



PIRAMAL ENTERPRISES LIMITED

Annual Report 2020-21

Since 1988:

22%

CAGR

Annual Revenues over
the last 33 years¹

28%

CAGR

Net Profit over the
last 33 years^{1,2}

24%

Annualised
returns

To shareholders over
the last 33 years³

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

(2) Normalised Net profit

(3) As on Mar 31, 2021; assumes re-investment of dividend in the stock

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₹77,119 Cr.

Total Assets
(as of March 31, 2021)

₹35,139 Cr.

Net worth
(as of March 31, 2021)

₹7,335 Cr.

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

| | | | |
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PIRAMAL ENTERPRISES AT A GLANCE

Piramal Enterprises Limited (PEL) is one of the large companies in India, with a presence in Financial Services and Pharmaceuticals. PEL's consolidated revenues were US\$1.7 Billion in FY 2021, with ~37% of revenues generated from outside India.

Financial Services: The Company offers a wide range of financial products and solutions, with presence across both retail and wholesale financing. As of March 31, 2021, the Financial Services business had loan book of ₹44,668 Crore.

Within retail lending, the Company is building a multi-product platform and offers home loans, loans for small businesses and loans for working capital to customers in affordable housing and mass affluent segments across Tier I, II and III cities. The business is 'digital at the core' and its modular structure has the ability to add multiple products such as loans for two-wheelers, education and purchase finance. The Company is in the process of acquiring Dewan Housing Finance Corporation Limited (DHFL). The acquisition of DHFL fits well into the Company's strategy to diversify the loan book and helps achieve scale its Retail lending business.

Within wholesale lending, the business provides financing to real estate developers, as well as corporate clients. The real estate platform provides financing solutions 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, auto components etc.

The Company has also formed strategic partnerships with leading financial institutions such as CPPIB, APG and Ivanhoe Cambridge, etc. 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. PEL also has equity investments in Shriram Group, a leading financial conglomerate in India.

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

PEL's CDMO business offers integrated solutions across the drug lifecycle - ranging from discovery 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 antibiotics. 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. The Pharma Business has a joint venture with Allergan, a leader in ophthalmology in the Indian formulations market.

In October 2020, the company raised fresh equity from The Carlyle Group for a 20% stake in Piramal Pharma.

HIGHLIGHTS OF THE COMPANY

6,638
Employees

22%
Revenue CAGR for 33 years

28%
Normalised Net Profit CAGR
for 33 years

24%
Annualised shareholder returns
over the last 33 years¹

(1) Total shareholder returns are as on March 31, 2021.
Assumes re-investment of dividend in the stock.

CORE VALUES

Expertise

We strive for a deeper understanding of our domain.

KNOWLEDGE

Innovation

We aspire to do things creatively.

Entrepreneurship

We are empowered to act decisively and create value.

ACTION

Integrity

We are consistent in our thought, speech and action.

Trusteeship

We protect and enhance the interests of our customers, community, employees, partners and shareholders.

CARE

Humility

We aspire to be the best, yet strive to be humble.

Performance

We strive to achieve market leadership in scale and profitability, wherever we compete.

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 the 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

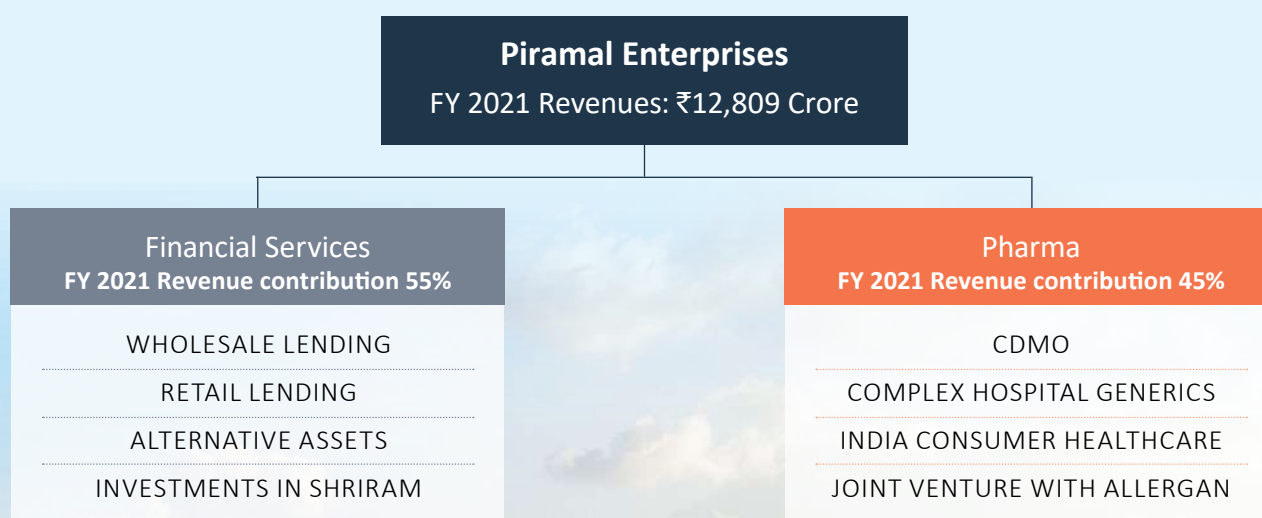
We aim to make a positive difference through our products, services, customer-centric approach and innovation-led research.

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

The Company focuses on two core business verticals – Financial Services & Pharma



BUSINESS AT A GLANCE

Financial Services

Business Description

Loan Book / AUM



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Wholesale Lending

Loans to residential & commercial real estate developers, as well as a few corporates in select sectors

₹39,365 Cr¹



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Retail Lending

Multi-product retail lending platform, 'digital at the core'; commenced disbursements in Nov-2020; the acquisition of DHFL fits well into the diversification strategy and helps achieve scale

₹5,303 Cr¹



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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

Off-balance sheet funds



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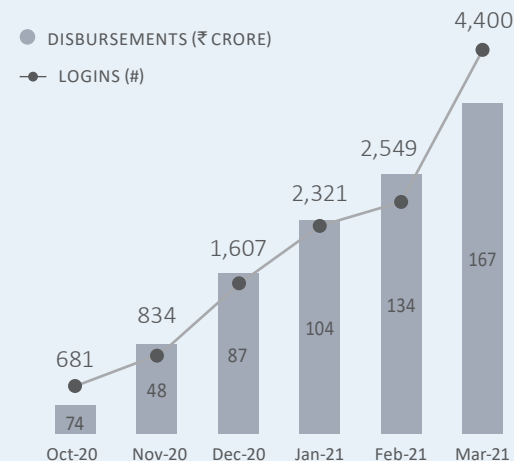
Investments in Shriram

20% stake in SCL²
~10% stake in SCUF²

₹4,598 Cr¹
Book value of investments

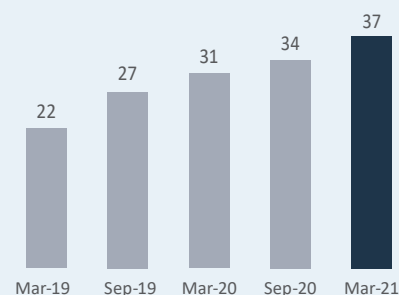
MONTHLY DISBURSEMENTS SINCE LAUNCH

Under the new retail lending business



CAPITAL ADEQUACY RATIO

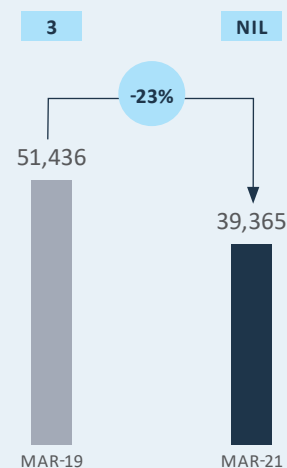
(%)¹



Note: (1) Based on internal calculations

WHOLESALE LOAN BOOK

(₹ CRORE)



NO. OF ACCOUNTS >15% OF NET WORTH

Notes: (1) Does not include assets taken over, as well as PEL's share in AIFs totalling ₹4,223 Crore
(2) SCL: Shriram Capital Limited and SCUF: Shriram City Union Finance

Pharma

Business Description

Revenue



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Contract Development and Manufacturing Organisation (CDMO)

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

₹3,616 Crore



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Complex Hospital Generics

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

₹1,669 Crore



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India Consumer Healthcare

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

₹501 Crore



JV 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

₹365 Crore

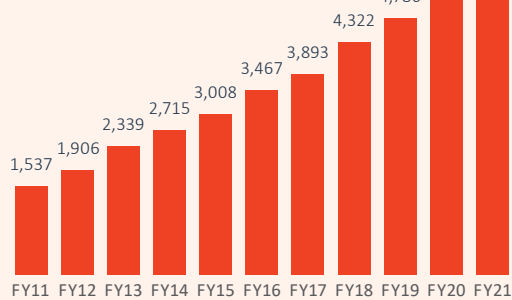
PHARMA PERFORMANCE

(₹ CRORE)

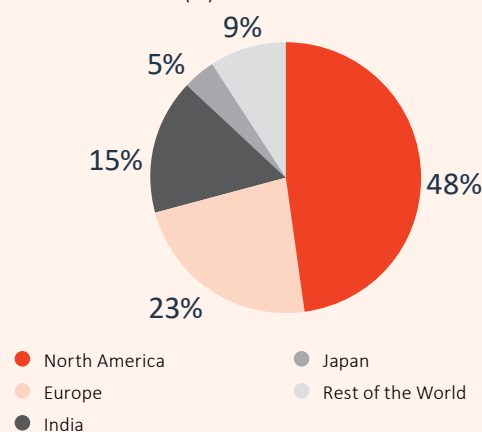
7% 7% 11% 14% 14% 15% 17% 18% 21% 26% 22%

10-YEAR REVENUE CAGR OF 14%

10-YEAR EBITDA CAGR OF 28%



GEOGRAPHICAL BREAKDOWN OF REVENUE (%)

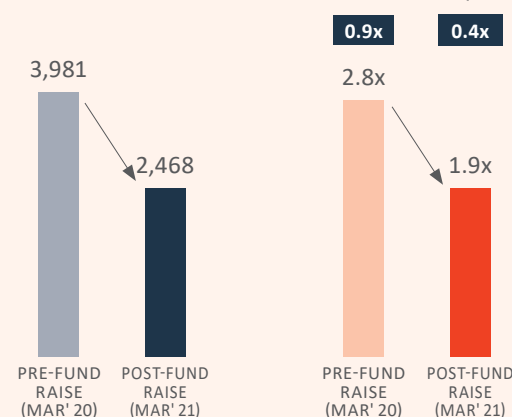


BALANCE SHEET STRENGTHENING POST FUND RAISE (₹ CRORE)

Net Debt (Pharma)

Net Debt-to-EBITDA (Pharma)

NET DEBT-TO-EQUITY



Significant balance sheet strengthening through deleveraging for future growth opportunities.

Strengthened the balance sheet by raising >₹18,000 Crore through several equity transactions in the last 2 years

- Preferential allotment to CDPQ of ₹1,750 Crore
- Rights Issue of ₹3,650 Crore
- Sale of DRG for a gross consideration of ~₹6,950 Crore, in February 2020, amidst the COVID-19 crisis in the U.S.
- Shriram Transport stake sale for ₹2,300 Crore
- Fresh equity investment of ₹3,523 Crore from The Carlyle Group for a 20% stake in Piramal Pharma
- As a result, PEL's net debt-to-equity reduce to 0.9x times as of March 2021 vs. 2.0x times as of March 2019
 - Shareholders' Equity increased by 29% to ₹35,139 Crore in the last 2 years
 - 45% reduction in Net Debt by ₹24,968 Crore in the last 2 years

Improved borrowing mix by raising long-term borrowings of >₹33,000 Crore in the last 2 years

- Utilized this borrowing to replace most of the short-term Commercial Paper (CP) borrowings.
 - Exposure to CPs has declined by more than 90% to ₹1,675 Crore as of March 2021 from ₹18,017 Crore in September 2018
- As a result, PEL now has a much stronger ALM profile with significant positive gaps across all the buckets.

Delivered a resilient performance in FY 2021, despite headwinds due to COVID-19

- FY 2021 revenues at ₹12,809 Crore were broadly stable YoY
 - Financial Services revenues for FY 2021 were ₹7,033 Crore, down 8% YoY, due to reduction in the wholesale loan book, which was in line with our stated strategy
 - Pharma revenues for FY 2021 were ₹5,776 Crore, up 7% YoY, driven by strong performance in CDMO and India Consumer Healthcare business
- Normalized Net Profit¹ of ₹2,627 Crore for FY 2021 was in line with ₹2,615 Crore in FY 2020

Notes: (1) Normalized net profit excludes:

- (a) impact of profit/loss from discontinued operations (DRG);
- (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

Taken several steps towards creating two separate listed entities

- Sold or exited non-core businesses / investments (such as DRG and stake in Shriram Transport)
- Brought Pharma businesses together under Piramal Pharma Limited
- Strengthened the balance sheets of both businesses to enable them to stand independently in future
- Created separate Board and Management teams for both businesses



FINANCIAL SERVICES - KEY HIGHLIGHTS

Continued organic build-up of the multi-product retail lending platform, since its launch in Nov-2020

- Increased product portfolio from 2 to 7 products in FY 2021 and plan to add more products in FY 2022
- Healthy traction witnessed across product categories, since launch in November 2020
- Expanded presence from 14 to 40 locations during the year
- Formed partnerships with select FinTech and Consumer Tech firms
- On-boarded top-quality talent

Acquisition of DHFL fits well into PEL's overall Retail Lending strategy

- Piramal's resolution plan for DHFL received the approvals from COC in Jan-2021, the RBI in Feb-2021 and the CCI in Apr-2021. The NCLT approval was received in Jun-2021.
- The acquisition of DHFL will enable the Retail Lending business to
 - Achieve scale and leverage the platform to cross-sell
 - Significantly increase loan book diversification
 - Lower cost of borrowings, as the acquisition is funded by low-cost NCDs

Note: COC - Committee of Creditors; CCI - Competition Commission of India; NCLT - National Company Law Tribunal

