



PIRAMAL ENTERPRISES LIMITED

Annual Report 2021-22

"you are what your deep driving desire is. as your desire is, so is your will. as your will is, so is your deed. as your deed is, so is your destiny."

Bṛiḥaḍaranyaka upaniṣad IV.4.5

22%

Revenue CAGR for
34 years

26%

Net Profit CAGR for
34 years

₹ 97,395 Cr

Total Assets
(as of March 31, 2022)

₹ 35,489 Cr

Overall Equity¹
(as of March 31, 2022)

Note: (1) Excludes Non Controlling Interest (NCI) of ₹ 1,348 Crores.

Transformed. Unlocking value.

At Piramal, our ethics-driven, value creation approach has enabled us to stay focused on opportunities, efficiency and execution, while staying true to our purpose of 'Doing Well and Doing Good'. This has persuaded us to successfully transform our business model multiple times and create superior value for our stakeholders, while maintaining our culture, strengthening our processes and ensuring responsible practices.

Today, we are aligned more than ever to our transformation journey. The acquisition and integration of DHFL, has significantly transformed our Financial Services business model, enabling us to leverage our expertise across a wider geographical presence, serve more customers, and thereby bring granularity in our portfolio. Our organic and inorganic investments in the Pharma business, along with our focus on quality and patient needs, has enabled us to re-build an excellent Pharma business over the last few years.

Presently both our businesses are adequately capitalised and well-positioned to emerge as two solid entities in their respective sectors. We expect the demerger to unlock value for our stakeholders. The demerged entities will have greater focus and ability to pursue accelerated growth, resulting in likely improvement in their performance in coming years.

Additionally, we are continuing to invest in sustainable practices, upgrading our technology and processes to constantly reduce our environmental footprint, and working together with communities and people to empower them towards a better future.

After all, transformation is not just good for us but for everyone around us, and the value it unlocks propels the world further.

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CORPORATE INFORMATION

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PIRAMAL ENTERPRISES AT A GLANCE

Piramal Enterprises Limited (PEL) is one of India's large companies, with a presence in Financial Services and Pharmaceuticals. PEL's consolidated revenues were ~\$ 1.9 Billion in FY 2022, with 39% 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, 2022, the Financial Services business had an AUM of ₹ 65,185 Crores. The Company completed the acquisition of Dewan Housing Finance Ltd. (DHFL) in Sep-2021, creating one of the largest housing finance companies in India. Within retail lending, through its multi-product platform, the company 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 Digital Embedded Financing business offers personalized financing solutions to retail customers, through digital assets and partnerships with leading Fintech and Consumer Tech firms. Within wholesale lending, the business provides financing to real estate developers, as well as corporate clients in select sectors.

Piramal Alternatives, the fund management business, provides customised financing solutions to high-quality corporates through – 'Piramal Credit Fund', a performing, sector-agnostic credit fund with capital commitment from CDPQ; and 'IndiaRF', a distressed asset investing platform with Bain Capital Credit, which invests in equity and/or debt across non-real estate sectors.

In addition, the Company also has a 50% stake in Pramerica Life Insurance – a joint venture with Prudential International Insurance Holdings. PEL also has equity investments in the Shriram Group, a leading financial conglomerate in India.

Pharma: Piramal Pharma Limited (PPL) offers a portfolio of differentiated products and services through end-to-end manufacturing capabilities across 15 global facilities and a global distribution network over 100 countries.

PPL includes: Piramal Pharma Solutions (PPS), an integrated Contract Development and Manufacturing Organization; Piramal Critical Care (PCC), a Complex Hospital Generics business, and the India Consumer Healthcare business, selling over-the-counter products.

PPS offers end-to-end development and manufacturing solutions through a globally integrated network of facilities across the drug life cycle to innovator and generic companies. PCC's complex hospital product portfolio includes inhalation anaesthetics, intrathecal therapies for spasticity and pain management, injectable pain and anaesthetics, injectable anti-infectives, and other therapies. The India Consumer Healthcare business is among the leading players in India in the self-care space, with established brands in the Indian consumer healthcare market. In addition, PPL has a joint venture with Allergan, a leader in ophthalmology in the Indian formulations market. In October 2020, Piramal Pharma Limited received growth equity investment from the Carlyle Group.

In October 2021, the Board of Directors of PEL approved the demerger of the pharmaceuticals business and simplification of the corporate structure to create two industry-focused listed entities in Financial Services and Pharmaceuticals. The demerger and subsequent listing of PPL on the Stock Exchanges is expected to get completed by Q3 FY 2023, subject to shareholders, creditors and necessary regulatory approvals.

Highlights of the Company

₹ 13,993 Cr

Revenues for FY 2022

₹ 1,999 Cr

Net Profit for FY 2022

13,561

Total Employees

Acquired DHFL

Progressing
on Pharma
demerger

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.

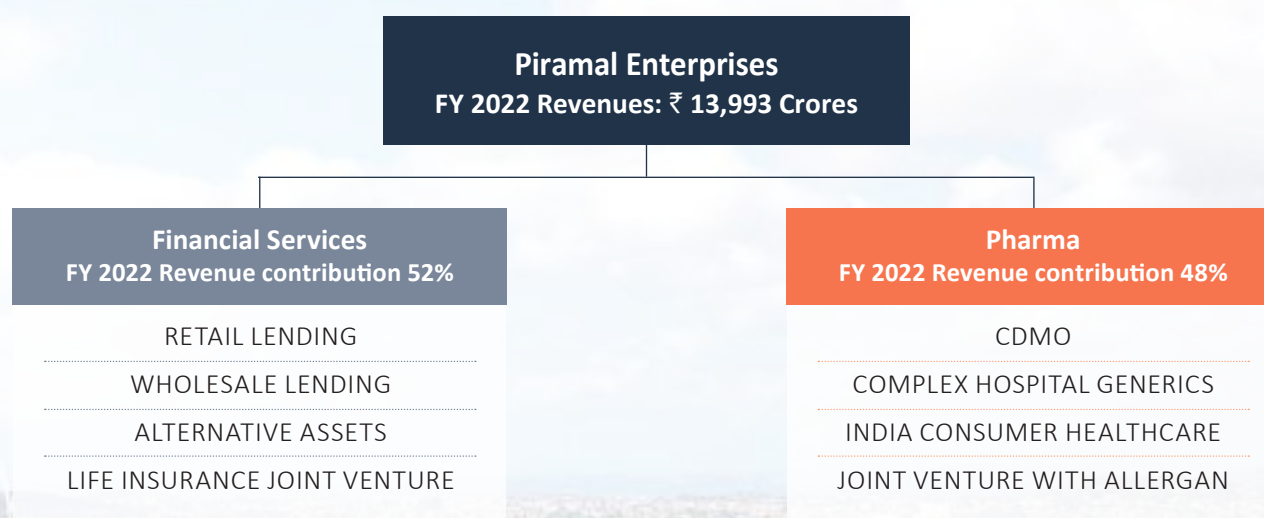
At Piramal Group, our core values of Knowledge, Action, Care and Impact are integral to our guiding philosophy. These values represent our deeply held beliefs and define us at the individual as well as organisational levels. We encourage a deep understanding of these core values and believe in institutionalising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






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



CDMO: Contract Development and Manufacturing Organization

BUSINESS AT A GLANCE

Financial Services

Business Description	Loan Book / AUM
 <p>→ Page 46</p>	Retail Lending Multi-product retail lending platform, 'digital-at-the-core' DHFL acquisition significantly increased the size and scale of the retail lending business ₹ 21,552 Crores ¹
 <p>→ Page 59</p>	Wholesale Lending Loans to residential & commercial real estate developers, as well as, corporates in select sectors ₹ 43,633 Crores
 <p>→ Page 65</p>	Alternative AUM Fund management business; partnerships with marquee investors such as CDPQ and Bain Capital Credit ~\$1 Bn (Funds committed)
 <p>→ Page 65</p>	Life Insurance JV with Prudential International Insurance Holdings; industry leader in the Defense segment ₹ 1,099 Crores (FY 2022 Gross written premium)
 <p>→ Page 65</p>	Investments in Shriram 20% stake in SCL ² ~10% stake in SCUF ² ₹ 5,095 Crores ³

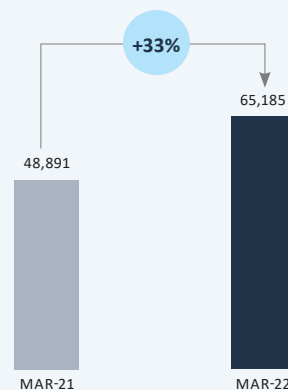
Notes:

(1) In addition, acquired ₹ 18,747 Crores of fee-earning, securitised assets (off-balance sheet) with DHFL, now managed by PEL

(2) SCL: Shriram Capital Limited and SCUF: Shriram City Union Finance

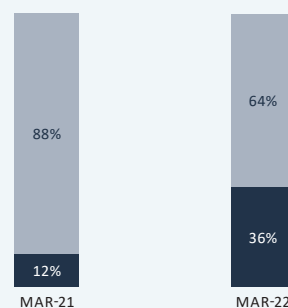
(3) Investments in SCUF based on market value; SCL based on book value, including accumulated profits

AUM (IN ₹ CRORES)

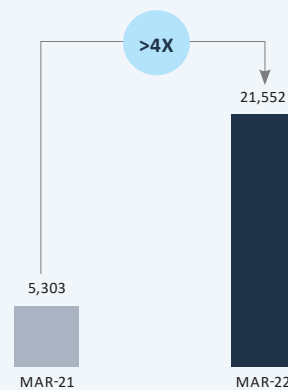


LOAN BOOK MIX (IN %)

■ RETAIL
■ WHOLESALE



RETAIL LOANS (IN ₹ CRORES)



Pharma

Business Description

FY 2022 Revenue



→ Page 80

Contract Development and Manufacturing Organisation (CDMO) ₹ 3,960 Crores

API and formulation manufacturing with a presence across the drug lifecycle, including research, development, clinical, and commercial manufacture.



→ Page 82

Complex Hospital Generics ₹ 2,002 Crores

Portfolio of inhalation anaesthesia, injectable anaesthesia and pain management, injectable intrathecal treatment, and other injectables products sold across the globe.



→ Page 84

India Consumer Healthcare ₹ 741 Crores

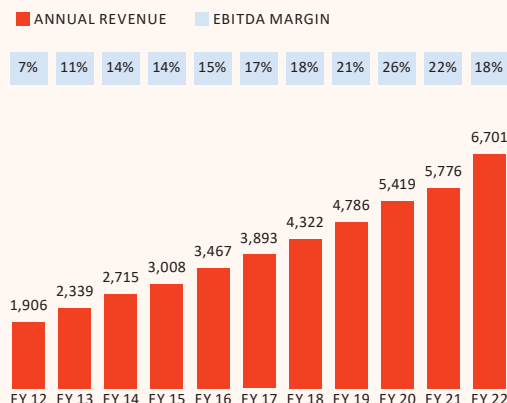
India Consumer healthcare business in India with a portfolio of multiple brands in attractive segments and a nationwide sales & marketing infrastructure



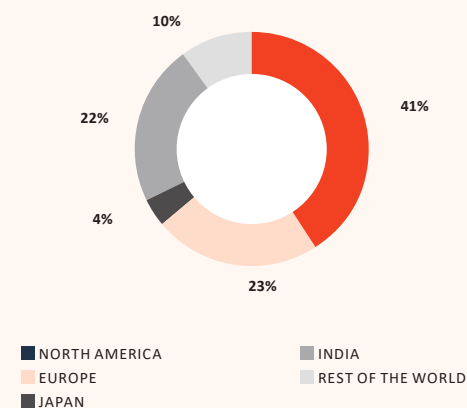
JV with Allergan (49% stake) ₹ 414 Crores

A market leader in the fast-growing ophthalmology category in India, offering medications for diseases like glaucoma, dry eye, infections, and inflammations.

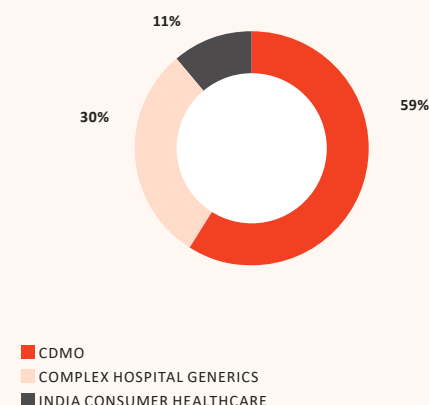
FINANCIAL PERFORMANCE (₹ CRORES)



DIVERSIFIED REVENUE ACROSS KEY MARKETS (IN %)



FY 2022 REVENUE BY SEGMENTS (IN %)



FINANCIAL SERVICES - KEY HIGHLIGHTS

Completed the DHFL acquisition in Sep-2021; significant growth in AUM

- DHFL was the 1st financial services company to get resolved through the IBC route
- AUM growth of 33% yoy to ₹ 65,185 Crores, with a 4x increase in Retail Loans to ₹ 21,552 Crores – creating one of the leading HFCs in India

Transforming to a diversified lender, with significant increase in share of retail loans

- Significantly improved the loan book diversification, with wholesale-retail mix at 64:36 as of March 2022, as compared to 88:12 a year ago

Strong trajectory in retail loan disbursements

- Retail disbursement grew 267% yoy and 100% qoq to ₹ 1,480 Crores in Q4 FY 2022
- On-track to achieve disbursements of ₹ 2,500-3,500 Crores in Q3 FY 2023 (i.e. 5-7x of pre-DHFL acquisition levels)

Integration of DHFL and re-activation of branches

- Retained 3,000+ employees of DHFL and rolled-out ~3,000 new job offers
- 99% of the branches were 'login-active' as of Mar-2022

Set the foundation for 'Wholesale Lending 2.0'

- Building a granular wholesale loan book, while adopting a calibrated approach (including cash flow-based lending), as we cater to a large addressable market with limited competition

GNPA level remains stable; healthy provisioning

- GNPA ratio at 3.4% as of March 2022 (vs. 4.1% as of Mar-2021)
- Re-evaluated the wholesale portfolio and made additional provisions of ₹ 822 Crores against non-real estate loans of ₹ 2,292 Crores in Stage-2, taking total provisions to ₹ 3,735 Crores (equivalent to 5.7% of AUM)

PHARMA - KEY HIGHLIGHTS

Consistent Revenue Growth

- Overall Pharma revenue grew by 16% in FY 2022; 10-year revenue CAGR of 13%
- Cleared 269 regulatory inspections, with zero OAI (Official Actions Indicated) since FY 2012.

Inorganic investments to add capabilities

- Acquired 100% stake in Hemmo Pharma, enabling expansion into Peptide API.
- Acquired 33% stake in Yapan Bio, enabling presence in large molecules.

Ongoing organic investments to drive growth

- \$ 157 Million growth-oriented capex committed across multiple CDMO sites.
- Media and Trade spends for the India Consumer Healthcare business grew 1.8x since FY 2020.