



PIRAMAL ENTERPRISES LIMITED

Annual Report 2019-20

Since 1988:

23%

CAGR

Annual Revenues over
the last 32 years¹

28%

CAGR

Net Profit over the
last 32 years^{1,2}

24%

Annualised
returns

To shareholders over
the last 32 years³

₹74,909 Cr.

Total Assets
(as of March 31, 2020)

₹30,572 Cr.

Net worth
(as of March 31, 2020)

₹6,547 Cr.

Total capital returned to
shareholders (since sale
of Domestic Formulations
business to Abbott in 2010)

Notes: (1) FY1988 Revenue and PAT numbers were for the year ending June 30, 1988.

(2) Normalised Net profit of FY 2020 excludes one-time impact of gain/loss from sale of business; reversal of Deferred Tax Asset (DTA) and Minimum Alternate Tax (MAT) credit and additional provisions created on account of COVID-19, net of tax.

(3) Total Shareholder returns are as on June 30, 2020. Assumes investment of dividend in the stock.



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PIRAMAL ENTERPRISES AT A GLANCE

Piramal Enterprises Limited (PEL) is one of India's large diversified companies, with a 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. Financial Services contributed 59% to PEL's FY2020 revenues and Pharma contributed 41%.

Financial Services: The Company offers a wide range of financial products and solutions, with exposure across both wholesale and retail financing. Within wholesale lending, the business provides financing to real estate developers, as well as corporate clients. The real estate platform provides financing solutions across the entire capital stack to developers, which includes construction finance. In Corporate Lending, the business provides customised funding solutions to companies across non-real estate sectors, such as infrastructure, renewable energy, roads, industrials, auto components etc. The retail lending business offers housing loans to individual customers. The Company aims to build a multi-product retail lending platform which would be 'digital at its core'.

The Company has also formed strategic partnerships with leading financial institutions such as Caisse de dépôt et placement du Québec (CDPQ), Canada Pension Plan Investment Board (CPPIB), APG and Ivanhoe Cambridge across various investment platforms. It has built a Distressed Asset Investing platform with Bain Capital Credit (IndiaRF) which invests in equity and/or debt across non-real estate sectors to drive restructuring with active participation in turnaround. PEL also has equity investments in Shriram Group, a leading financial conglomerate in India. As of March 31, 2020, the Financial Services business had a strong portfolio with total investments, loans and assets under management (AUM) of ~₹66,400 Crores.

Pharma: PEL has a differentiated business model that is diversified across three segments: Contract Development and Manufacturing (CDMO), Complex Hospital Generics (CHG) and Consumer Healthcare.

Through end-to-end manufacturing capabilities across 14 global facilities and a large global distribution network spanning over 100 countries, PEL sells a portfolio of niche differentiated pharma products and provides an entire pool of pharma services. Our CDMO business offers integrated solutions across drug lifecycle - ranging from drug discovery and clinical development to commercial manufacturing of Active Pharmaceutical Ingredients (APIs) and Formulations. The Complex Hospital Generics business markets niche inhalation anaesthesia, injectable anaesthesia, intrathecal spasticity and pain management and select antibiotic products. PEL's Consumer Healthcare business is among the leading players in India in the self-care space, with established brands in the Indian consumer healthcare market.

HIGHLIGHTS OF THE COMPANY

6,579

Employees

Presence in

43

locations in 17 countries

23%

Revenue CAGR for 32 years

28%

Normalised Net Profit CAGR for 32 years¹

24%

Annualised shareholder returns over the last 32 years²

(1) Normalised Net profit of FY 2020 excludes one-time impact of gain/loss from sale of business; reversal of Deferred Tax Asset (DTA) and Minimum Alternate Tax (MAT) credit and additional provisions created on account of COVID-19, net of tax.

(2) As on June 30, 2020

CORE VALUES

Expertise We strive for a deeper understanding of our domain.	Entrepreneurship We are empowered to act decisively and create value.	Trusteeship We protect and enhance the interests of our customers, community, employees, partners and shareholders.	Performance We strive to achieve market leadership in scale and profitability, wherever we compete.
KNOWLEDGE Innovation We aspire to do things creatively.	ACTION Integrity We are consistent in our thought, speech and action.	CARE Humility We aspire to be the best, yet strive to be humble.	IMPACT Resilience We aspire to build businesses that anticipate, adapt and endure for generations.

At Piramal Group, our core values of Knowledge, Action, Care and Impact are integral to our guiding philosophy. These values represent our deeply held beliefs and define us at the individual as well as organisational levels. We encourage a deep understanding of these core values and believe in institutionalising them across the organisation to build a distinctive Piramal culture.

We stay true to our purpose of ‘Doing Well and Doing Good’ by following three basic tenets

Serving People

We aim to serve our customers, community, employees, partners and all other stakeholders by putting their needs and well-being first.

Making a Positive Difference

We aim to make a positive difference through our products, services, customer-centric approach and innovation-led research.

Living Our Values

We live by our values in our everyday actions, decisions and conduct, at a personal as well as a professional level.

CORPORATE STRUCTURE



In Q4 FY2020, the Company sold the Healthcare Insights & Analytics (DRG) to Clarivate Analytics for a consideration of US\$ 950 Million.

* FY2020 revenue does not include revenue from JV with Allergan

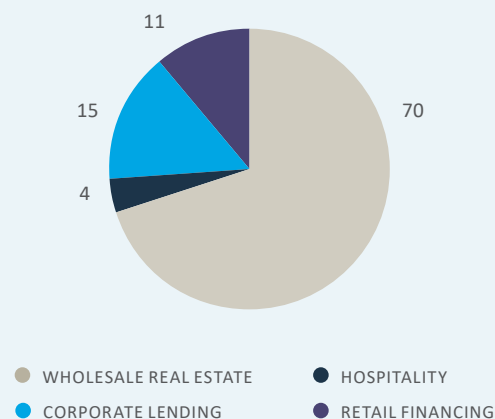
BUSINESS AT A GLANCE

FINANCIAL SERVICES

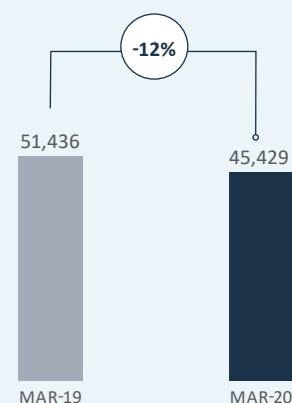
Business Description	Loan Book / AUM
 <p>Real Estate (RE) Wholesale Lending End-to-end real estate financing model</p> <p>→ Page 52</p>	<p>₹37,561 Crores</p>
 <p>Corporate Finance Group (CFG) Sector agnostic corporate lending book (non – Real Estate)</p> <p>→ Page 54</p>	<p>₹7,868 Crores</p>
 <p>Housing Finance Company (HFC) A business offering individual retail loans to homebuyers</p> <p>→ Page 56</p>	<p>₹5,534 Crores</p>
 <p>Other Retail Lending Building a multi-product retail lending platform</p> <p>→ Page 56</p>	<p>Currently in the build-up phase</p>
 <p>Alternative AUM Various investment platforms and JVs including: strategic partnerships with CDPO, APG, CPPIB; JV with Bain Capital Credit for a distressed asset investment platform</p> <p>→ Page 57</p>	<p>₹11,496 Crores AUM</p>
 <p>Investments in Shriram Leading player in MSME Financing etc.</p> <p>→ Page 57</p>	<p>₹3,954 Crores Book value of investments</p>

LOAN BOOK SPLIT AS OF MARCH 31, 2020 (%)

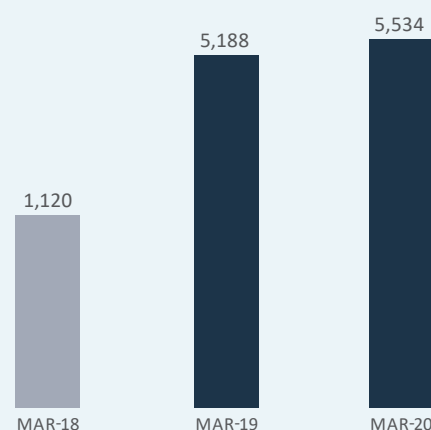
₹50,963 Cr.



WHOLESALE LOAN BOOK (₹ Crores)



HOUSING FINANCE LOAN BOOK (₹ Crores)



PHARMA

Business Description

Revenue



Pharma Contract Development and Manufacturing Organisation (CDMO) Business

Global CDMO business with presence across the drug lifecycle including discovery, development, clinical and commercial manufacturing of APIs and formulations

₹3,154 Crores

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Complex Hospital Generics

Global complex hospital generics business with presence in inhalation anesthesia, injectable anesthesia and pain management, injectable intrathecal therapy and other injectables

₹1,853 Crores

→ Page 73



Consumer Healthcare Business

Consumer healthcare business in India with a nationwide sales and marketing infrastructure and a portfolio of multiple brands in attractive segments

₹418 Crores

→ Page 74



Joint Venture with Allergan (49% stake)

A market leader in the fast growing ophthalmology category in India with the medication for diseases such as glaucoma, dry eye, infections and inflammations

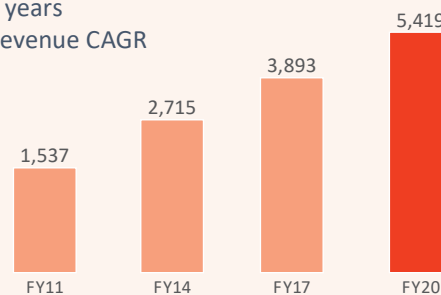
₹379 Crores

PHARMA REVENUE PERFORMANCE

(₹ Crores)

15%
9 years

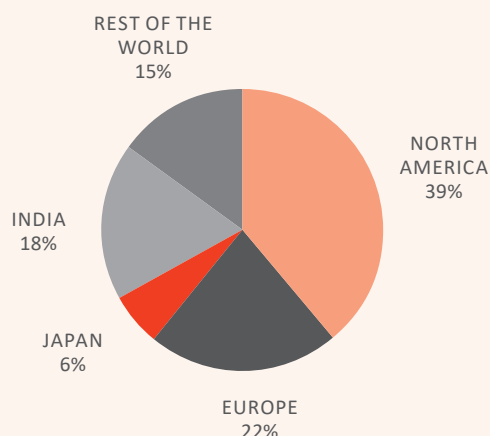
Revenue CAGR



Note: Pharma revenue includes Pharma CDMO, Complex Hospital Generics and India Consumer Healthcare and Forex exchange loss.

GEOGRAPHICAL BREAKDOWN OF REVENUE

(%)

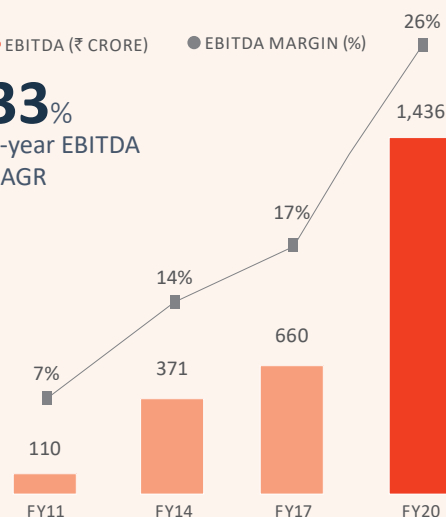


SIGNIFICANT IMPROVEMENT IN EBITDA OVER THE LAST FEW YEARS

● EBITDA (₹ CRORE)

● EBITDA MARGIN (%)

33%
9-year EBITDA CAGR



Note: EBITDA disclosed is for continuing Pharma businesses.

PEL - KEY HIGHLIGHTS

Raised ~₹14,500 Crores in FY 2020 through multiple transactions – exceeding the stated commitment

- ~₹6,800 Crores (USD 950m) from the sale of DRG - a transaction closed in end-Feb, in the midst of the COVID-19 crisis in the U.S.
- ₹1,750 Crores from preferential allotment to CDPQ
- ₹3,650 Crores through Rights Issue. This included ~₹1,600 Cr of investment made by promoters
- ~₹2,300 Crores from Sale of our investments in Shriram Transport

PEL's net debt-to-equity multiple reduced to 1.2x times as of March 2020 from 2.0x times as of March 2019

- Capital raising initiatives increased the equity base from ₹27,224 Crores to ₹30,572 Crores, while the Company continued to deleverage the balance sheet
- Reduced the net debt by ~₹17,800 Crores from ₹55,122 Crores as of Mar-2019 to ₹37,283 as of Mar-2020

Resilient financial performance in FY2020, despite a challenging business environment

- Revenue growth of 10% YoY to ₹13,068 Crores in FY2020, as Pharma businesses continued to perform well, while the Financial Services business delivered a resilient performance, despite a weak business environment
- Normalized net profit growth of 22% YoY to ₹2,615 Crores in FY2020, excluding one-time items¹

Notes: 1. Normalized net profit excludes:

- (a) impact of profit/loss from discontinued operations;
- (b) reversal of Deferred Tax Assets (DTA) and Minimum Alternate Tax (MAT) credit; and
- (c) additional conservative provision (net of taxes) on account of COVID-19

Simplification of the corporate structure

- With the sale of the Healthcare Insights & Analytics business, the Company is now focused on its two core businesses – Financial Services and Pharma
- Recent fund-raising in the Pharma business is also a step in this direction

Significantly deleveraged the business and improved borrowing mix

- In FY2020, ~₹3,700 Crores of additional equity was allocated to the Financial Services business, resulting in an increase in its equity base to ₹15,599 Crores as of March 31, 2020
- Gross debt-to-equity multiple improved to 2.6x times from 3.9x times a year ago – among lowest levered sizable financial services entities in the country
- The Company has raised ~₹13,500 Crores in long-term borrowings in FY2020; with share of bank¹ borrowings improving to 65% of overall borrowings as of Mar-2020 vs. 49% as of Sep-2018

Note: (1) Bank borrowings for Piramal Capital & Housing Finance Limited (PCHFL)

Making the loan book more granular

- Housing Finance accounted for 11% of the overall loan book as of March 2020;
- Exposure to top-10 large accounts reduced by ~₹4,200 Crores during the year (decline of 23% y-o-y)
- As of March 2020, only three client exposures were $\geq 10\%$ of the net worth of the FS business