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Piramal Enterprises plans to raise Rs 4000 crore

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Piramal Enterprises Ltd, or PEL, is planning to raise up to Rs.4,000 crore by selling shares to institutional investors as the diversified company looks to fuel growth in its financial services business, according to two people familiar with the matter.

PEL, owned by billionaire Ajay Piramal, which has interest in healthcare, financial services and information management businesses, has seen its market value more than double to Rs.42,970.80 crore in the past year.

The funds will help the company to leverage its balance sheet to raise cheaper debt up to Rs. 12,000 crore to lend to Indian companies. The proceeds of the qualified institutional placement will be used primarily to grow its finance business.

Apart from PEL, Piramal also owns 20% in Shriram Capital, the holding company of Chennai-based Shriram group which is primarily into retail lending for used trucks and consumer goods. Piramal also owns a 10% stake each in India's largest used-truck financer Shriram Transport Finance and consumer-goods lender Shriram City Union Finance.