, 2021, PEL FS had cash and cash equivalents of ~Rs. 11,025 crore while the repayment obligation (principal) from January 2022 to June 2022 is Rs. 9,095 crore. PEL FS' liquidity is, thus, adequate.

Rating sensitivities

Positive factors – ICRA could change the outlook to Positive or upgrade the long-term rating if there is an improvement in the diversification and granularity of the asset profile while maintaining healthy asset quality and profitability. The demonstrated scale-up and proven track record of new products in the retail segment while maintaining the asset quality will also remain imperative for an upward revision in the long-term rating.

Negative factors – ICRA could downgrade the rating if there is a material deterioration in the asset quality, in turn affecting the financial profile. The rating could also be downgraded in case of sustained challenges in raising long-term funds at competitive rates, resulting in a deterioration in the liquidity.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-Banking Finance Companies Rating methodology for non-Banking finance companies Consolidation and Rating Approach ICRA Policy on Withdrawal of Credit Rating Corporate Credit Rating Methodology
Parent/Group Support	Not applicable
Consolidation/Standalone	Consolidation; To arrive at the ratings, ICRA has taken a consolidated view of the credit profiles of PEL and its subsidiaries – PCHFL and PFPL. ICRA has taken note of the ongoing restructuring exercise within the Piramal Group, whereby the pharma business is being demerged from PEL, which is expected to get done over the next few quarters, subject to regulatory approvals, as indicated by the management.

About the company

PCHFL, a wholly-owned subsidiary of PEL, was incorporated in February 2017 and received a housing finance licence from National Housing Bank (NHB) in September 2017. PCHFL provides real estate lending, housing finance, corporate lending, and emerging corporate lending across sectors. As of December 31, 2021, PCHFL's AUM stood at Rs. 52,087 crore, including Rs. 30,869 crore in the wholesale book and Rs. 21,219 crore in the retail book. PCHFL has 301 branches spread across 24 states.

Dewan Housing Finance Corporation Limited (DHFL) was incorporated as Dewan Housing and Leasing Company Limited in 1984 with a focus on the housing finance business catering to the low-and-middle-income borrower segment. DHFL was admitted under the National Company Law Tribunal (NCLT) in December 2019 and, subsequently in January 2021, erstwhile PCHFL was chosen as the successful resolution applicant by DHFL's committee of creditors for the resolution of DHFL. As per the resolution plan approved by the NCLT, the existing liabilities of DHFL were discharged by erstwhile PCHFL and a consideration of Rs. 34,250 crore (comprising upfront cash of Rs. 14,700 crore and issuance of debt instruments of Rs. 19,550 crore) was paid to DHFL's creditors. The erstwhile PCHFL was reverse merged with DHFL with effect from September 30, 2021, and the amalgamated entity (DHFL) was rechristened Piramal Capital & Housing Finance Limited.

PHL Fininvest Private Limited

PFPL is a wholly-owned subsidiary of PEL. It is registered with the RBI as an NBFC and is engaged in various financial services businesses. It provides financing to real estate and non-real estate sectors such as healthcare, infrastructure, hospitality, automotive, financial services, transport, renewable energy, entertainment, etc. As of December 31, 2021, PFPL's AUM stood at Rs. 10,652 crore, including Rs. 10,328 crore in the wholesale book and Rs. 325 crore in the retail book.

PEL FS

PEL FS refers to the financial services business of PEL. This includes the real estate lending, corporate and emerging corporate lending and retail lending businesses carried out under PCHFL (erstwhile DHFL), PFPL and PEL (standalone). PEL FS' total AUM stood at Rs. 65,792 crore as on December 31, 2021 (wholesale loan book: 67% and retail loan book: 33%).

Piramal Enterprises Limited

PEL is diversified across the financial services and pharmaceutical businesses. In FY2020, the company divested its stake in its healthcare insights and analytics business to Clarivate Analytics PLC for $950 million.

Piramal Pharma Limited (PPL), an 80% subsidiary of PEL, offers a portfolio of differentiated products and services through end-to-end manufacturing capabilities across 15 global facilities with a global distribution network in over 100 countries. PPL has an integrated customer development and manufacturing operations (CDMO) business offering active pharmaceutical ingredients (APIs), high potency active pharmaceutical ingredients (HPAPIs) and formulations, a complex hospital generics business that includes inhalation and injectable anaesthesia, pain management drugs and intrathecal spasticity management opioids (top global provider of inhalation anaesthetics) and a consumer products business, which sells over-the-counter products in India. In addition, PPL has a joint venture with Allergan, a leader in ophthalmology in the Indian formulations market. In October 2020, PEL divested a 20% stake in PPL to the Carlyle Group for a consideration of Rs. 3,523.4 crore. ICRA notes that the entire pharmaceutical business (primarily housed under PPL) is in the process of being demerged from PEL.

Key financial indicators – PCHFL

	FY2020	FY2021	9M FY2022**
Net interest income (Rs. crore)	2,262	2,136	1,692
Total income (Rs. crore)	5,623	5,088	4,186
Profit after tax (Rs. crore)	30	1,034	717
Net worth* (Rs. crore)	10,195	11,230	12,007
Loan book (Rs. crore)	35,261	32,994	59,741
Total assets* (Rs. crore)	42,291	44,158	74,668
Return on assets (%)	0.1%	2.4%	1.6%
Return on net worth (%)	0.3%	9.7%	8.2%
Gross NPA (%)	2.1%	3.4%	2.3%
Net NPA (%)	1.3%	1.8%	1.3%

	FY2020	FY2021	9M FY2022**
Net NPA/Net worth (%)	4.6%	5.2%	5.3%
Gross gearing (times)	2.88	2.66	4.17
Tier I capital (%)	32.1%	32.1%	20.4%
CRAR (%)	34.9%	32.3%	21.5%

***Source**: PCHFL and ICRA Research; **Note**: All ratios are as per ICRA's calculations*

** Adjusted for goodwill on consolidation; total assets have been grossed up for expected credit loss provisions*

***Refers to merged PCHFL and DHFL*

Key financial indicators – PFPL

	FY2020	FY2021	9M FY2022
Net interest income (Rs. crore)	664	782	465
Total income (Rs. crore)	1,933	2,008	1,229
Profit after tax (Rs. crore)	89	491	480
Net worth (Rs. crore)	4,715	5,206	5,686
Loan book (Rs. crore)	14,935	12,741	10,450
Total assets (Rs. crore)	16,031	13,701	11,710
Return on assets (%)	0.6%	3.3%	5.0%
Return on net worth (%)	2.4%	9.9%	11.8%
Gross NPA (%)	0.5%	4.4%	5.9%
Net NPA (%)	0.4%	2.3%	3.4%
Net NPA/Net worth (%)	0.4%	1.9%	6.1%
Gross gearing (times)	2.3	1.5	1.1
Tier I capital (%)	28.4%	38.8%	49.5%
CRAR (%)	28.9%	39.1%	50.8%

***Source**: PFPL and ICRA Research; **Note**: All ratios are as per ICRA's calculations*

Key financial indicators – PEL FS

	FY2020	FY2021	9M FY2022
Net worth (Rs. crore)	15,599	18,073	18,292
Total loan book (Rs. crore)	50,963	44,668	60,640
Net debt (Rs. crore)	35,480	32,531	46,113
Return on assets (%)	3.1%	3.4%	2.6%^
Return on net worth (%)	12.4%	10.0%	9.5%^
Gross NPA (%)	2.4%	4.5%	3.3%
Net NPA (%)	1.5%	2.4%	1.8%
Total provisioning (% of assets under management)	5.8%	6.3%	4.0%
Net gearing (times)	2.3	1.8	2.5
CRAR (%)	31%	36%	26%

***Source**: Piramal Group; ^ Refers to Q3 FY2022*

Key financial indicators – PEL (consolidated)

Audited	FY2020	FY2021	9M FY2022*
Operating Income (Rs. crore)	13,068.3	12,809.4	9,830.4
PAT (Rs. crore)	-468.4	1,074.4	1,383.3
OPBDIT/OI (%)	48.0%	58.4%	53.6%
PAT/OI (%)	-3.6%	8.4%	14.1%
Total Outside Liabilities/Tangible Net Worth (times)	1.4	1.1	NA
Total Debt/OPBDIT (times)	6.7	5.3	NA
Interest Coverage (times)	1.2	1.8	1.6

***Source**: Piramal Group and ICRA Research; **Note**: All ratios are as per ICRA's calculations*
**Unaudited*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years – PCHFL (erstwhile DHFL)

	Instrument	Type	Amount Rated (Rs. crore)	Current Rating (FY2023)		Chronology of Rating History for the Past 3 Years							
				Amount Outstanding as on March 31, 2022 (Rs. crore)	Date & Rating	Date & Rating in FY2022			Date & Rating in FY2021	Date & Rating in FY2020			
					Apr 29, 2022	Dec 30, 2021	Nov 17, 2021	Jul 26, 2021	Jul 27, 2020	Jun 05, 2019	May 13, 2019	Apr 30, 2019	Apr 03, 2019
1	NCD Programme	Long Term	2,030	958.30	**[ICRA]AA (Stable)**	[ICRA]AA&	-	-	-	-	-	-	-
2	NCD Programme	Long Term	19,550	19,532.53	**[ICRA]AA (Stable)**	[ICRA]AA&	-	-	-	-	-	-	-
3	Retail NCD Programme	Long Term	2,000	804.05	**[ICRA]AA (Stable)**	[ICRA]AA&	-	-	-	-	-	-	-
4	MLD (PP) Programme	Long Term	500	0	**PP-MLD [ICRA]AA (Stable)**	PP-MLD [ICRA]AA&	-	-	-	-	-	-	-
5	Subordinated Bonds (Tier II)	Long Term	1,500	127.60	**[ICRA]AA (Stable)**	[ICRA]AA&	-	-	-	-	-	-	-
6	Long-term Bank Lines (Fund Based/CC)	Long Term	900	0	**[ICRA]AA (Stable)**	[ICRA]AA&	-	-	-	-	-	-	-
7	Long-term Bank Lines (Term Loan)	Long Term	4,650	1,945.68	**[ICRA]AA (Stable)**	[ICRA]AA&	-	-	-	-	-	-	-
8	NCD Programme	Long Term	500	0	**[ICRA]AA (Stable); withdrawn**	[ICRA]AA&							
9	CP Programme	Short Term	-	-	-	-	[ICRA]D; withdrawn	[ICRA]D	[ICRA]D	[ICRA]D	[ICRA]4@	[ICRA]A3+@	[ICRA]A2+@

& Rating on Watch with Developing Implications; @ Rating on Watch with Negative Implications

Rating history for past three years (PCHFL)

	Instrument	Rating in FY2022						Chronology of Rating History for the Past 3 Years								
		Type	Amount Rated (Rs. crore)	Amount Outstanding as on Sep 30, 2021 (Rs. crore)	Date & Rating			Date & Rating in FY2021			Date & Rating in FY2020		Date & Rating in FY2019		
					Dec 28, 2021	Oct 14, 2021	Aug 13, 2021	Mar 29, 2021	Feb 3, 2021 Oct 12, 2020	Jul 27, 2020	Jun 25, 2019	May 31, 2019 Apr 22, 2019	Sep 14, 2018 Sep 4, 2018	Jul 6, 2018	May 31, 2018
1	NCD Programme	Long Term	2,530	1,625	**[ICRA]AA&; withdrawn**	[ICRA]AA&	[ICRA]AA&	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA+ (Negative)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	-
2	NCD Programme	Long Term	19,550	19,532	**[ICRA]AA&; withdrawn**	[ICRA]AA&	[ICRA]AA&	-	-	-	-	-	-	-	-
3	Retail NCD Programme	Long Term	2,000	804.05	**[ICRA]AA&; withdrawn**	[ICRA]AA&	[ICRA]AA&	[ICRA]AA (Negative)	-	-	-	-	-	-	-
4	MLD (PP) Programme	Long Term	500	0	**PP-MLD [ICRA]AA&; withdrawn**	PP-MLD [ICRA]AA&	PP-MLD [ICRA]AA&	PP-MLD [ICRA]AA (Negative)	-	-	-	-	-	-	-
5	Subordinated Bonds (Tier II)	Long Term	1,500	500	**[ICRA]AA&; withdrawn**	[ICRA]AA&	[ICRA]AA&	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA+ (Negative)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	-
6	Long-term Bank Lines (Fund Based/CC)	Long Term	900	450	**[ICRA]AA&; withdrawn**	[ICRA]AA&	[ICRA]AA&	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA+ (Negative)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	-
7	Long-term Bank Lines (Term Loan)	Long Term	4,650	2,482	**[ICRA]AA&; withdrawn**	[ICRA]AA&	[ICRA]AA&	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA (Negative)	[ICRA]AA+ (Negative)	[ICRA]AA+ (Stable)	[ICRA]AA (Positive)	-
8	Commercial Paper Programme	Short Term	-	-	-	-	-	-	-	[ICRA]A1+; withdrawn	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

& Rating on Watch with Developing Implications

Complexity level of the rated instrument

Instrument	Complexity Indicator
NCD Programme	Simple
Retail NCD Programme	Very Simple
MLD (PP) Programme	Complex
Subordinated Bonds (Tier II)	Very Simple
Long-term Bank Lines (Fund Based/CC)	Simple
Long-term Bank Lines (Term Loan)	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN/Banker Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE641O07037	NCD	Mar 10, 2017	8.95%	Mar 08, 2024	5	[ICRA]AA (Stable)
INE641O07086	NCD	May 04, 2017	8.75%	May 03, 2024	25	[ICRA]AA (Stable)
INE641O07144	NCD	Sep 20, 2017	7.96% (monthly)	Sep 19, 2025	167	[ICRA]AA (Stable)
INE641O07144	NCD	Sep 20, 2017	7.96% (monthly)	Sep 18, 2026	167	[ICRA]AA (Stable)
INE641O07144	NCD	Sep 20, 2017	7.96% (monthly)	Sep 20, 2027	166	[ICRA]AA (Stable)
INE516Y07170	NCD	Jul 31, 2020	7.85%	Jan 31, 2022	500	[ICRA]AA (Stable); withdrawn
INE516Y07188	NCD	Jul 31, 2020	8.50%	Jul 31, 2023	500	[ICRA]AA (Stable)
INE516Y07246	NCD	Nov 3, 2020	9.32%	Nov 1, 2030	50	[ICRA]AA (Stable)
INE516Y07295	NCD	Mar 30, 2021	9.00%	Mar 28, 2031	25	[ICRA]AA (Stable)
INE516Y07329	NCD	Jun 29, 2021	8.85%	Jun 27, 2031	20	[ICRA]AA (Stable)
NA	NCD (proposed)	NA	NA	NA	905	[ICRA]AA (Stable)
INE516Y07444	NCD	Sep 28, 2021	6.75%	Sep 26, 2031	1,9532.53	[ICRA]AA (Stable)
NA	NCD (proposed)	NA	NA	NA	17.47	[ICRA]AA (Stable)
INE516Y07337	Retail NCD	Jul 23, 2021	8.10%	Sep 23, 2023	5.25	[ICRA]AA (Stable)
INE516Y07345	Retail NCD	Jul 23, 2021	0.00%	Sep 23, 2023	1.23	[ICRA]AA (Stable)
INE516Y07352	Retail NCD	Jul 23, 2021	8.25%	Jul 23, 2024	1.38	[ICRA]AA (Stable)
INE516Y07360	Retail NCD	Jul 23, 2021	8.50%	Jul 23, 2026	10.75	[ICRA]AA (Stable)
INE516Y07378	Retail NCD	Jul 23, 2021	8.75%	Jul 23, 2031	0.12	[ICRA]AA (Stable)
INE516Y07386	Retail NCD	Jul 23, 2021	8.35%	Sep 23, 2023	346.64	[ICRA]AA (Stable)
INE516Y07394	Retail NCD	Jul 23, 2021	0.00%	Sep 23, 2023	49.55	[ICRA]AA (Stable)
INE516Y07402	Retail NCD	Jul 23, 2021	8.50%	Jul 23, 2024	154.26	[ICRA]AA (Stable)
INE516Y07410	Retail NCD	Jul 23, 2021	8.75%	Jul 23, 2026	80.87	[ICRA]AA (Stable)
INE516Y07428	Retail NCD	Jul 23, 2021	9.00%	Jul 23, 2031	154.01	[ICRA]AA (Stable)
NA	Retail NCD (proposed)	NA	NA	NA	1,195.95	[ICRA]AA (Stable)
INE641O08035	Subordinated Bonds (Tier II)	Mar 08, 2017	9.55%	Mar 08, 2027	500	[ICRA]AA (Stable)
NA	Subordinated Bonds (Tier II) (proposed)	NA	NA	NA	1,000	[ICRA]AA (Stable)
Long-term Bank Lines	WCDL/Cash Credit	NA	NA	NA	450	[ICRA]AA (Stable)
Unallocated	WCDL/Cash Credit	NA	NA	NA	450	[ICRA]AA (Stable)
Long-term Bank Lines (Term Loans)	Long-term Bank Lines – Term Loans	FY 2014-2020	8.75%-11.50%	FY 2022-2024	4,100	[ICRA]AA (Stable)
Long-term Bank Lines (Term Loans)	Long-term Bank Lines – Term Loans	NA	NA	NA	550	[ICRA]AA (Stable)
NA	MLD (PP) Programme (Proposed)	NA	NA	NA	500	PP-MLD[ICRA]AA (Stable)

***Source**: PCHFL*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure-2: List of entities considered for consolidated analysis

Company Name	Piramal Group Ownership	Consolidation Approach
Subsidiaries		To arrive at the ratings, ICRA has taken a consolidated view of PEL and its subsidiaries
PHL Fininvest Private Limited	100%	
Piramal International	100%	
Piramal Holdings (Suisse) SA	100%	
Piramal Critical Care Italia, S.P.A	80%	
Piramal Critical Care Deutschland GmbH	80%	
Piramal Critical Care Limited	80%	
Piramal Healthcare (Canada) Limited	80%	
Piramal Critical Care B.V.	80%	
Piramal Pharma Solutions B.V.	80%	
Piramal Critical Care Pty. Ltd.	80%	
Piramal Healthcare UK Limited	80%	
Piramal Healthcare Pension Trustees Limited	80%	
Piramal Critical Care South Africa (Pty.) Ltd.	80%	
Piramal Dutch Holdings N.V.	80%	
Piramal Healthcare Inc.	80%	
Piramal Critical Care, Inc.	80%	
Piramal Pharma Inc.	80%	
Piramal Pharma Solutions Inc.	80%	
PEL Pharma Inc.	80%	
Ash Stevens LLC	80%	
Piramal Dutch IM Holdco B.V.	100%	
PEL-DRG Dutch Holdco B.V.	100%	
Piramal Capital and Housing Finance Limited	100%	
Piramal Fund Management Private Limited	100%	
Piramal Asset Management Private Limited	100%	
Piramal Investment Advisory Services Private Limited	100%	
Piramal Investment Opportunities Fund	100%	
INDIAREIT Investment Management Co.	100%	
Piramal Asset Management Private Limited	100%	
Piramal Capital International Limited	100%	
Piramal Securities Limited	100%	
Piramal Systems & Technologies Private Limited	100%	
Piramal Technologies SA	100%	
PEL Finhold Private Limited	100%	
Piramal Consumer Products Private Limited	100%	
Piramal Pharma Limited	80%	
PEL Healthcare LLC (w.e.f. June 26, 2020)	80%	
Piramal Finance Sales & Services Private Limited (w.e.f. September 9, 2020)	100%	
Virdis Power Investment Managers Private Limited (w.e.f. October 17, 2020)	100%	
Virdis Infrastructure Investment Managers Private Ltd. (w.e.f. October 22, 2020)	100%	
Convergence Chemicals Private Limited (subsidiary w.e.f. from February 24, 2021 and joint venture up to February 23, 2021)	80%	

Source: *PEL Annual Report*

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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