

Piramal Enterprises Limited

Financial Services Day

30th August 2018



Disclaimer

Except for the historical information contained herein, statements in this presentation and any subsequent discussions, which include words or phrases such as 'will', 'aim', 'will likely result', 'would', 'believe', 'may', 'expect', 'will continue', 'anticipate', 'estimate', 'intend', 'plan', 'contemplate', 'seek to', 'future', 'objective', 'goal', 'likely', 'project', 'on-course', 'should', 'potential', 'pipeline', 'guidance', 'will pursue' 'trend line' and similar expressions or variations of such expressions may constitute 'forward-looking statements'.

These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements.

These risks and uncertainties include, but are not limited to Piramal Enterprise Limited's ability to successfully implement its strategy, the Company's growth and expansion plans, obtain regulatory approvals, provisioning policies, technological changes, investment and business income, cash flow projections, exposure to market risks as well as other risks.

Piramal Enterprises Limited does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

These materials are not a prospectus, a statement in lieu of a prospectus, an offering circular, an invitation or an advertisement or an offer document under the Indian Companies Act, 2013 together with the rules and regulations made thereunder, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, or any other applicable law in India. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. No public offering of securities is being made in the United States or in any other jurisdiction.

Note: Figures in previous periods might have been regrouped or restated, wherever necessary to make them comparable to current period.



Management Attendees



AJAY PIRAMAL

CHAIRMAN, PIRAMAL GROUP & SHRIRAM CAPITAL



NANDINI PIRAMAL

EXECUTIVE DIRECTOR, PEL



VIJAY SHAH

EXECUTIVE DIRECTOR, PEL



KHUSHRU JIJINA

MANAGING DIRECTOR,
PIRAMAL CAPITAL &
HOUSING FINANCE



SHANTANU NALAVADI

MANAGING DIRECTOR,
INDIA RESURGENCE FUND



S. K. HONNESH

GROUP GENERAL COUNSEL,
PIRAMAL GROUP



SACHIN DEODHAR

CHIEF FINANCIAL OFFICER



VAIBHAV REKHI

PARTNER, REAL ESTATE



VIKASDEEP GUPTA

PARTNER, CORPORATE
FINANCE GROUP



JAIDEEP SEN

CHIEF RISK OFFICER, PEL



SATISH MEHTA

CHIEF OPERATING OFFICER,
HOUSING FINANCE



DEEPENDU JAIN

HEAD, EMERGING
CORPORATE LENDING



VIPUL THAKORE

PARTNER, TREASURY, CAPITAL
MARKETS & ADVISORY



HITESH DHADDHA

CHIEF INVESTOR RELATIONS
OFFICER, PEL



KHODADAD PAVRI

PARTNER, ASSET
MANAGEMENT



ANAND VARDHAN

PRESIDENT LEGAL



HITESH DHANKANI

HEAD, BRICKEX

Business Vertical Leaders / Functional Heads of Piramal Capital & Housing Finance

Event Agenda

Time	Topics	Presenters	
3:00 PM	Welcome	Vijay Shah	Executive Director, PEL
	Strategic Overview	Ajay Piramal	Chairman, Piramal Group
	Business Overview	Khushru Jijina	Managing Director, PCHFL
4:55 PM	Tea Break		
5:10 PM	Risk Management	Nandini Piramal Jaideep Sen	Executive Director, PEL Chief Risk Officer, PEL
	Asset Monitoring	Khodadad Pavri	Partner, Asset Management, PCHFL
	Legal	S. K. Honnesh Anand Vardhan	Group General Counsel, Piramal Group President, Legal, PCHFL
	Treasury	Vipul Thakore	Partner, Treasury, Capital Markets & Advisory
	Future Strategy	Ajay Piramal	Chairman, Piramal Group
	Q & A		
7:15 PM	Cocktails and Dinner		

Piramal Enterprises Limited

Strategic Overview



Piramal Enterprises Limited : Business Overview

Piramal Enterprises

FY18 Revenues: INR 10,639 Cr (\$1.6 bn)

Financial Services

FY18 Revenue Contribution: **47%**

Lending*

- Loan Book of **INR 46,995 Cr** (\$7 bn)
- ROE of 19%²; GNPA ratio of **0.3%**

Alternative Asset Management

- Marquee partners: CDPQ, APG, Bain, CPPIB

Housing Finance

- Launched HFC in Sep 2017

Diversified Retail Exposure via Shriram

- **Strong position** in CVs, SME, Insurance

FY18 Capital Employed¹: **58%**

Pharma

FY18 Revenue Contribution: **42%**

Global Pharma

- Strong portfolio of **differentiated branded generic products**
- Integrated solutions across APIs, formulations and delivery systems

India Consumer Products

- Among the **leading Indian OTC players**

FY18 Capital Employed¹: **25%**

Healthcare Insight and Analytics

FY18 Revenue Contribution: **11%**

Decision Resources Group (DRG)

- Serving a large number of healthcare companies
- Global team of over 1,200 eminent industry experts (380+ in India)

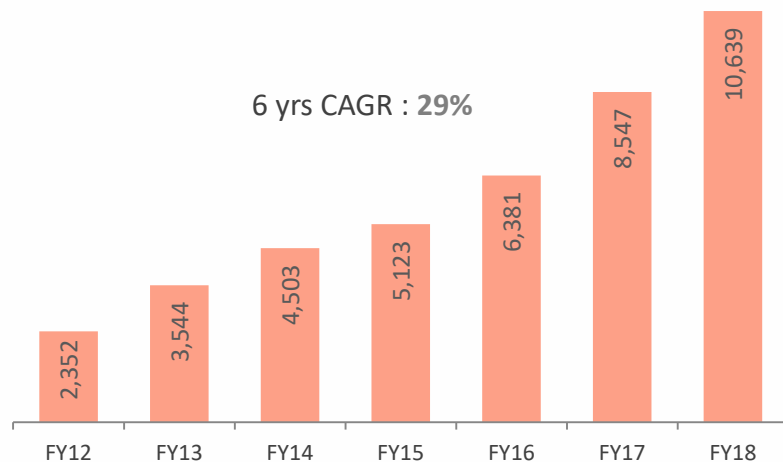
FY18 Capital Employed¹: **17%**



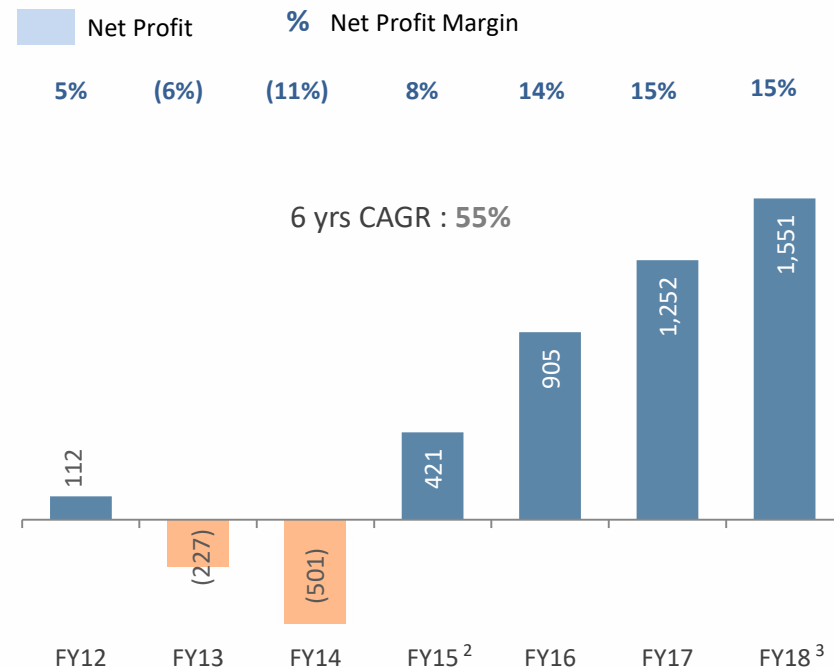
Delivering robust growth : Track record

(in INR Cr)

Total Revenues¹



Adjusted Net Profit^{1,2,3}



Note:

1) FY2016, FY2017 and FY2018 results have been prepared based on IND AS, prior periods are IND GAAP; 2) FY2015 net profit excludes exceptional gain on sale of 11% stake in Vodafone India partly offset by the amount written down on account of scaling back of our investments in NCE research.; 3) FY2018 adjusted net profit excludes synergies on account of merger of subsidiaries in Financial services segment

Consistently delivering strong performance

(in INR Cr)

Period		Revenues			Net Profits		
		Reported Period	Previous Period	% YoY Change	Reported Period	Previous Period	% YoY Change
FY15	Q1	1,182	965	+22%	55	(147)	NM
	Q2	1,243	1,131	+10%	41	(32)	NM
	Q3	1,400	1,286	+9%	224	(11)	NM
	Q4	1,298	1,121	+16%	100	(311)	NM
FY16	Q1	1,401	1,182	+19%	169	55	+206%
	Q2	1,504	1,243	+21%	235	41	+473%
	Q3	1,786	1,400	+28%	307	224	+37%
	Q4	1,691	1,298	+30%	193	100	+93%
FY17	Q1	1,776	1,401	+27%	231	169	+36%
	Q2	1,966	1,504	+31%	306	235	+30%
	Q3	2,342	1,786	+31%	404	307	+32%
	Q4	2,463	1,691	+46%	311	193	+61%
FY18	Q1	2,254	1,776	+27%	302	231	+31%
	Q2	2,536	1,966	+29%	384	306	+25%
	Q3	2,858	2,342	+22%	490	404	+21%
	Q4	2,991	2,463	+21%	375 ⁴	311	+21%
FY19	Q1	2,902	2,254	+29%	382 ⁵	302	+27%

12

consecutive quarters of delivering Revenue growth higher than

20%

12

consecutive quarters of delivering Adjusted Net Profit growth over

20%

Note:

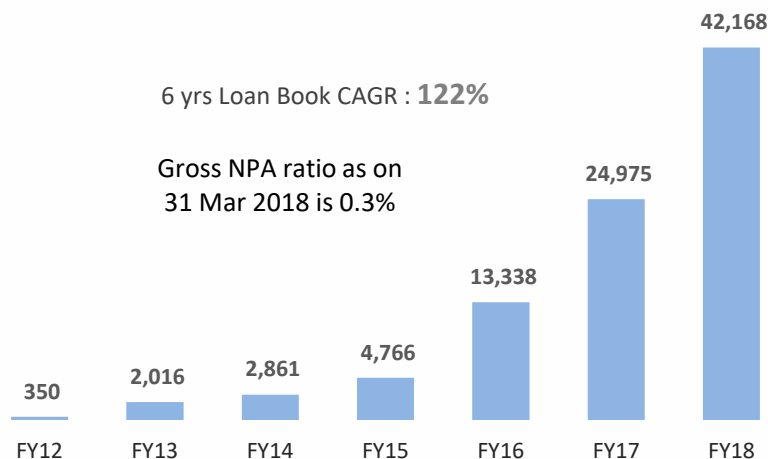
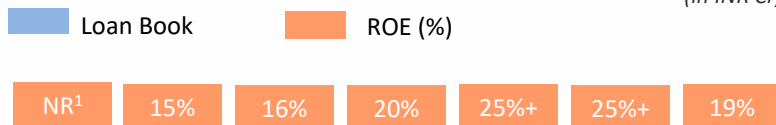
1. FY2016, FY2017 and FY2018 results have been prepared based on IND AS, prior periods are IND GAAP;
2. FY2015 quarterly net profit numbers exclude exceptional gain from Vodafone transaction and exceptional loss from NCE shutdown;
3. NM – Not measurable;
4. Q4FY2018 is adjusted net profit excludes synergies on account of merger of subsidiaries in Financial services segment;
5. Q1FY2019 adjusted net profit excludes Exceptional Item of write off of Imaging assets



Strong performance trend : Financial Services

Financial Services Performance

(in INR Cr)



Note:

1. NR – Not Reported

Performance Highlights

Growth

- PEL's loan book grew at a CAGR of 122% over last 6 years
- Consistently delivering 60%+ YoY growth in loan book in each of the last 12 quarters
- During Q1FY19 loan Book grew 64% YoY to INR 46,995 Crores

ROE

- Company has recorded an ROE of 25%+ over last 10 consecutive quarters prior to the fund raise

Asset Quality

- GNPA below 1% since last 10 quarters

Portfolio Diversification

- Consistent growth is an outcome of our strong diversification - launched 22 key products across business verticals in last few years

Board of Directors

DIRECTORS



DR. SWATI PIRAMAL
VICE-CHAIRPERSON
EMINENT SCIENTIST
AWARDED PADMA SHRI



NANDINI PIRAMAL
EXECUTIVE DIRECTOR
OTC, HR, QUALITY & RISK
MBA, STANFORD



ANAND PIRAMAL
NON-EXECUTIVE DIRECTOR
HEADS PIRAMAL REALTY
MBA, HARVARD



VIJAY SHAH
EXECUTIVE DIRECTOR
25+ YEARS WITH GROUP
TURNAROUND BUSINESSES



AJAY PIRAMAL
CHAIRMAN
AWARDED “ASIA BUSINESS LEADER OF THE YEAR” BY CNBC ASIA
NON - EXECUTIVE DIRECTOR, TATA SONS LIMITED
CHAIRMAN, SHRIRAM CAPITAL LIMITED
CO – CHAIR, UK-INDIA CEO FORUM

INDEPENDENT DIRECTORS



N VAGHUL
FORMER CHAIRMAN,
ICICI BANK



KEKI DADISETH
FORMER CHAIRMAN,
HINDUSTAN UNILEVER LTD



PROF. GOVERDHAN MEHTA
EMINENT SCIENTIST
FORMER DIRECTOR - IISc
AWARDED PADMA SHRI



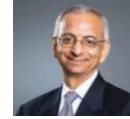
DEEPAK M SATWALEKAR
FORMER MD & CEO,
HDFC STANDARD LIFE



DR. R MASHEKAR
EMINENT SCIENTIST
FORMER DG, CSIR
AWARDED PADMA VIBHUSHAN



S RAMADORAI
FORMER VICE-CHAIRMAN,
TCS

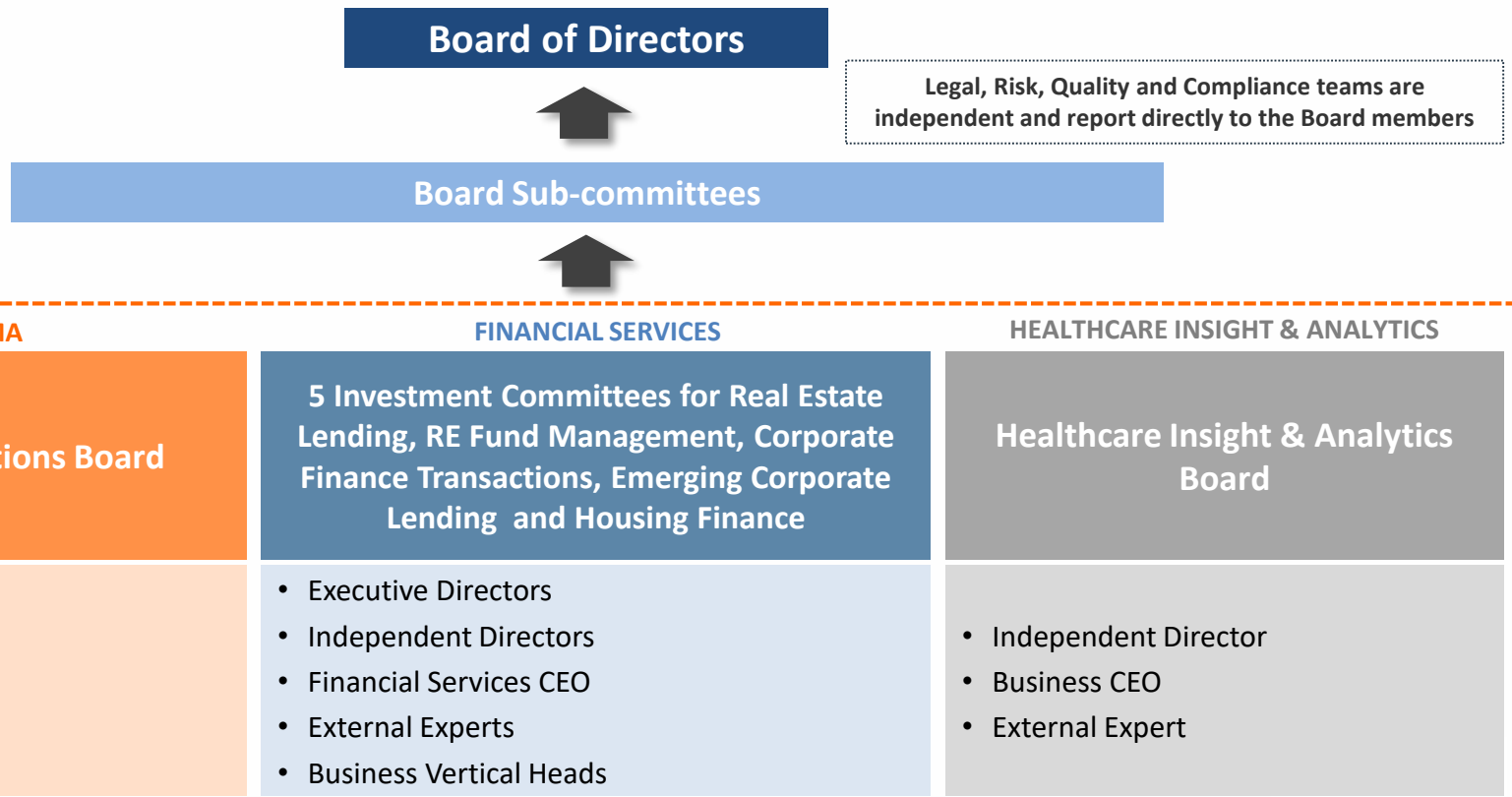


SIDDHARTH (BOBBY) MEHTA
FORMER PRESIDENT & CEO
TRANSUNION



GAUTAM BANERJEE
SENIOR MD & Co-CHAIRMAN,
ASIA OPERATING COMMITTEE,
BLACKSTONE, SINGAPORE

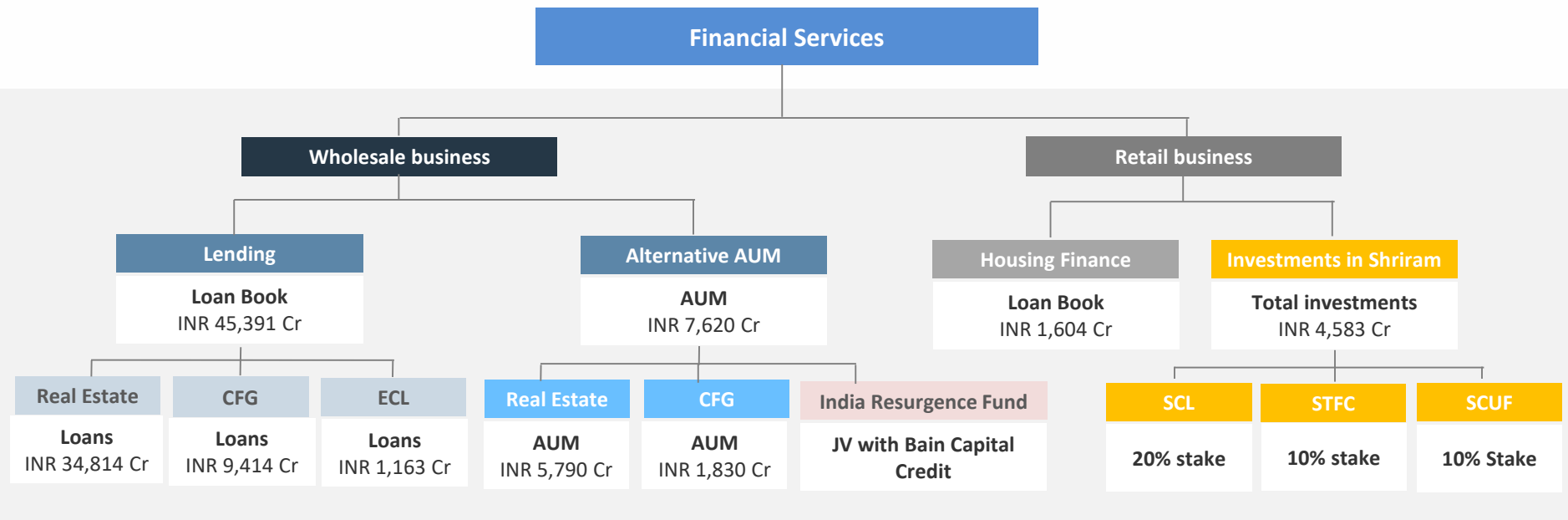
Robust Governance Mechanism





PEL Financial Services

Diversified exposure across both wholesale and retail financing



CFG – Corporate Finance Group;
STFC – Shriram Transport Finance;

ECL – Emerging Corporate Lending;
SCUF – Shriram City Union Finance

HFC – Housing Finance Company;

SCL – Shriram Capital Limited;

Strong portfolio with a total investments, loans and assets under management of over INR 59,000 Cr

Note: All nos are as of June 30,2018



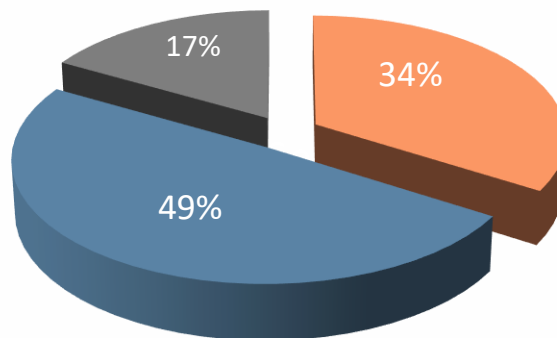
Healthy mix of equity in wholesale and retail businesses

Equity (Book Value) - % split

~INR 3,500 Cr Synergies from reverse merger

~INR 10,000 Cr invested in Wholesale Lending business

- Lending
- Alternative AUM



~INR 7,300¹ Cr equity in Retail lending business

- Housing Finance
- Shriram

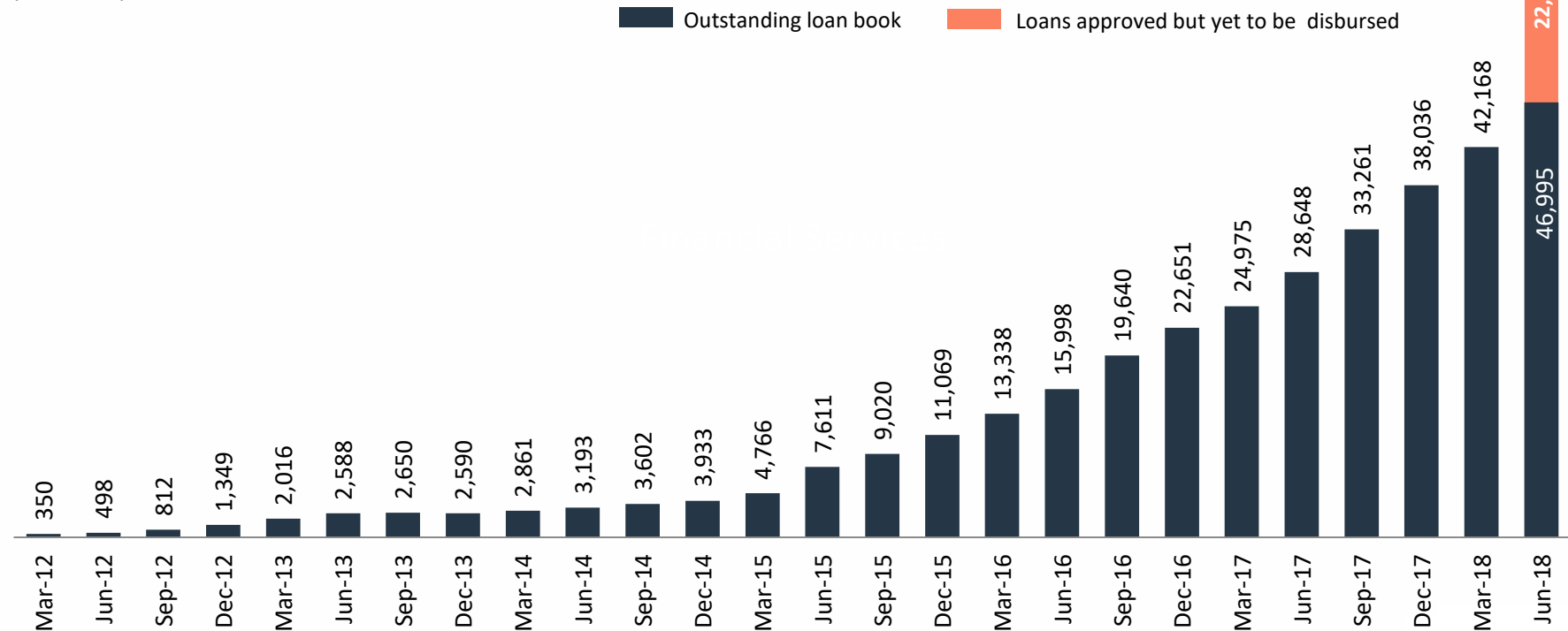
■ Retail ■ Wholesale ■ Synergies from reverse merger

Total equity in Financial Services Business is over INR 20,000 Cr

Building a robust and scalable financial services platform....

Continued scaling up of loan book

(in INR Cr)



Alternative Assets Under Management was INR 7,620 Cr as on June 30, 2018



Consistently delivering exceptional performance quarter after quarter

Trend of key ratios

	FY2016	FY2017	FY2018	Q1 FY2019
Loan Book Growth (%) ¹	180%	87%	69%	64%
GNPA Ratio (%)	0.9%	0.4%	0.3%	0.3%
ROE (%)	25%+	25%+	19% ²	19%³

**6 year Loan Book
CAGR - 122%**

Note :

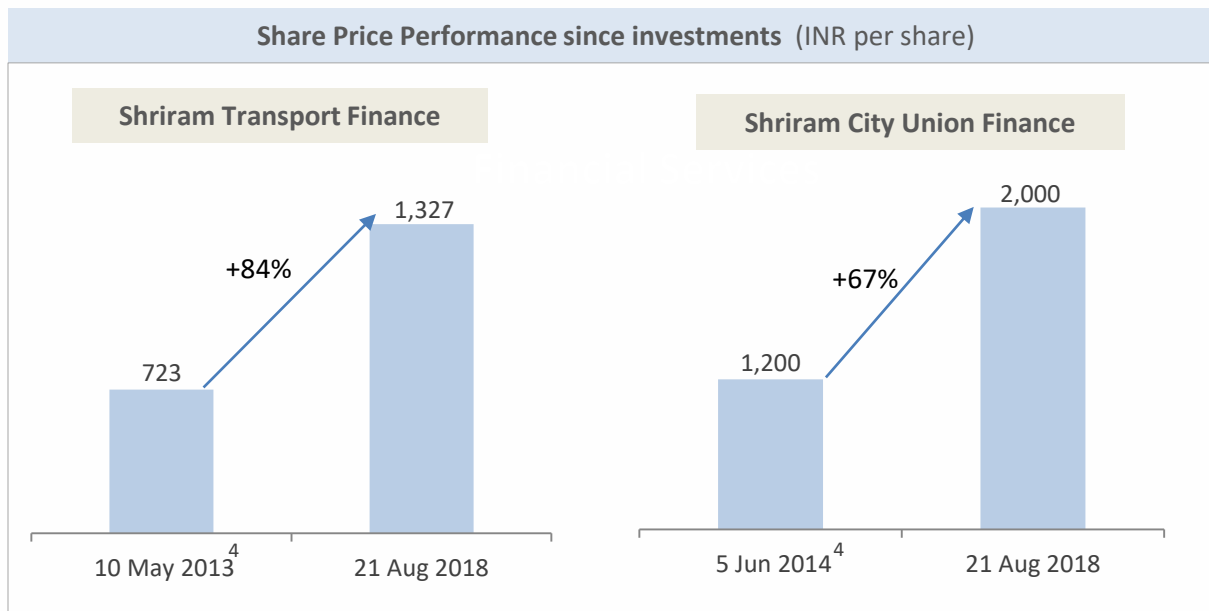
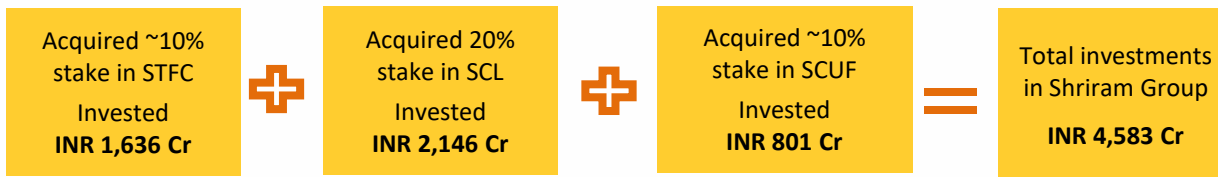
1. As on end of reported period
2. ROE calculation also takes into account the capital allocation from recent fund raise. During Q3 FY2018, INR 2,300 Cr was allocated to financial services. In Q4 FY2018, the entire INR 5,000 Cr of estimated allocation got allocated towards financial services business
3. ROE considers cash tax and includes other synergies on account of merger of subsidiaries in Financial services segment



Exposure to Retail Financing – Investments in Shriram



Partnership with Shriram : Strategic in nature



Note: FX rate: 1 USD= INR 69

(1) Listed entities include Shriram Transport Finance and Shriram City Union Finance (2) As of 21st Aug, 2018 (3) As of 31st March, 2018 (4) PEL's purchase price on the respective date of investment - Doesn't include related costs of acquisitions



Value creation



Values create value



A Billion Dollar Fund Raise

First major fund raise in the history of PEL - Raised ~ INR 7,000 Cr

Raised ~INR 4,996 Cr through QIP of CCDs

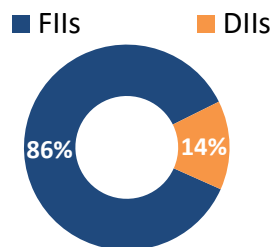
- Largest QIP deal by any company (excluding banks) in India
- First QIP of INR denominated CCDs in India
- Widespread participation



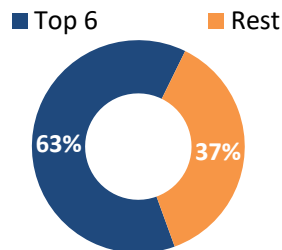
Raising INR 1,978 Cr through Rights Issue

- Existing shareholders got an equal opportunity to participate
- Issue was oversubscribed by 1.26x times
- Promoter Group underwritten to an extent of 90%

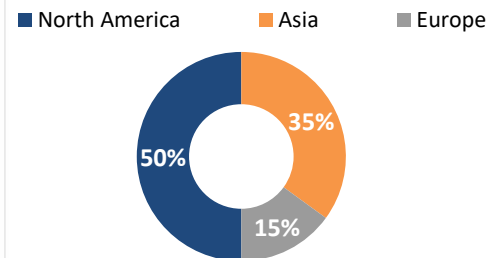
86% of CCDs were allotted to FIIs



Top 6 investors contributed 63% of allotted CCDs



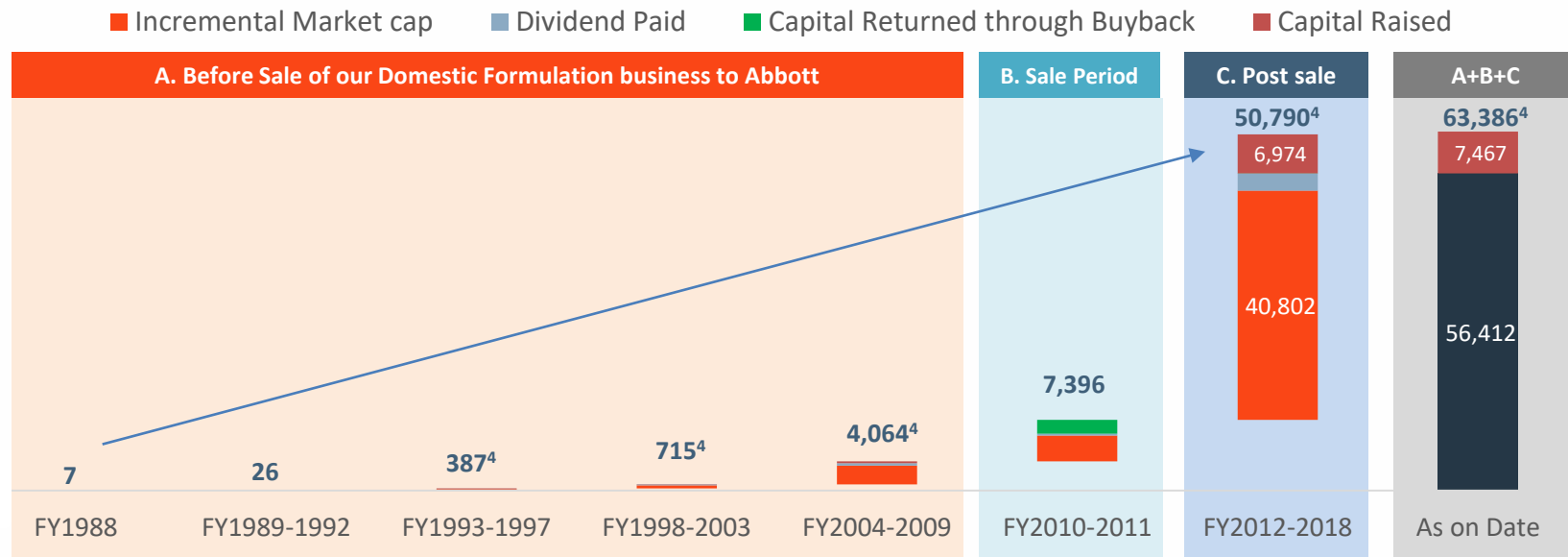
Investors were spread across geographies



Creating significant value for shareholders

(In INR Cr)

Shareholder value creation in less than 3 decades



- Note:
1. Company raised less than INR 500 Cr during the entire period (includes initial capital invested in the company in 1988)
 2. All numbers till 1992 represents book value

3. Analysis carried out based on market information till 15 Jan 2018
4. Value Creation total numbers includes Capital Raised amount

23%

Revenue CAGR for last 30 years

29%

Net Profit CAGR for last 30 years

29%*

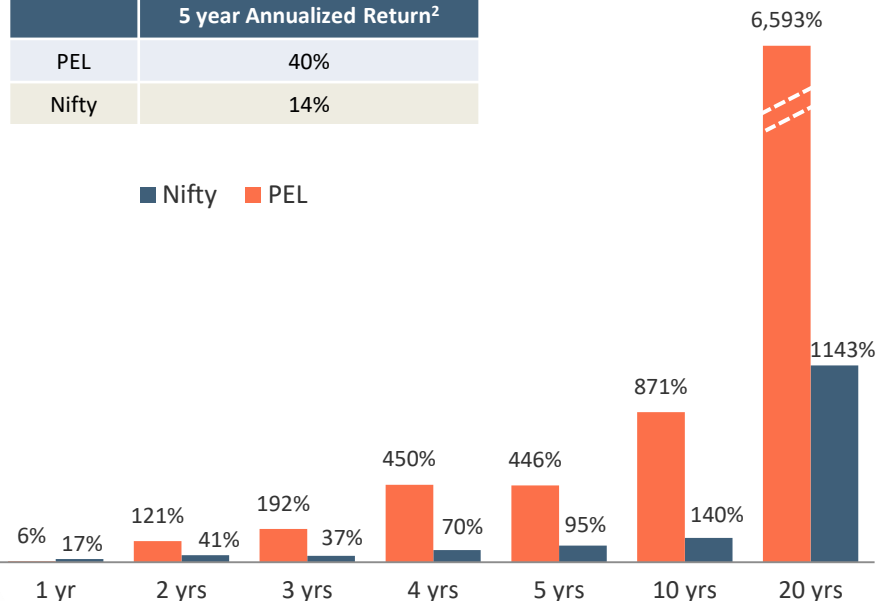
Annualized return to shareholders over last 30 years

INR 1 Lac invested in the company in 1988 has generated total value of around **INR 20 Cr***

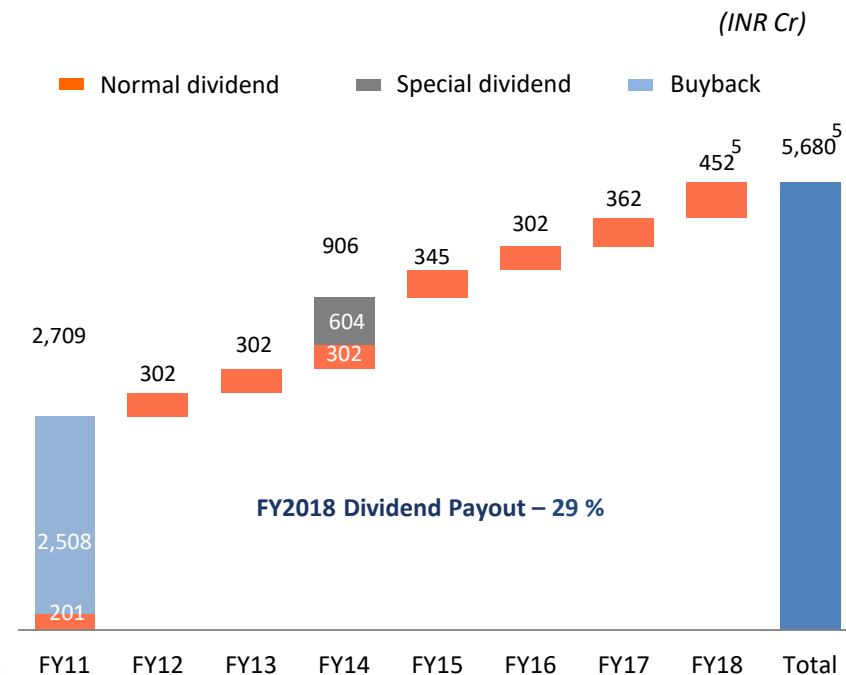
Returns to shareholders consistently outperforming all benchmarks

Consistently delivered strong shareholder returns – significantly higher than benchmarked indices¹

	5 year Annualized Return ²
PEL	40%
Nifty	14%



INR 5,680 Cr^{3,4,5} returned to shareholders since sale of Domestic Formulations business in 2010



Notes:

1) Total shareholder returns are as on 30 Apr 2018. Assumes re-investment of dividend in the stock (Source : Bloomberg); 2) Annualized returns are as on 30 Apr 2018; 3) Of the buy back of 41.8 mn shares shown in FY11, buyback of 0.7 mn shares happened in FY12; 4) Capital returned to shareholder through dividends doesn't include amount paid under Dividend Distribution Tax; 5) Excludes any dividend payout upon conversions of CCDs & related Rights till book closure date

Piramal Enterprises Limited

Business Overview



The blueprint for growth that we created in 2014

Build capabilities to fund across the capital stack

Work on a relationship based approach

Capitalise on domain knowledge and expertise

Build a culture of innovation driven by Group's core values

Enhance granularity to cater to all ticket sizes

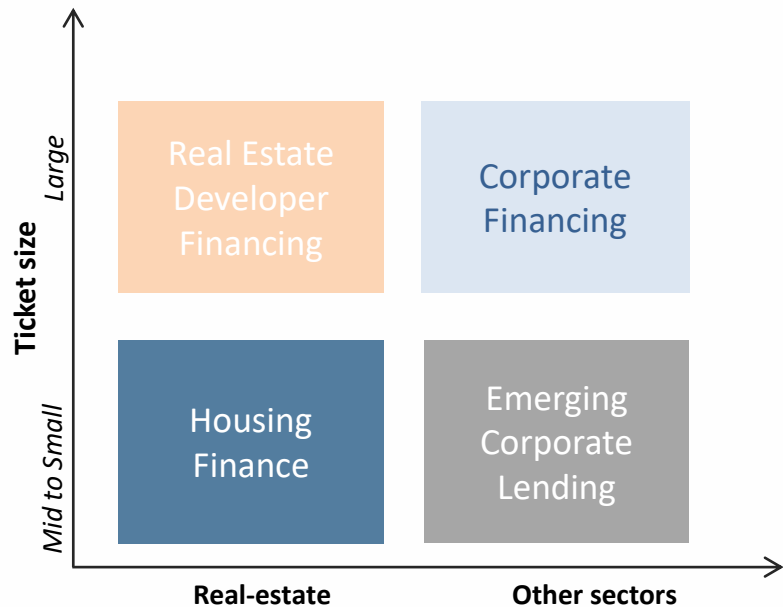
Create robust processes and controls

Our Journey

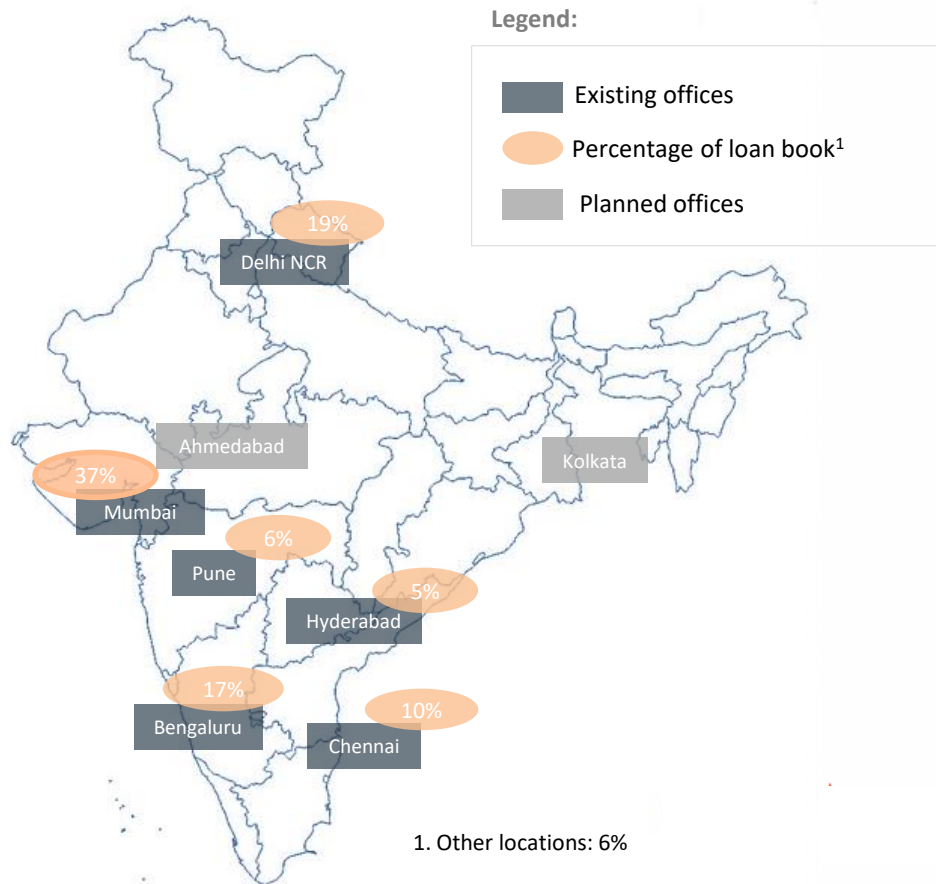
2014		What we are today?
INR 2,861 crores	LOAN BOOK	~INR 47,000 crores
3	PRODUCTS	22
40	TEAM SIZE	700+
Real Estate & Infra	SECTORS	Sector Agnostic
Wholesale	PRESENCE	Wholesale & Retail
Few Cities	PRESENCE	Most Tier I & Tier II cities

Our presence – overall Financial Services

Sector agnostic presence across ticket sizes in most of the Tier I cities of India



Other sectors: Roads, Renewables, Infra, Cement, Auto Ancillaries, Hospitality & Services, Transmission, Logistics & Warehousing, Paper/Packaging, Cash Management.





Key Differentiators



Domain
knowledge



Constant
Product
innovation



Relationship
based
approach



Diversification
enabling
lowering of risk
profile



Independent
risk & stringent
monitoring
process



Leveraging
technology &
analytics



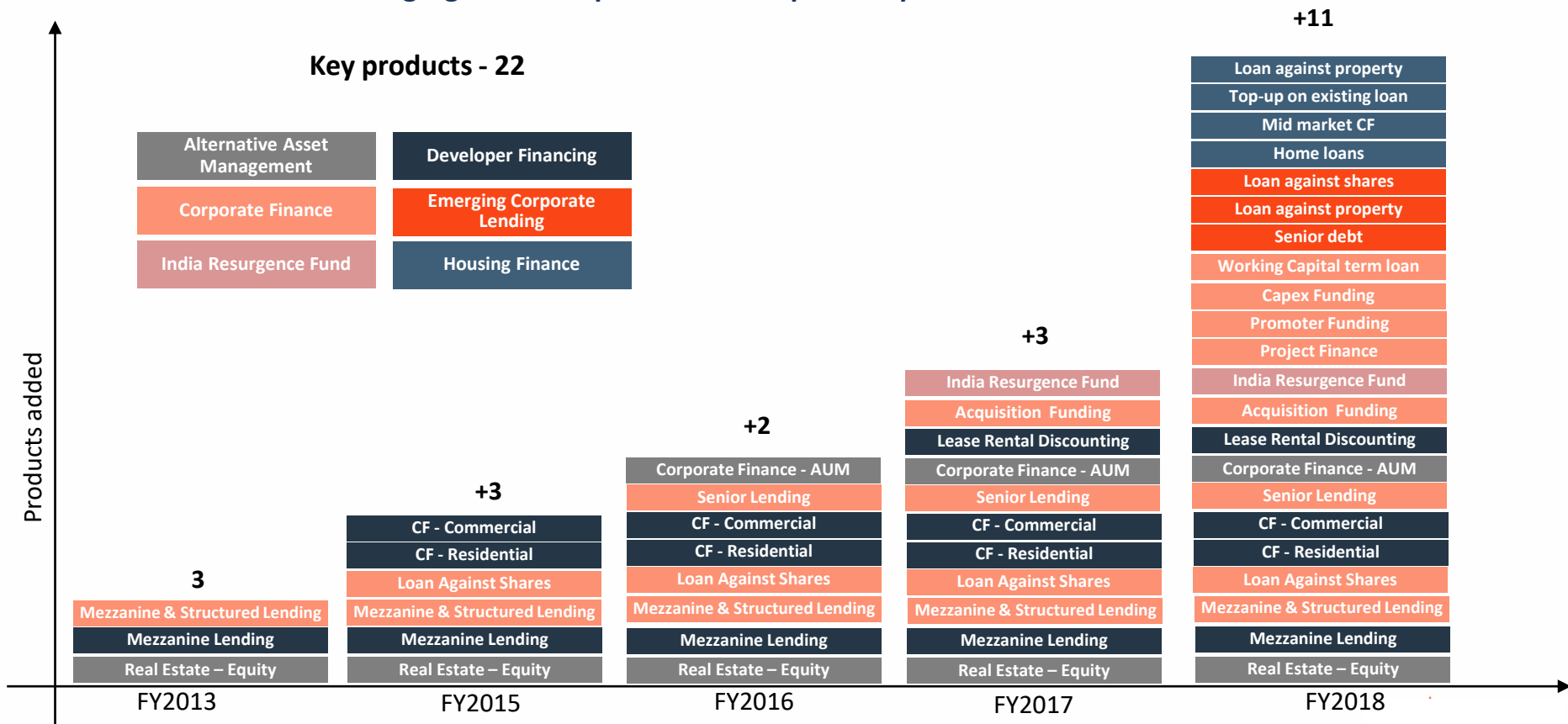
High quality
talent
acquisition &
retention

Simple ingredients to our success



Constant Product Innovation

Constant innovation enabling significant expansion to our product portfolio





Real Estate end-to-end financing model

Particulars	Private Equity	Mezzanine Lending	Construction Finance	Lease Rent Discounting	Housing Finance
Stages of lending for a project	Primarily for land purchase	Post land purchase till commencement of construction (Phase of obtaining approvals)	For construction of projects	Lease rental discounting for commercial projects	Providing housing loans to home buyers
Current Size	Off Balance Sheet (3 rd Party Funds with PEL sponsor commitment upto 7.5%)	On Balance Sheet	On Balance Sheet	On Balance Sheet	On Balance Sheet
Year of commencement	Started in 2006; acquired by PEL in 2011	2011	2015	2016	2017
Current Size	INR 5,495 Crores*	INR 8,974 Crores	INR 21,561 Crores	INR 4,279 Crores	INR 1,604 Crores
Yield / IRR	20-24%	14-17%	13-15%	9-11%**	9-11%**
Tenor	4-6 years	3-5 years	4-6 years	7-15 years	20-30 years

* Includes Ivanhoe commitment ** To down-sell a portion of the portfolio to maintain ROE



Product innovation – Examples

Mumbai Redevelopment Fund

Flexi Lease Rental Discounting

Commenced financing to Hospitality Sector

Housing Finance: Super Loans





Adopting a relationship based approach

‘Acting as partners & solutions providers’

Partnering with the right developer

West



South



North



Performance of our developer's projects post demonetisation

Units Sold per month (Nos.)				
Region	Average May –July'16	Average Aug-Oct'16	Nov'16	% to average of last quarter
MMR	116	205	85	41%
Pune/Ahmedabad	42	65	63	97%
Bangalore/Hyderabad	211	166	131	79%
NCR	28	51	73	143%
Chennai	215	123	105	85%
Total	612	610	457	75%

Our portfolio's performance against the industry

Sr No.	Region	Total No. of Developers			Sales Velocity-6 Months (Lac sq ft)		
		Market	PEL	%	Market	PEL	%
1	MMR	2,776	29	1.0%	305	28	9.2%
2	Bangalore	2,280	38	1.7%	319	18	5.6%
3	NCR	377	14	2.9%	115	20	17.4%
4	Chennai	829	23	2.8%	72	8	11.7%
5	Pune	2,058	13	0.6%	158	7	4.5%
6	Ahmedabad + Surat	919	5	0.5%	166	2	1.1%
7	Hyderabad	1,197	12	1.0%	141	3	2.1%
Total		10,436	134	1.3%	1,276	86	6.7%

- Our share of developer relationships: ~ 1.3% of total developers
- Our share of sales: ~6.7% of owing to superior project performance

Note: All figures are based on internal calculations

Using the same thesis in other sectors as well



Internal deal originating team – The Corporate Coverage Group (CCG)

Coverage	<ul style="list-style-type: none"> ▪ CCG is engaged with over 50 groups and over 400 companies ▪ Has strong relationship with over 30 Private Equity funds for opportunities
Presence	<ul style="list-style-type: none"> ▪ Covering clients from various sectors on a pan India basis ▪ 12 member strong team with rich credit / underwriting experience combined with wide network of relationships across business groups

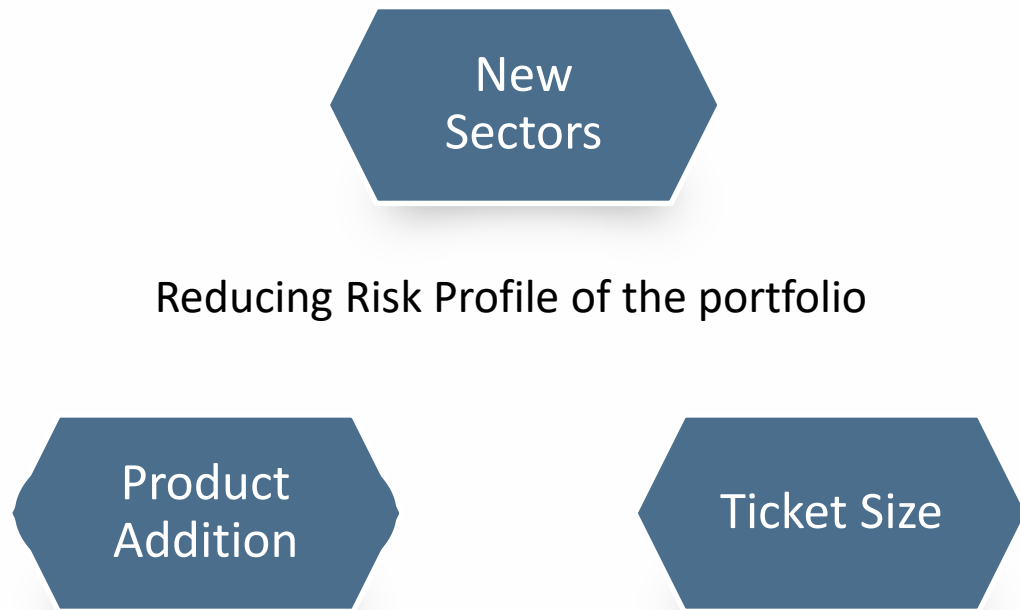
Integrated platform creating significant value for customers





Diversification of portfolio

A multi-pronged strategy towards diversification

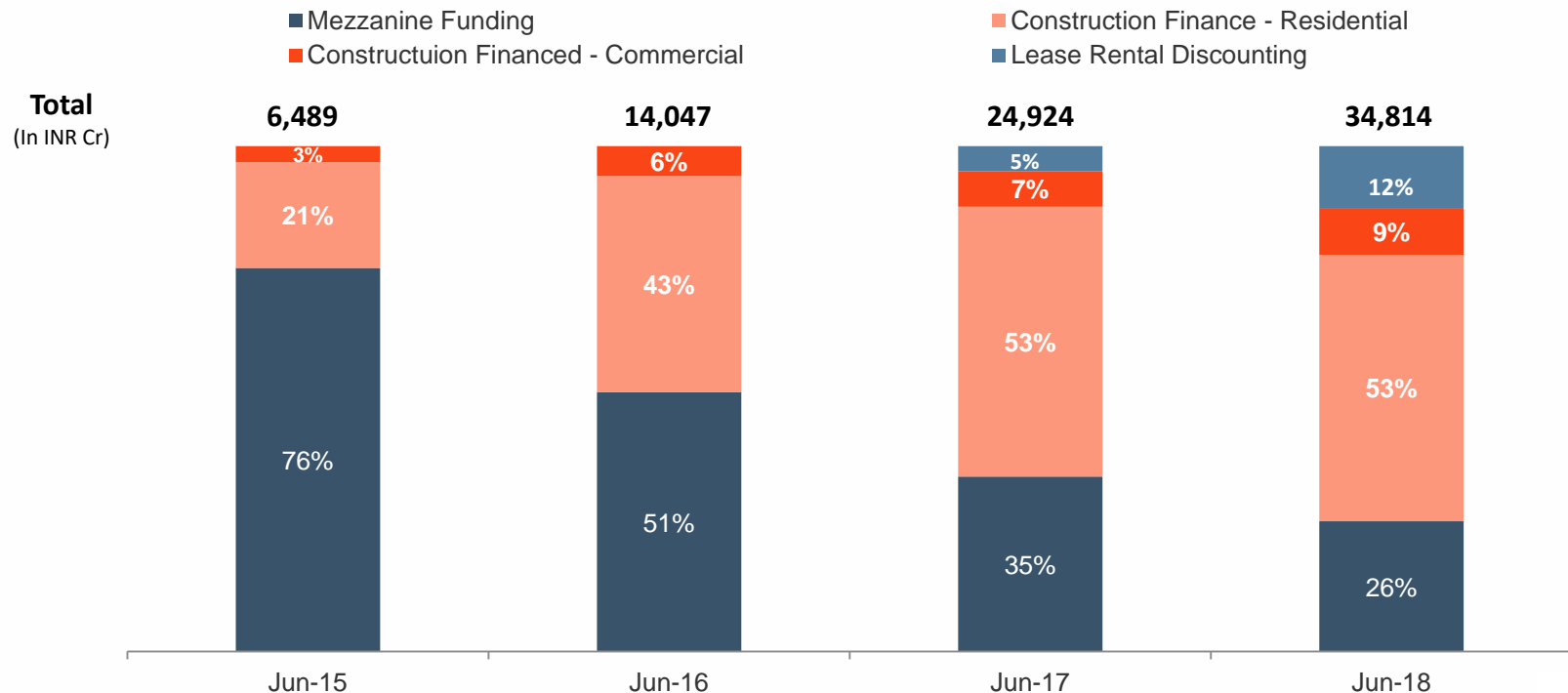




Enhancing diversification in the Real Estate lending portfolio

Thereby significantly reducing risk profile of the loan book

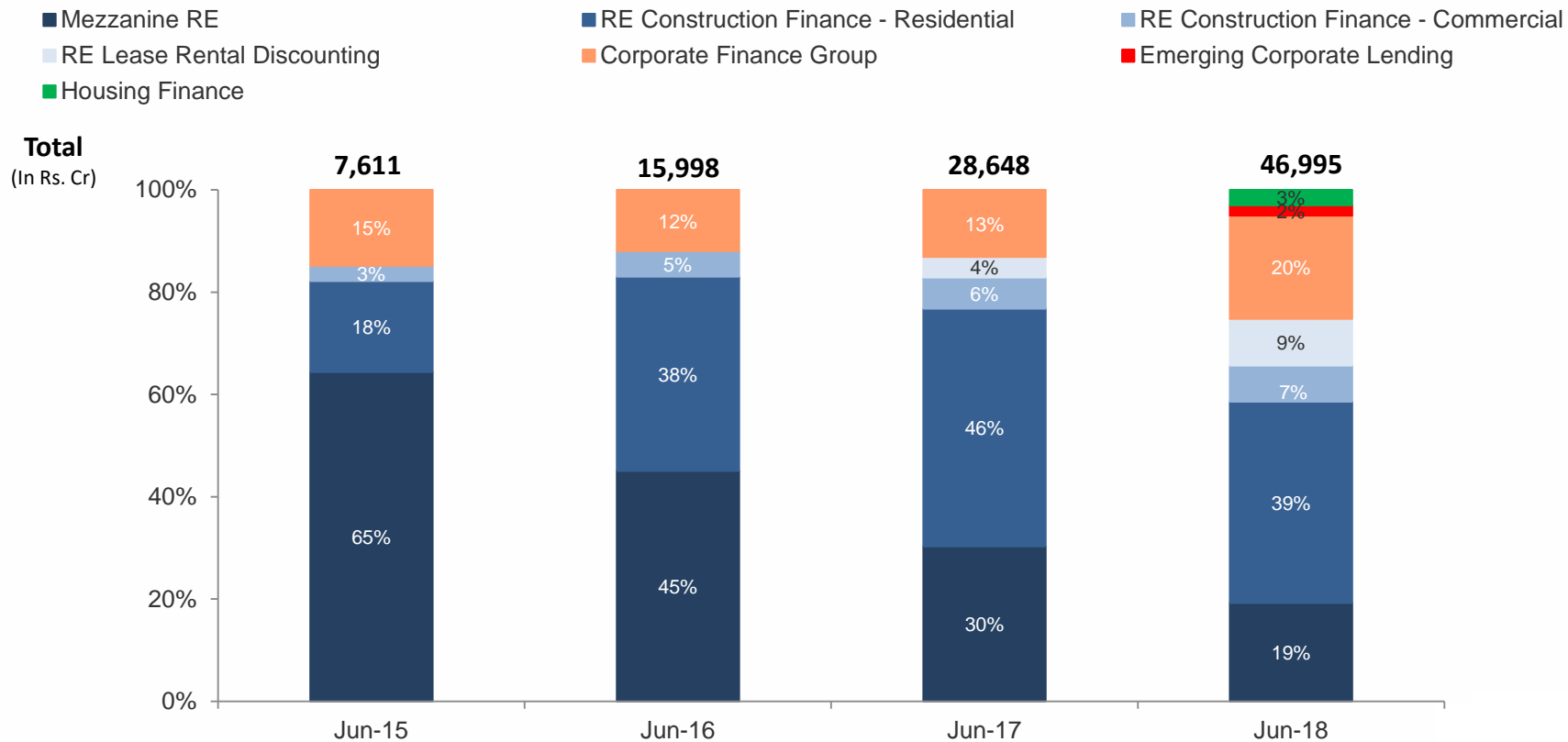
Trend of changing portfolio mix (%)





Enhancing diversification in the lending portfolio; significantly lowering overall risk profile

Trend of changing portfolio mix (%)



Note : RE – Real Estate; CFG Loan book includes old education loans

Diversification into retail – Housing Finance

Key Strategies

Use latest technology & analytics to build on key competitive parameters

Work on a B2B2C model with existing developer partners

Leverage existing network of 10,000+ distributors of Brickex

Bring in innovative products to fill the gap in the HFC business



9 month journey: Sep'17 to Jun'18

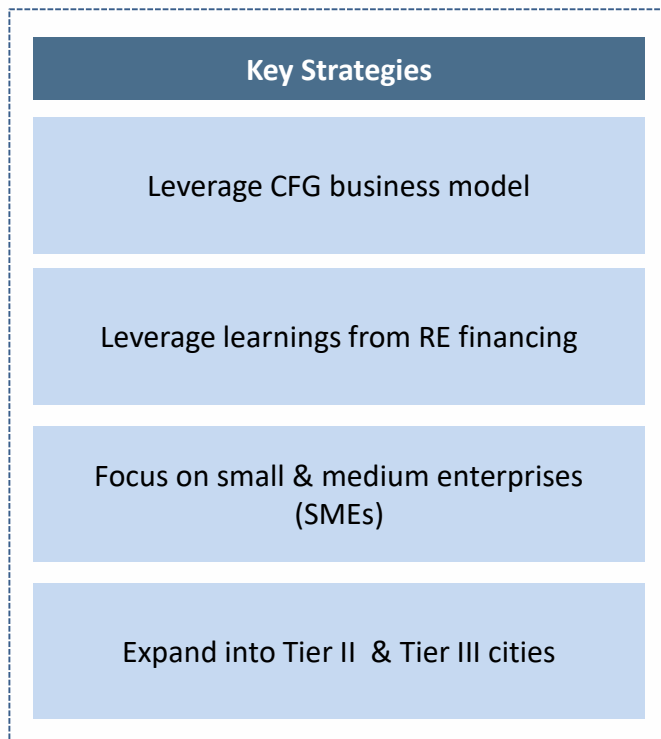
Loan book + Sanctioned: INR 2,691 crores

86 developers, 230 projects
Branches in Mumbai, Pune, NCR & Bengaluru

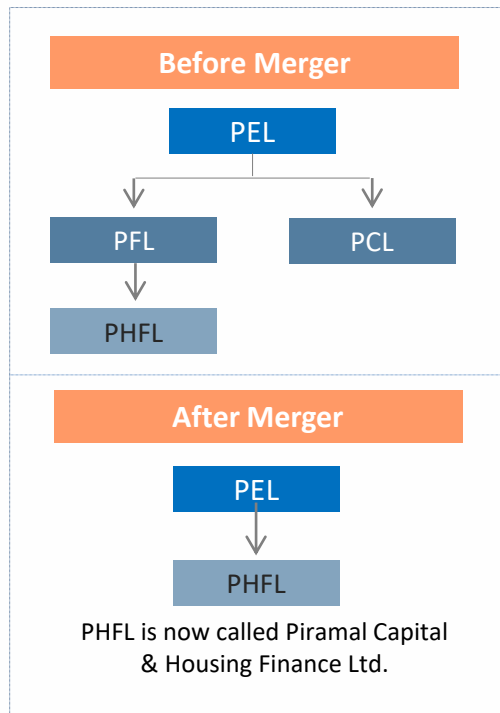
2800 logins, 1100 channel partners

Innovative products – e.g. Super loans

Diversification into small & mid-size lending - ECL



Improving profitability through Reverse Merger



Note:

PEL – Piramal Enterprises Ltd.

PFL – Piramal Finance Ltd.

PCL – Piramal Capital Ltd.

PHFL – Piramal Housing Finance Private Ltd.



Improvement in Credit Rating

Due to diversification PCHFL has now been assigned a long term rating of 'CARE AA+; Stable'



Reduction in Borrowing Cost

Borrowing cost has gone down by 50 basis points



Enhance Lender Base

Open up avenues to raise fund from diversified lenders



Higher Allocation from MFs

Mutual Funds can lend up to 40% to HFCs as compared to 25% to NBFCs



Optimum Capital Adequacy

To improve returns



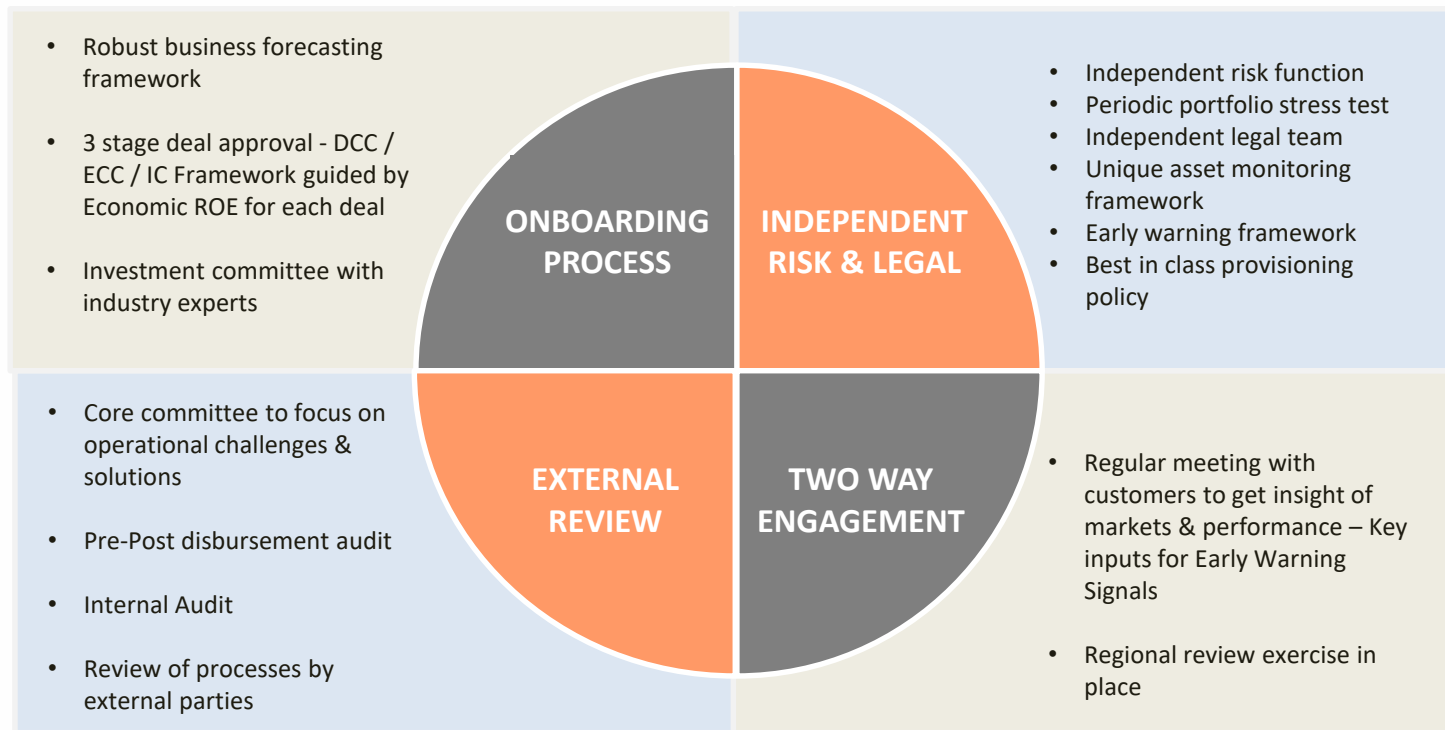
Improve Profitability & Risk Adjusted Returns

Expectation to improve annual ROE by 2-3% in the next few years



Independent risk & stringent monitoring processes

Stringent Controls & Review Mechanism

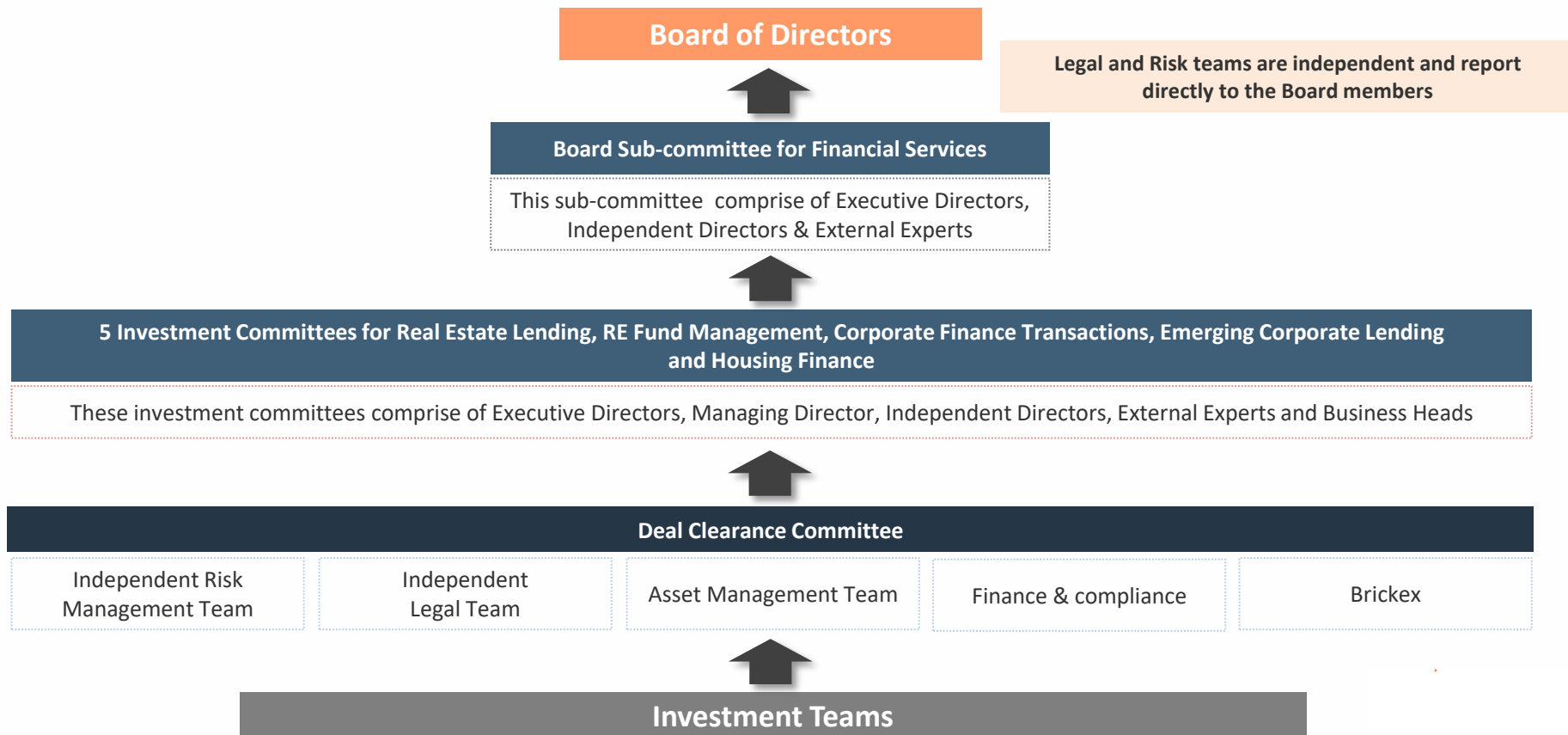


DCC: Deal Clearance Committee

ECC: Executive Credit Committee

IC: Investment Committee

Review and governance mechanism



Stringent controls across stages of lending

Controls at pre-disbursement stage



- ✓ Detailed external & internal diligence conducted on legal, technical, financial & commercial aspects
- ✓ Independent maker-checker controls before issuance of every sanction letter & disbursement approval
- ✓ Exhaustive pre-disbursement audit conducted by independent concurrent auditor on every loan
- ✓ Sign-off from partner functions (Risk, Legal, Asset Monitoring, Finance, Compliance) prior to disbursement
- ✓ Independent Operations team tracking all pre- & post-disbursement conditions through technology system


Controls at post-disbursement stage



- ✓ CA certificate for end usage obtained from borrower for each disbursement
- ✓ Detailed post-disbursement & end-use audits conducted by independent auditor on every loan
- ✓ Robust tracking of conditions subsequent with fortnightly reporting to MD & Senior Management
- ✓ Centralized tracking of security/collaterals taken for every loan

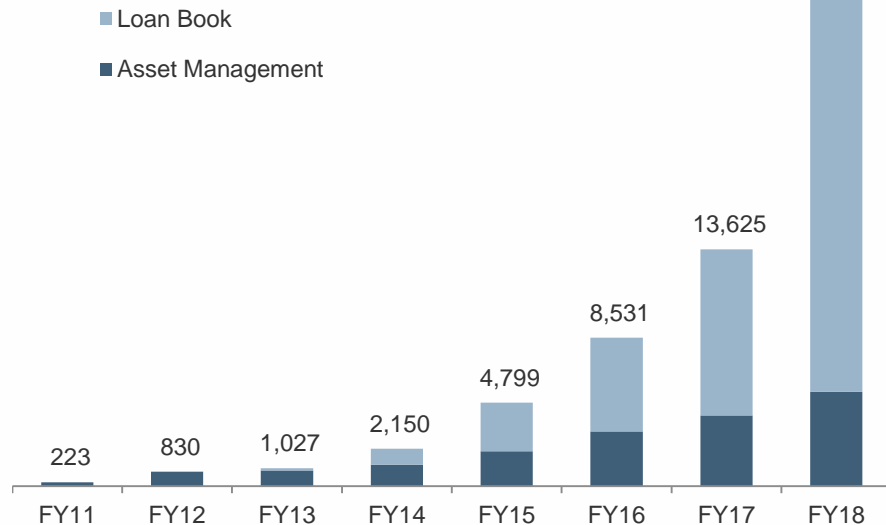
Constant asset monitoring ensuring healthy asset quality

Detailed monitoring mechanism

- 
- ✓ Dedicated Asset Monitoring vertical with localised teams in each city for monitoring real estate portfolio
 - ✓ Replication of RE monitoring best practices to non real estate monitoring as well including:
 - Monthly / Quarterly site visits to assess the project progress
 - Performance review on both financial & operating parameters
 - Escrow bank account monitoring & NOC issuance
 - ✓ Monthly Early Warning Signal (EWS) meetings to highlight potential stress deals
 - ✓ Integral part of the Deal Clearance Committee – Learnings from past incorporated into new deals

Strong trend of exit/repayments with a maturing book

Strong trend of cumulative exits / repayments^{1,2} (in INR Crores)



- Effective structuring to ensure timely repayment
- Repayment to an extent of ~50% of the opening loan book during FY2018 – a testament to the health of the loan book even in testing times
- Real Estate: Cashflow driven business – clearly reflected in monthly collections /repayments/prepayments

Notes:

- FY2016, FY2017 & FY2018 numbers are as per IND AS and prior period are as per IND GAAP.
- Excludes our investment in Vodafone India, which was exited during FY2015
- Exits from Asset Management business have been included on calendar year basis

Gross NPA ratio of 0.3% (90 day dpd)

Provisioning maintained at 1.8%

Case Study : Resolving a stressed deal

Key Project Details

- Projects located in prime locations of NCR
- Commercial component has excellent market potential

Problem Statement

- Project sales got impacted due to ban on Construction by NGT and overall market slow down in NCR
- Leading to opening of working capital gaps

Solutions being explored

- We leveraged our relationships with both regional and national developers to take over and execute the project
- Win-win for both :
 - Developer: Takes care of existing liabilities from lenders, authorities and customers
 - Ecosystem: Provides other development partners an opportunity to these prime projects



Technology & Analytics as business enablers



Technology

Initiatives in technology have played a pivotal role in create customer centric advancements

Principles behind our technological initiatives

Customer-Centric

Constant re-invention

Low-cost operating model

Sustainable differentiators

Journey so far

- Core lending platform for Wholesale RE
- Initiated building of NextGen platform for Retail HFC
- Data warehouse, single source of data to help drive insights, analytics, cross selling, dashboards across financial services
- Initiated Robotic Process Automation for business processes
- IT compliance enabling data leakage prevention, advanced threat protection etc.

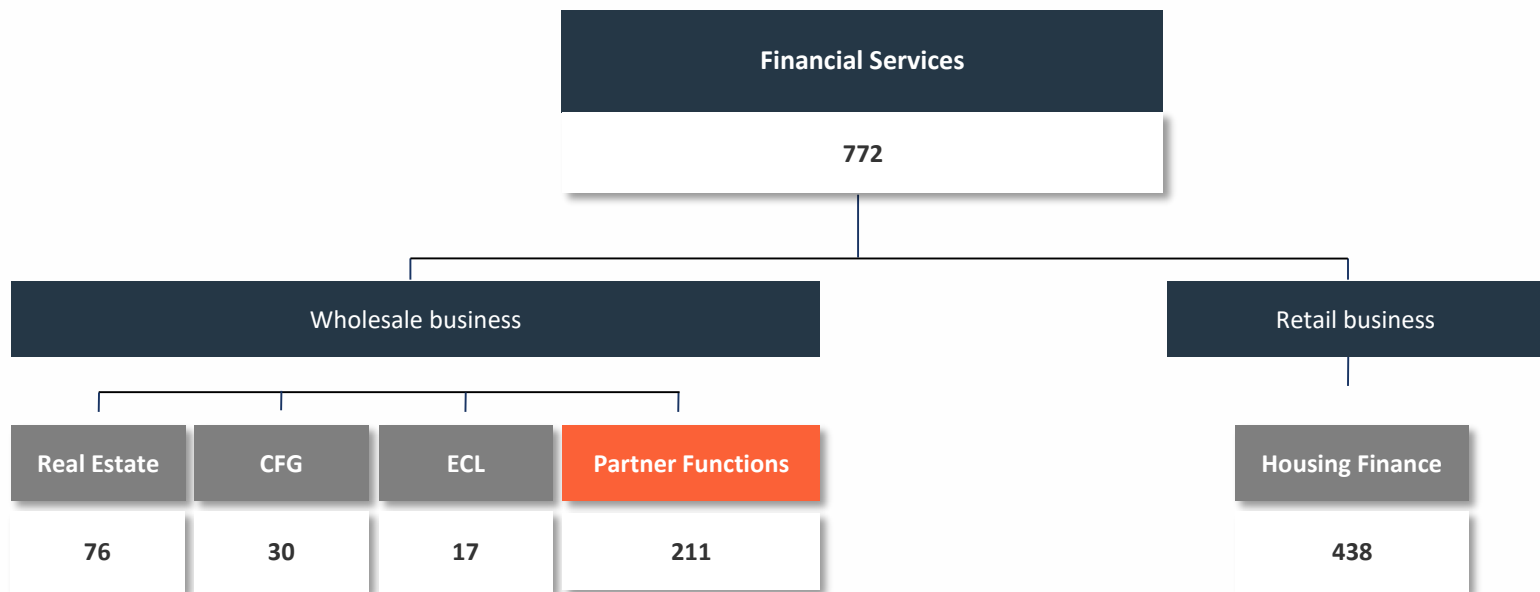
Piramal Connect – a one of its kind technological initiative to bring our partners closer



High quality talent acquisition and retention



Team Strength



Partner Functions includes Risk Management, Asset Monitoring, Legal, Treasury, Brickex, Human Resources, Information Technology etc.

Creating a great place to work

Every employee is a partner

- Entrepreneurial approach empowering each employee as a partner

Incentive structure

- Carry scheme covering all employees across levels ensuring collaboration to get best deal for the platform
- Leadership team shares a part of their earnings with employees in lower bands
- Incentives are also linked to overall platform performance

High retention

- Create internal leadership through various employee development programs – most of our senior positions are fulfilled from within
- Extend support for individual growth & care based on our values

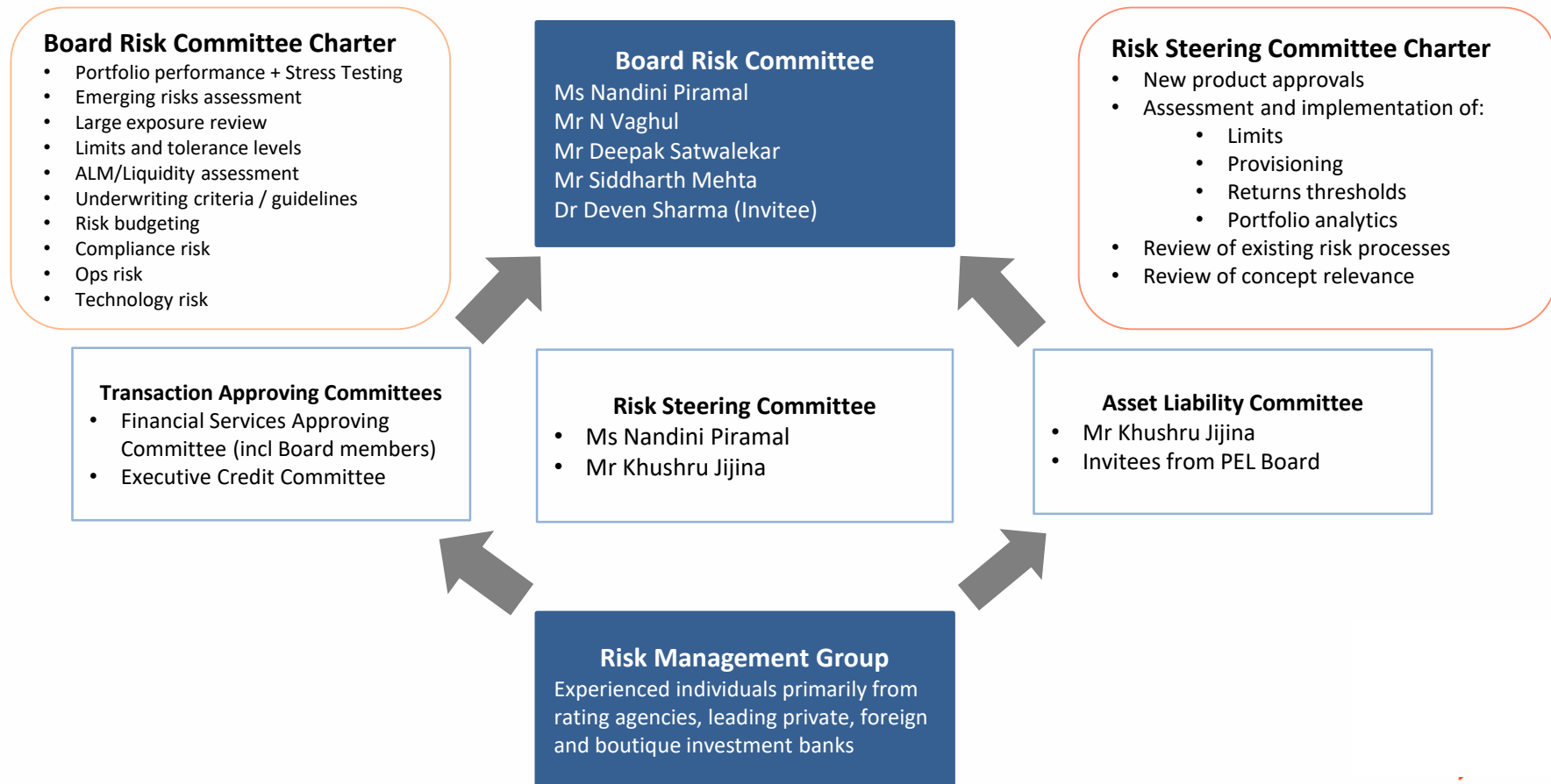
Recognized as one of the Great Mid-Size Workplaces by Great Place to Work Institute® 2 years in a row – Ranked No. 1 in 2018

Piramal Enterprises Limited

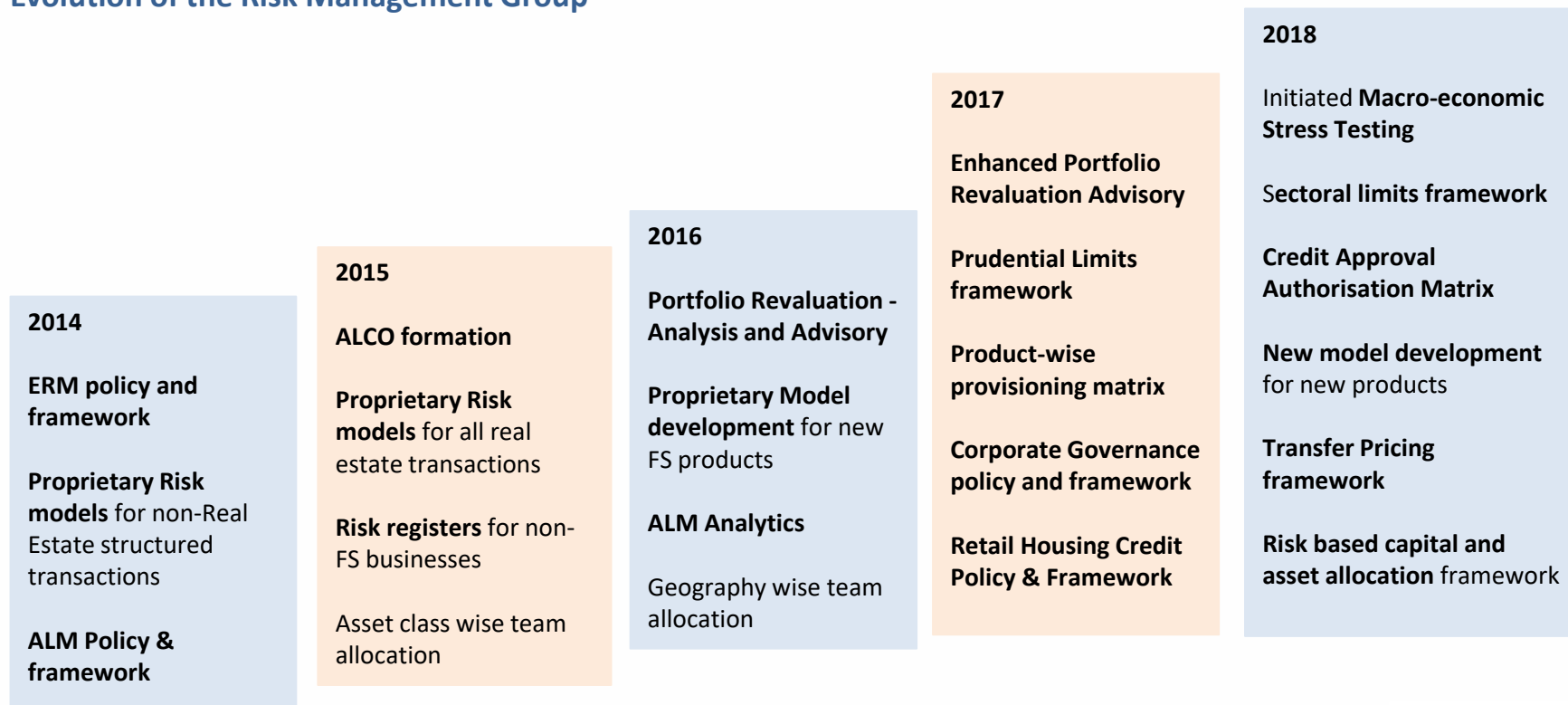
Risk Management



Risk Governance Framework



Evolution of the Risk Management Group



Risk Architecture structurally designed for a multi-asset large financial institution

Risk Assessment & Measurement: Transaction Assessment Approach

P
R
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A
R
Y

M
O
D
E
L

Identify primary risk drivers: Industry / Company

Cash flow modelling using severe stress case scenario

Security risk: Adequacy & enforceability

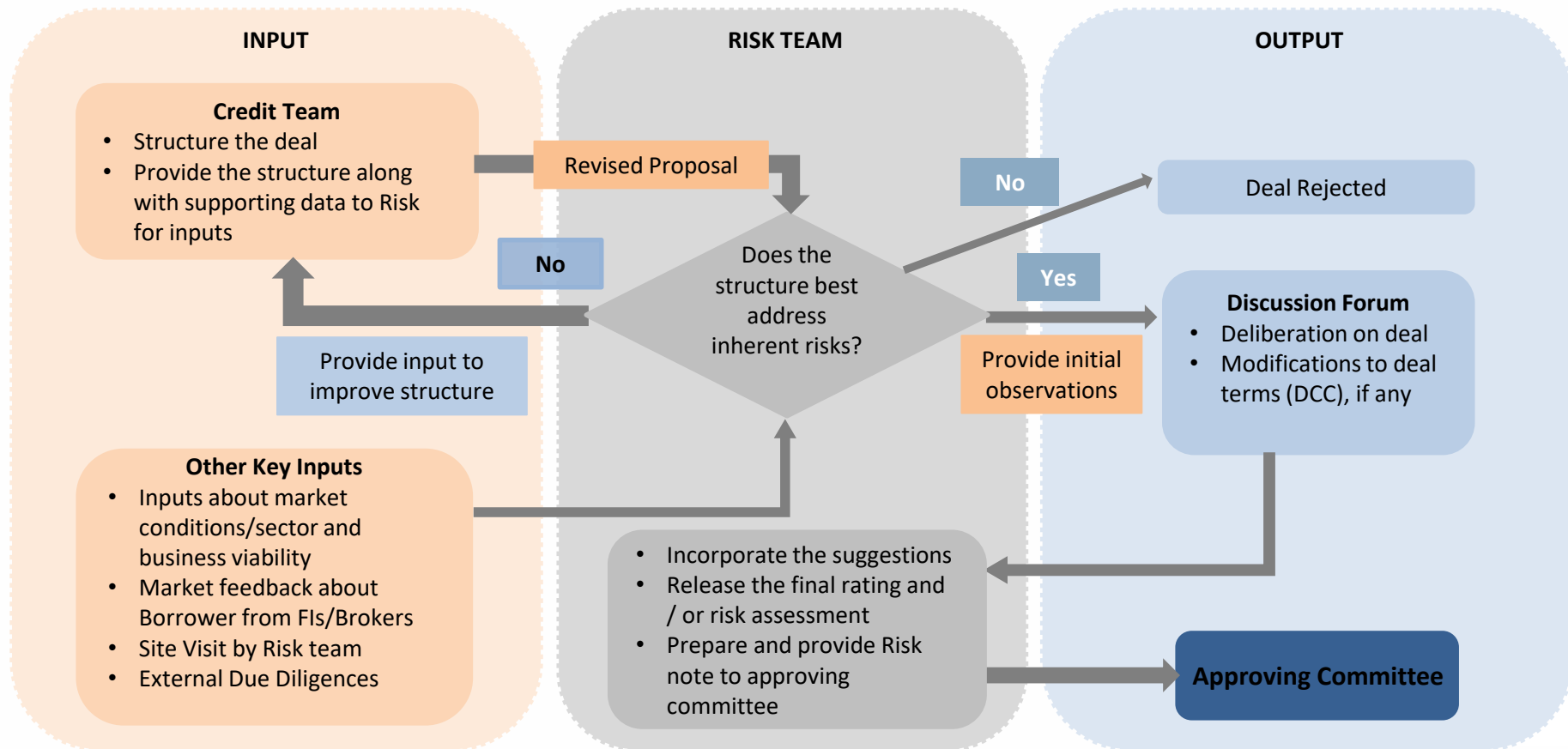
Promoter risk: Track record, Management strength

Exit risk: Refinanceability, capital markets, liquidity event

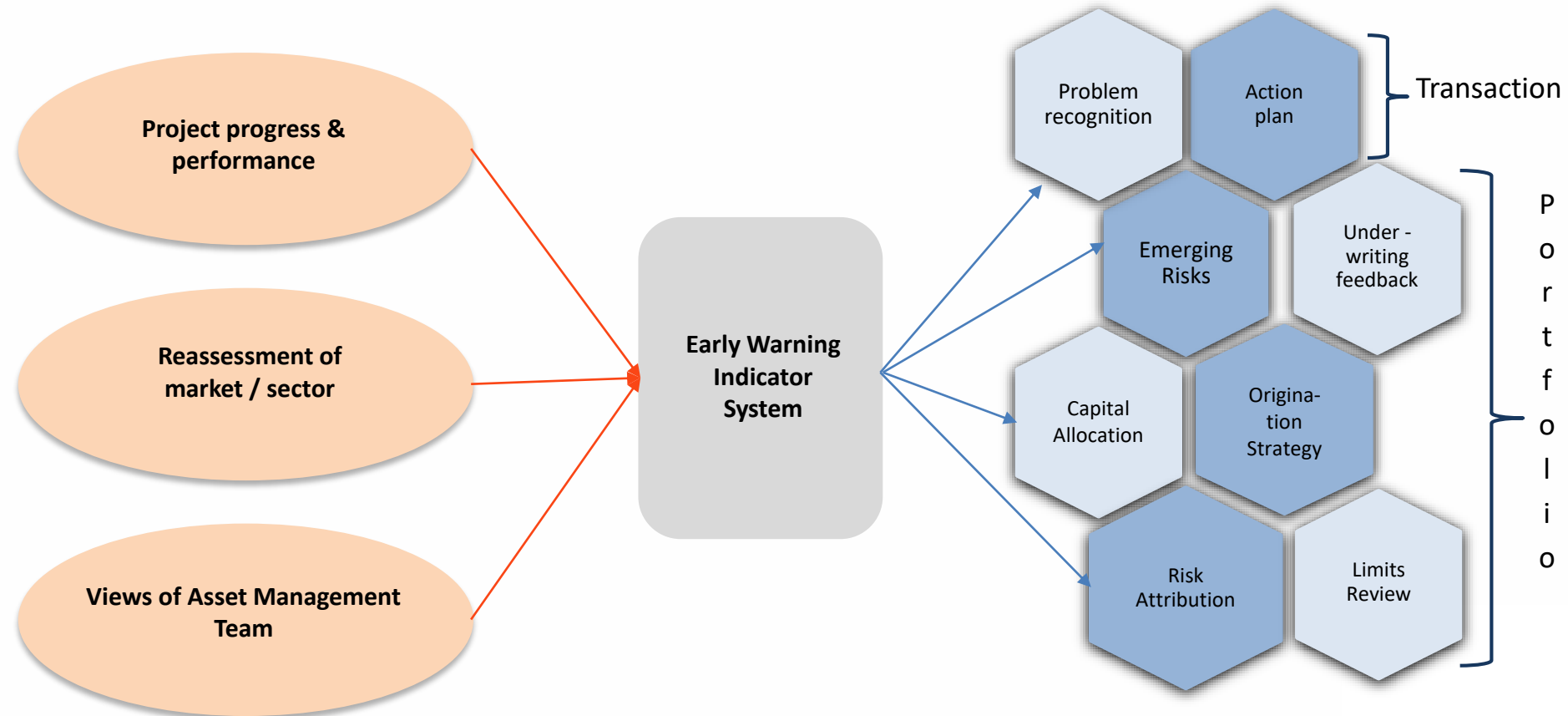
Output: Risk adjusted Return, Risk Rating, Commentary

- ✓ **Quantitative & score-cards based rating methodology**
- ✓ **Scoring of around 40+ parameters**
- ✓ **Comparability across transactions**
- ✓ **Clear record of transitional matrices**
- ✓ **Amenable to analytics**

Risk Assessment & Measurement : Pre-disbursement Process



Risk Assessment & Measurement – Post Disbursement Portfolio Analysis



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Asset Monitoring





Asset Monitoring – Real Estate

What does the Asset Monitoring team do ?

Physical Presence at Site

'Ears to the ground' approach

- Periodic site visits
(Monthly/quarterly)
- Construction status
- Real time feedback to Team
- Micro Market Analysis

Operating Performance

Adherence to Business Plan

- Actual v/s Budget
(Sales Velocity, Selling Price, Collection, Costs)
- Cash Cover Ratio (Actual v/s Budget)
- Sales Trend Analysis
- NOC issuance

EWS Meetings

'Early Warning Signals' identified

- Project performance
- Key issues highlighted
- Action items
- Market trends
- Regulatory developments

Localised Asset Managers with
Techno-financial background

18

Escrow Accounts monitored

800+

Projects pan India

380+

Site Visits / month

190+

NOCs issued per month

1,000+

Micro markets tracked

100+

Team of CA / Civil Engineers having worked
at Developers / Consultants /NBFCs

In-house technology platform for data
capturing and operational scalability

Data analytics for exception reporting and
highlighting trends

Residential project – Central Mumbai

Sep'16 – 5th Floor completed



Dec'16 – 9th Floor Completed



Oct'17 – Finishing near completion



Monthly construction progress monitored

Sample of Site Visit Report



Tower Name	Expected Completion date	Mar 07,2017	Feb 03,2017	Jan 04,2017	Dec 01,2016	Nov 14,2016	Oct 10,2016	Sep 02,2016	Aug 04,2016	Jul 13,2016
Labours on site		190	150	50	30	70	135	70	6	15
Tower – D	Dec -17		Further Approval Received		-	-		Approval Received	Stalled	Stalled
RCC	Apr-17	9 th Floor Completed	6 th Floor Completed	5 th Floor Completed / Ramp in Progress	5 th Floor Completed	5 th Floor Completed	4 th Floor completed	3 rd Floor in Progress	2 nd floor completed	2 nd floor completed
Block Work	Jun-17	6 th Floor completed	Gr to 5 th flr in Progress	Gr to 4 th flr in Progress	Gr to 4 th flr in Progress	Gr to 4 th flr in Progress	Gr to 4 th flr in Progress	Gr Floor in Progress	-	-
Plastering / Gypsum	Aug-17	Gypsum / False Ceiling in progress Upto 4 th floor	Gypsum / False Ceiling in progress Upto 4 th floor	Gypsum / False Ceiling in progress Upto 4 th floor	Sample office completed	-	-	-	-	-
Flooring	Sep-17	-	-	-	-	-	-	-	-	-
Finishes	Dec-17	Finishes in progress upto 2 nd floor	Finishes in progress upto 2 nd floor	-	-	-	-	-	-	-

Dashboards of site visits prepared on monthly basis



Asset Monitoring – Non Real Estate

Replicating best practices of Real Estate monitoring to Corporate Lending

Client Engagement

'Ears to the ground' approach

- Site visits
- PMC & Board Meetings
- Engagement with Lender's Engineer
- Sector Updates

Performance Review

Adherence to Business Plan

- Actual v/s Budget
- Operating and financial analysis
- NOC issuance
- Escrow statement

Deliverables

'Early Warning Signals' identified

- EWS meetings
- Portfolio review with Color coding
- APG Portfolio Updates

Feedback

6 member team of CA/ MBAs

Total exp of ~50 years in Banks, NBFCs, Fund

Multi-sectoral and multi-product expertise

Sectors Tracked (nos)

10 +

Projects managed pan India (nos)

200 +

Renewable Energy Portfolio
(In MW)

6000 +

Learning's incorporated in new deals

Asset Management
29 Dec 2017 11:53

Wind project site visit photos: Andhra Pradesh

Operating wind turbines along with 33 kV lines



33 kV line connecting with the sub-station



20 operating turbines each of 2 MW

Auto component site visit photos: Tamil Nadu

Furnace where iron scrap is melted



Molten metal is poured in moulds for casting



Sample of overall Portfolio Performance Review Sheet

AUM Summary (INR Cr)

Category	No. of Deals	Total
Green – No major concerns		
Yellow – Closely monitor for next 6 months		
Amber – Envisage stress over next 6 months		
Red – Overdue		
Total		



Teams spend significant time post disbursement to **detect and react to early warning signals (EWS)**

Key parameters for colour coding

1. Site visit findings
2. Approval timelines
3. Construction cost
4. Sales Velocity in terms of units, area and value
5. Pricing – per sq ft and ticket size
6. Collections
7. Cover computation
8. Ability to meet principal and interest obligations
9. Discussions with developers / promoters

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Legal

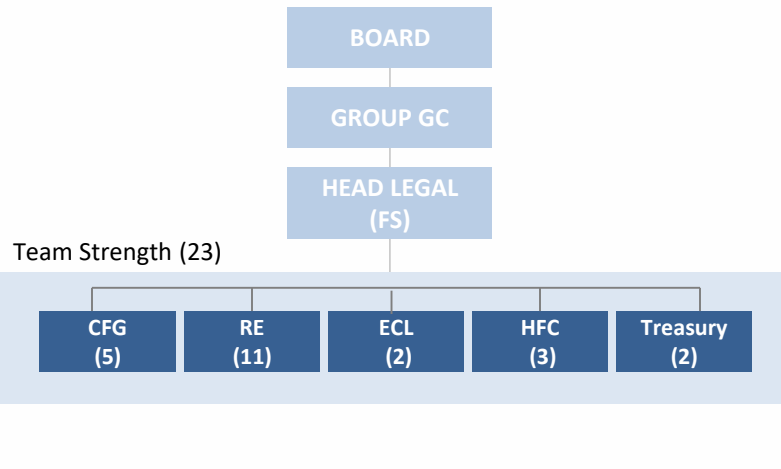


Legal Team : Financial Services

Focus Area

- Integrated legal set-up for Financial Services
- Regional set-up with local expertise
- Centralised Dispute Resolution & Litigation Team for recovery & security enforcement
- In- house Trusteeship company
- Regulatory Committee to make representations before Govt. authorities

Team Structure



Recognised as “One of the best In-House Legal Team” in BFSI Sector by “The Legal 500 GC Power List: India” in 2017

Legal Team – Financial Services

Presence across Deal Lifecycle

Origination

- **Structuring:** Robust and Ring Fenced Structuring
- **Term Sheet:** Vetting & Providing relevant Inputs
- **Deal Clearance Committee:** Strategic Advise

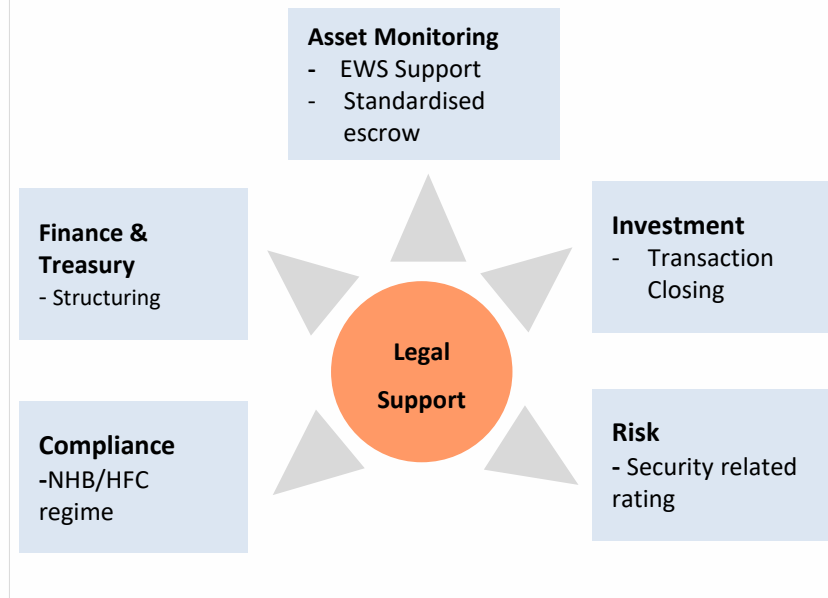
Closure

- **Law Firms:** Appointed by Legal Team
- **Due Diligence, Documentation & Negotiations:** Internal expertise coupled with top law firms
- **Legal Sign Off Process:** Disbursement & Deviations

Post Closure

- **Post closure Compliances:** Along with external auditors
- **Dispute Management:** Participation in EWS meeting
- **Exit Facilitation:** Legal inputs on potential exits

Serving all Internal Stakeholders



Security Interest Mechanism & Enforcement

Security Cover Covers Loan Outstanding	Escrow on Cash flows Secures Debt Servicing	CG / PG / PDC / DPN* Additional Mitigation Mechanisms	Continued Monitoring via Contractual Rights Identification of Early Warning Signals
<ul style="list-style-type: none">• Adhere to minimum cash cover prescribed• Mortgage• Share Pledge	<ul style="list-style-type: none">• Hypothecation of Receivables / Charge on Project Escrow Account• Obtain end use certificates from auditors• Monthly monitoring and tally	<ul style="list-style-type: none">• Corporate Guarantee – Holding Company• Personal Guarantee – All Individual Promoters• Post-dated Cheques /Demand Promissory Notes – To be collected post disbursement	<ul style="list-style-type: none">• Affirmative rights on key decisions• Form and participate in Project Management Committee (for RE deals)• Active role in key commercial decision• Events of Default Consequences: Right to appoint Directors, Management & Project Step-in Rights

Note: CG – Corporate Guarantee, PG – Personal Guarantee, PDC – Post-dated Cheques, DPN – Demand Promissory Notes

Litigation and Dispute Management - Case Study

Sri Harsh

(Funding against Apartments)

- Economic Offences Wing (Criminal Proceeding)
- Section 138 proceedings (Cheque Dishonour)
- Civil Suit Proceedings (Bombay High Court)

INR 80 Cr recovered
against Principal
of INR 60 Cr

SES

(Education Sector Funding)

- Recovery Suit (Bombay High Court)
- Contempt of Court Proceedings route to avoid lengthy enforcement process
- Attachment of Personal Properties/Assets

Obtained attachment of
moveable & immovable
assets of the promoter

C&C

(Healthcare PE Funding)

- Contractual Enforcement of Put Option
- Arbitral Award making Promoters Personally Liable
- Enforcement of Arbitral Award and attachment thorough asset tracing

Recovered 2x of investment
- INR 108 Cr against
INR 50 Cr

No litigation in the current portfolio till date, other than Pre-2014 legacy transactions

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Treasury





Key highlights

Rating upgrade

- Long term rating of **AA+ (Stable)** assigned by CARE Ratings in June 2018 for PCHFL

ALM update

- As of June 30, 2018, cash & cash equivalent of ~ **INR 2,500 Cr** and unutilised bank Lines of ~ **INR 3,900 Cr** maintained as liquidity back-up
- **Matching** of Assets and Liabilities to mitigate liquidity and interest rate risk
- Arranged Bank Lines of ~**INR 19,200 Crores** from 30 Banks

New Initiatives

- Setting up of **Syndication Vertical**
- Expanding treasury presence globally : **London Office**
- **Innovative products** for resource mobilisation : Rating Upgrade linked TIER II Bonds

Rating Upgrade and HFC Status: Impact...

Capital raise strengthened the Balance Sheet, resulting in comfortable gearing levels



Foray into retail housing finance and small ticket corporate finance has added to the diversification and granularisation of the loan book



Strong risk management and robust asset monitoring practices have maintained high asset quality with GNPA's of 0.3%



Continued operational and management support from PEL and brand lineage



Qualified management team with relevant experience in their respective fields



Long term rating of **AA+ (Stable)** assigned by CARE
Ratings in June 2018 for PCHFL

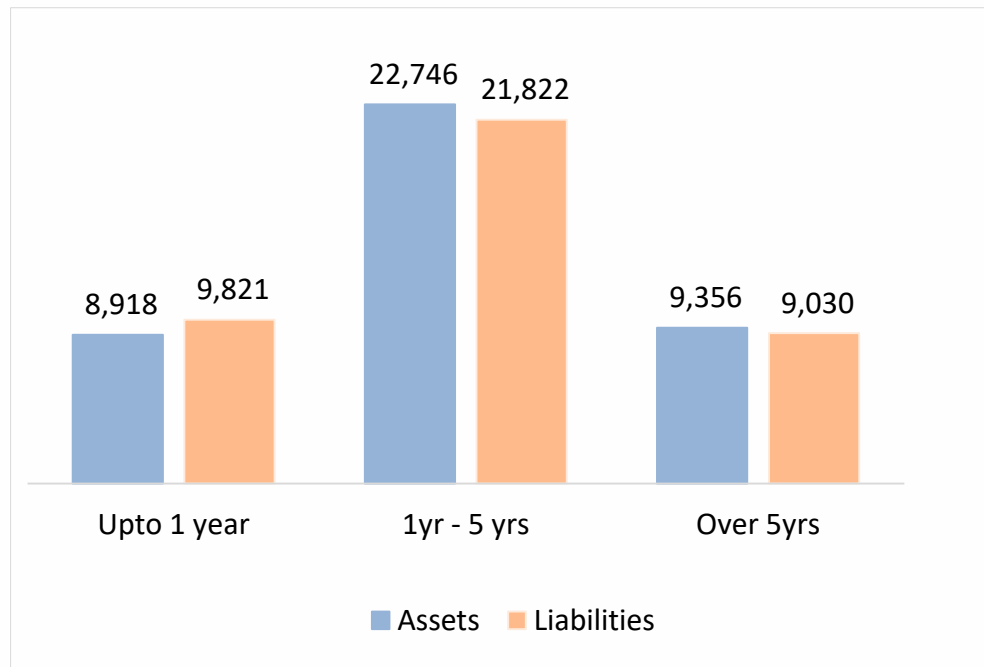


- **Diversification of investor base:** Adds new set of investors: Pension Funds, Insurance Companies, Charitable Trusts
- **Diversifies product offerings:** Opens up new borrowing sources: ECBs, Masala Bonds
- **Cost reduction:** On account of lower risk weightage for HFCs, banks are increasing their exposure at lower spreads. Savings of 35-50 bps in medium term

Asset Liability : Matched Profile

(in INR crores)

As on June 30, 2018

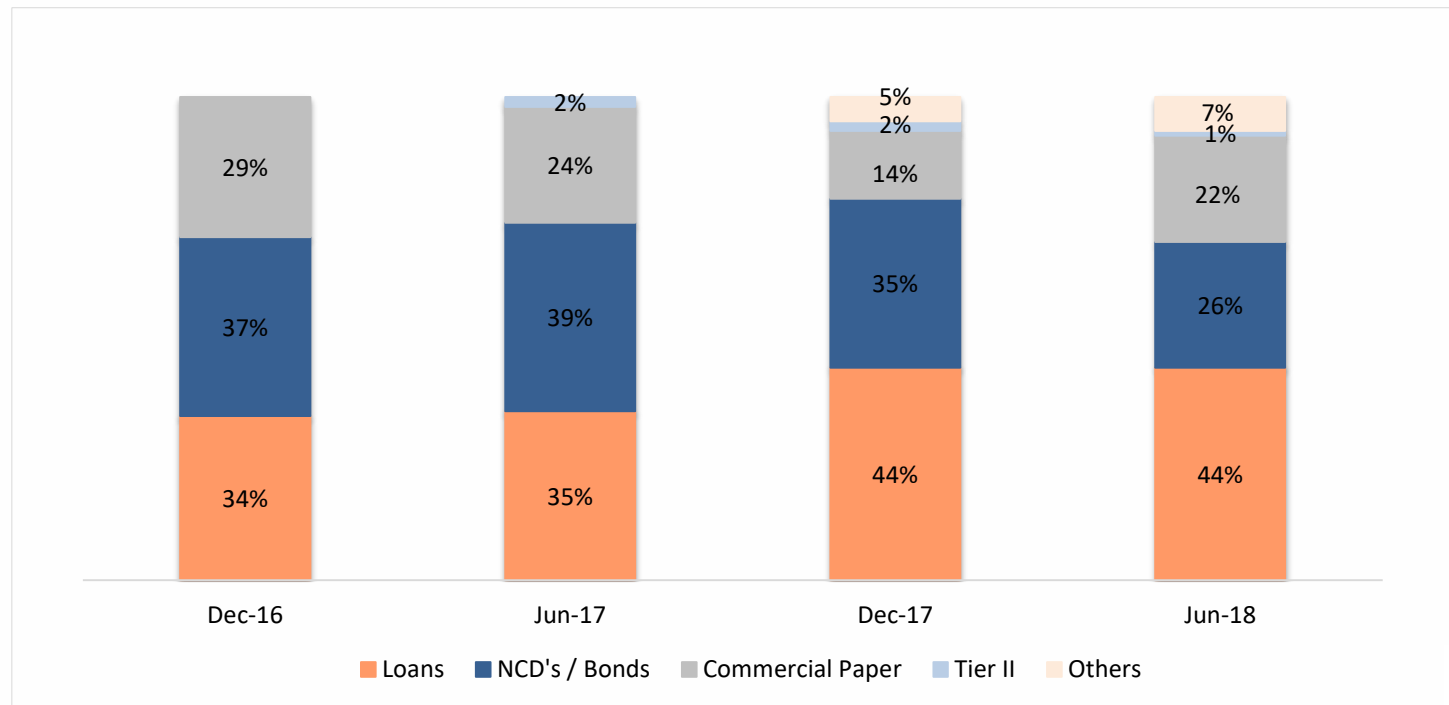


Our ALM complies with the regulatory requirement in respect to prudential gap limits



Debt Profile

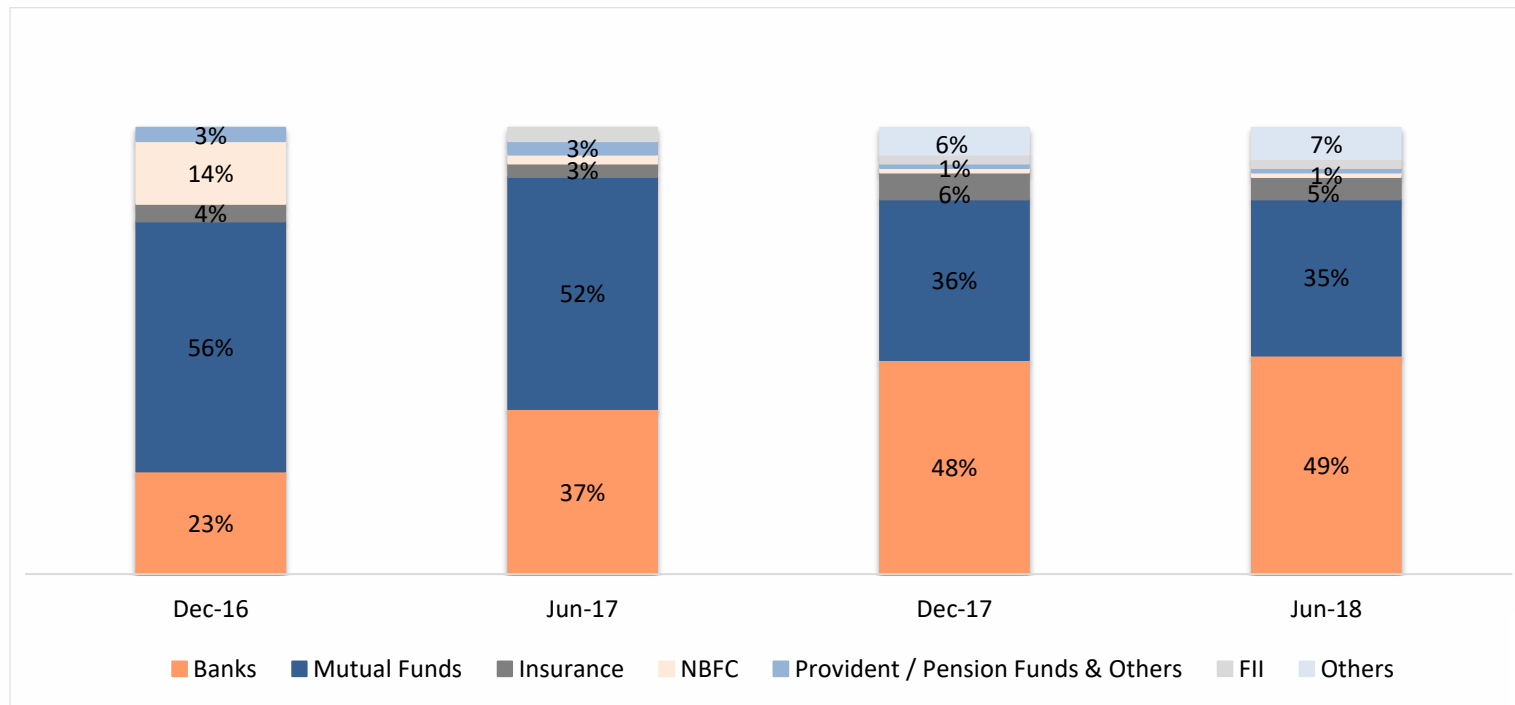
As on June 30, 2018



Total Outstanding debt as of 30th June 2018 of INR 38,400 Cr
Significant increase in share of bank borrowings to overall borrowing mix

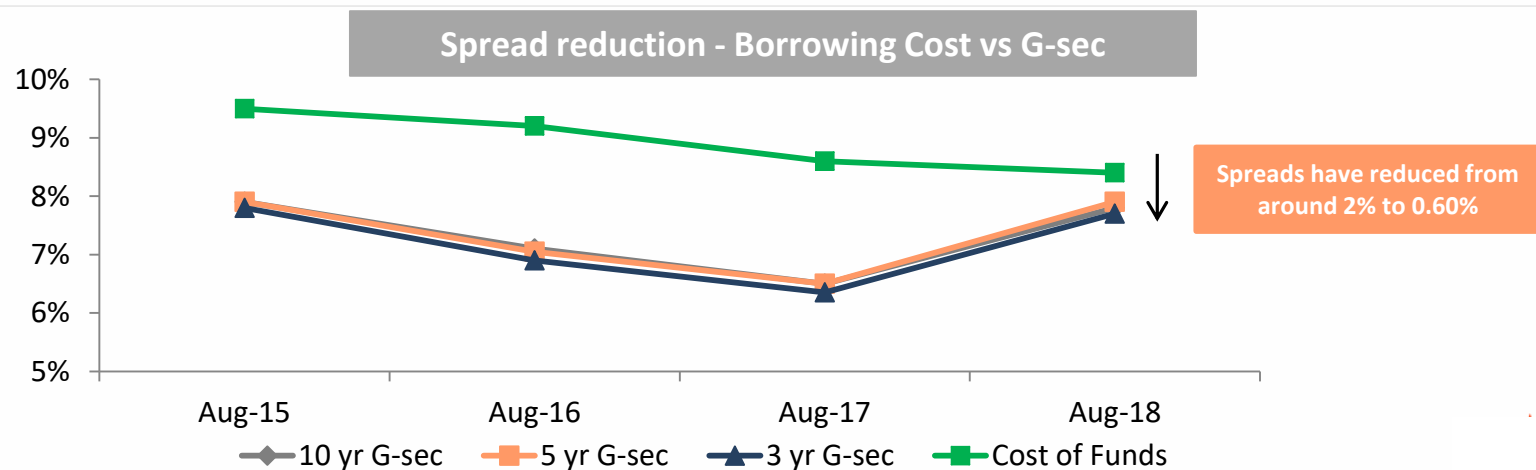
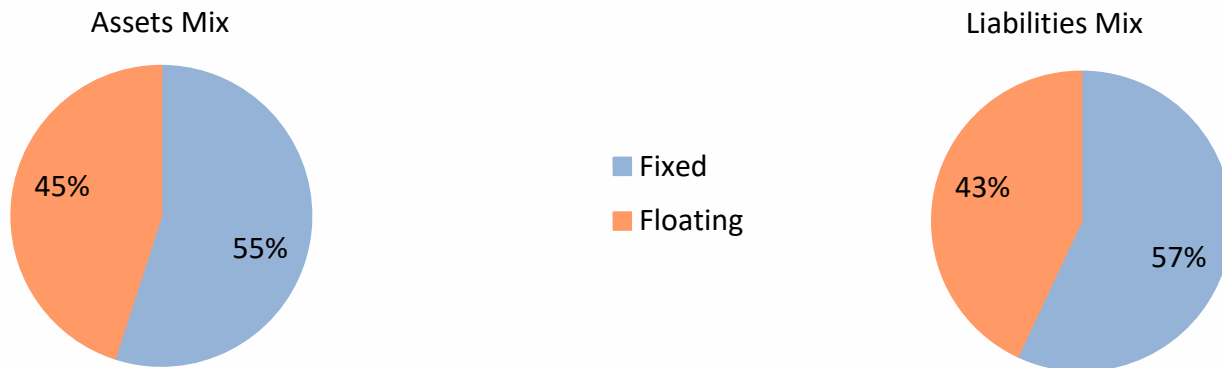
Investor Mix

As on June 30, 2018



Over 100 investors including Banks, Mutual Funds, FPIs, Insurance Companies, Charitable Trusts, Provident Funds

Asset–Liability Mix and Credit Spread Reduction



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Way Forward





Well-positioned to cater to the significant opportunity that country expected to offer in next few years

- India set to become the 3rd largest economy in next few years
- Lower penetration implies Financial Services to grow faster than GDP
- Public sector banks facing asset quality issue
- Private Sector Institutions (i.e. Private Banks, NBFCs & HFCs) expected to support this rapid growth
- Few serious players in private sectors with high effective promoter stake
- Opportunity in Wholesale Lending :
 - Bank Lending to Industry as proportion to their overall lending has gone down significantly.
 - Retail lending by banks has increased over the last few years

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Appendix



Piramal Enterprises Limited

Corporate Finance Lending





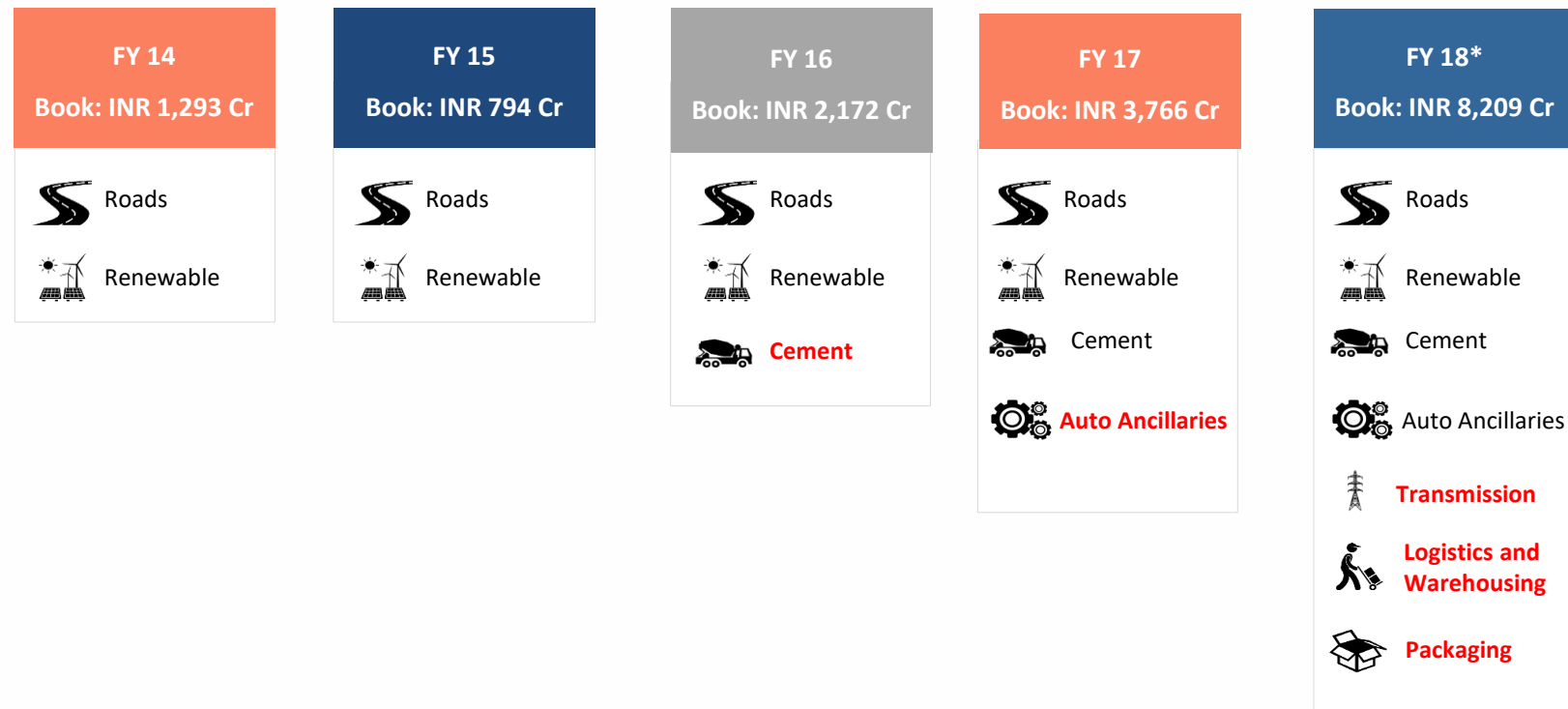
CFG: Transformation over years

FY14 - FY16		What we are today?
10	TEAM	52
Infra	SECTOR FOCUS	Infra, Cement, Transmission, Auto Comp, Logistics, Chemicals
Mezzanine	PRODUCTS	Mezzanine, Senior Debt, Project Finance, Loan Against Shares
INR 1,515 Cr	LOAN BOOK	INR 9,302 Cr*
INR 2,015 Cr	LOAN BOOK (Including APG)	INR 11,137 Cr*

* As of June 30th 2018 and excludes education loans

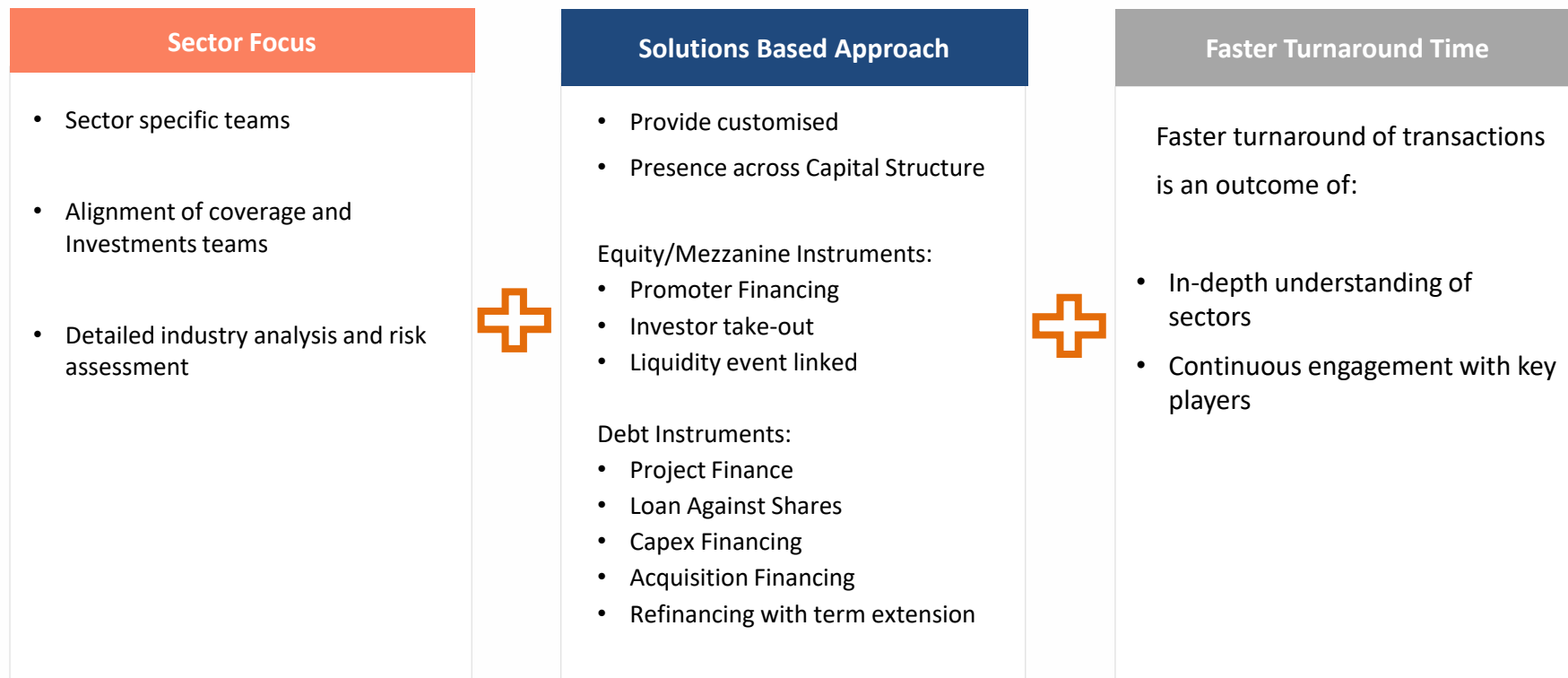
Evolution of Sector Coverage

Increased number of sectors with growth in lending platform





Key Differentiators



Renewable Power

Coverage across major players with multiple products

Mezzanine Finance with Large Developers

Greenko

ReNew
POWER
TRANSFORMING ENERGY

GREENINFRA[®]
empowering nature!

ACME



MYTRAH

Esse
infra

ATRIA POWER

Project Finance

Greenko

ReNew
POWER
TRANSFORMING ENERGY

spring
ENERGY

ATRIA POWER

Acquisition Finance

ReNew
POWER
TRANSFORMING ENERGY

VECTOR
green energy

Offering multiple products to the same set of clientele



Logistics & Warehousing

Made inroads in Logistics/Warehousing sector in 2017



- Deep-dive into Logistics and Warehousing sector for a year before first transaction
- Deployed ~ INR 1,100 Cr across 5 transactions in last 18 months
- Across multiple situations including Capex, Promoter Funding, Acquisition Financing and Refinancing of Existing Term Loans

Key Exits

Deal Size (INR Cr)	Investment Timeline	Exit Timeline	Returns (IRR)	Brief
425	Mar 2013	June 2017	20.8%	• Mezzanine financing for under-construction infrastructure projects
200	Sep 2015	June 2017	18.5%	• Funding against operations & maintenance receivables against installed equipment
120	Aug 2016	Aug 2017	20.5%	• Funding for capex pan India
325	Mar 2016	Apr 2018	18.0%	• Funding to enable the Company to come out of Corporate Debt Restructuring
120	July 2016	Sep 2017	15.7%	• Acquisition funding to increase scale / geographical presence

Consistently achieved successful exits across multiple investments, spanning across various sectors

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Emerging Corporate Lending





Introduction to ‘Emerging Corporate Lending’

- PEL traditionally focused on **INR 100-1000 Cr** ticket size transactions
- Market landscape offers opportunity to provide loans with smaller ticket size to emerging and mid-market enterprises
 - Segment currently serviced by NBFCs and banks
- Over the last one year, created a platform to provide multiple products with varying risk-reward profiles for deal size ranging **INR 10-125 Cr**
 - Adopted *a retail-like* orientation for origination of deals
 - Underwriting rigour similar to that of *Corporate Finance Group*

ECL Loan Book – INR 1,163 Cr as of June 30, 2018

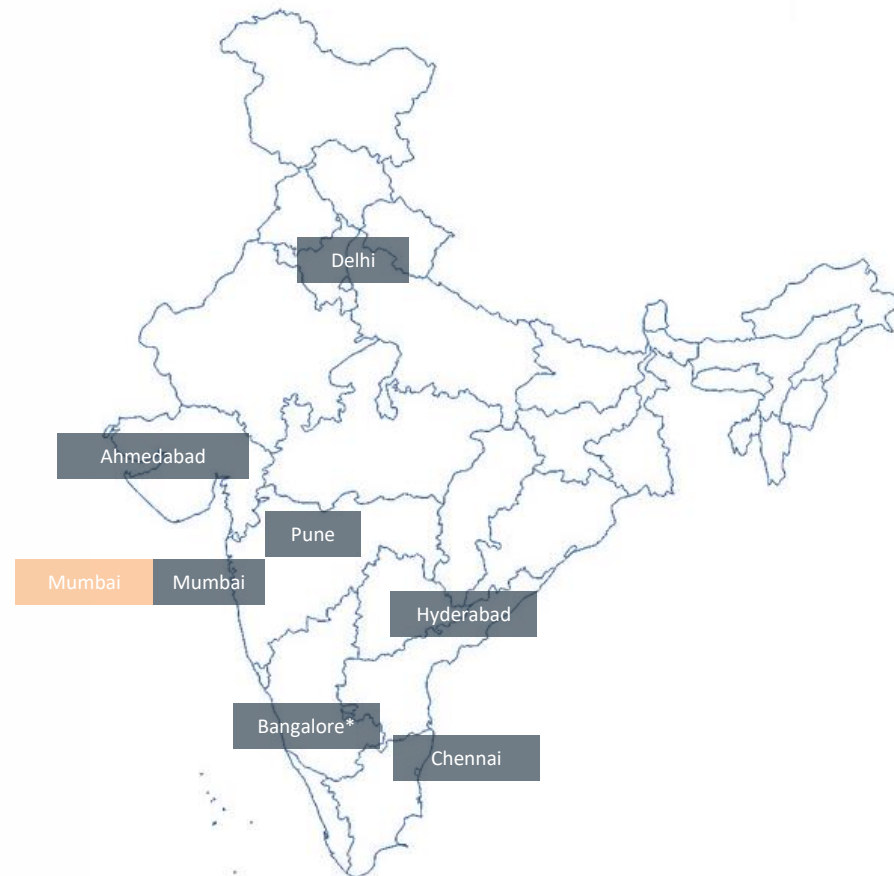


Regional Origination backed by Centralised Underwriting

- Physical Origination touch-points across the country enhances the quality of client engagement
- Centralised Underwriting ensures greater control over the quality of book, backed by strong sectoral expertise

Legend:

- Relationship Team
- Underwriting Team



*Relationship team to start in September 2018

‘Solutions’ Approach

ECL offers full product portfolio to clients under one vertical with a single touch-point:

- From simpler products such as senior debt going up to complex products such as structured debt and acquisition financing
- Focus on *providing a ‘solution’ versus a ‘product’* to clients

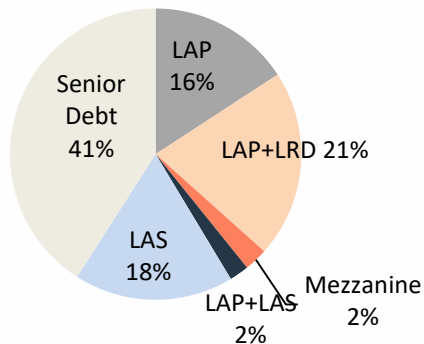
Real Estate backed	Balance Sheet Lending	Promoter Financing
<ul style="list-style-type: none"> • Lease Rental Discounting 	<ul style="list-style-type: none"> • Senior Debt 	<ul style="list-style-type: none"> • Loan Against Shares
<ul style="list-style-type: none"> • Loan Against Property 	<ul style="list-style-type: none"> • Project Finance 	<ul style="list-style-type: none"> • Acquisition Funding
	<ul style="list-style-type: none"> • Loan Against Receivables 	<ul style="list-style-type: none"> • Mezzanine Financing

Ability to customise & combine products based on underwriting & client requirements

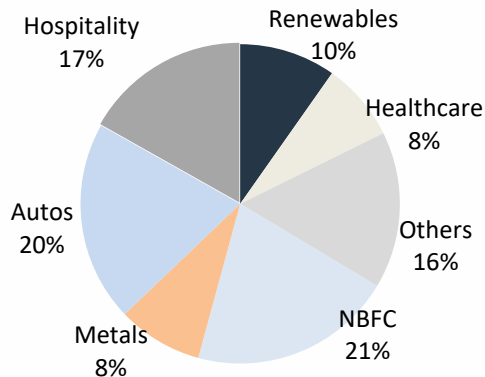
Diversified Portfolio backed by cashflows/collateral

- Emerging Corporate Lending as of June 30, 2018 has
 - Loan book of INR 1,163 Cr as of June 30, 2018

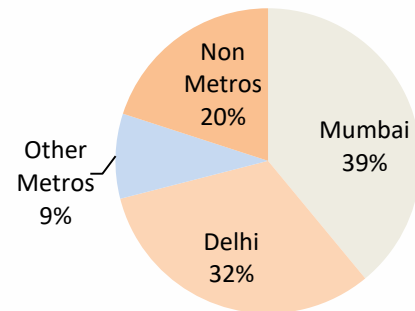
Product-wise AUM



Sector-wise AUM



Region-wise AUM



Legend:

LRD- Lease Rental Discounting

LAP - Loan Against Property

LAS- Loan Against listed Shares

Average Deal Size of INR 55 Cr

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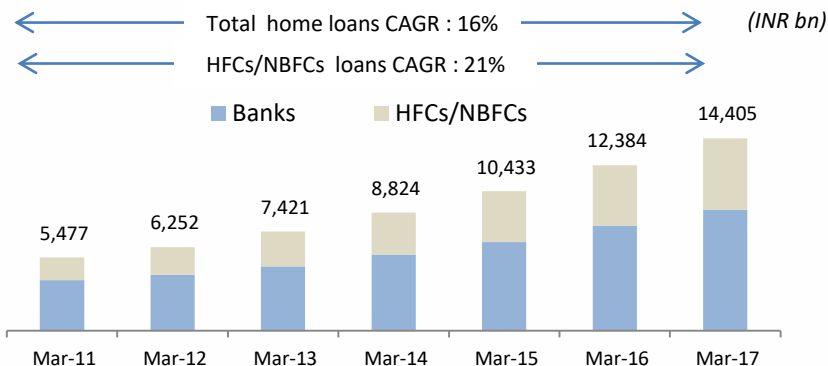
Retail Housing Finance



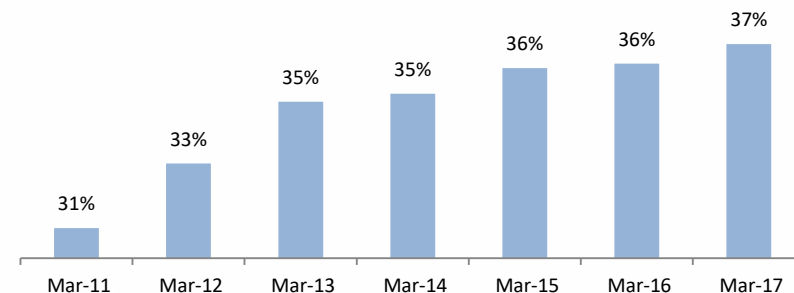


HFCs & the Home Loan market

HFCs/NBFCs growing faster than the home loan market



HFCs/NBFCs market share in home loans is growing



However, very few sizable HFCs

(in INR Cr)

No. of HFCs based on Retail AUM

100,000+	2
70,000 – 100,000	1
40,000 – 70,000	2
10,000 – 40,000	4
< 10,000	80

Key differentiators

LOAN SE PEHLE LOG

Values driven culture

Learning and training

Customised innovative products

Technology and analytics

Relationship with developers – B2B2C

Understanding of micro markets

BADA SOCHO



piramalhousing.in

Piramal
Housing Finance
LOAN SE PEHLE LOG

If the cheque hasn't reached your pocket, your interest won't reach ours.

Talk to us on: 1800 266 6444



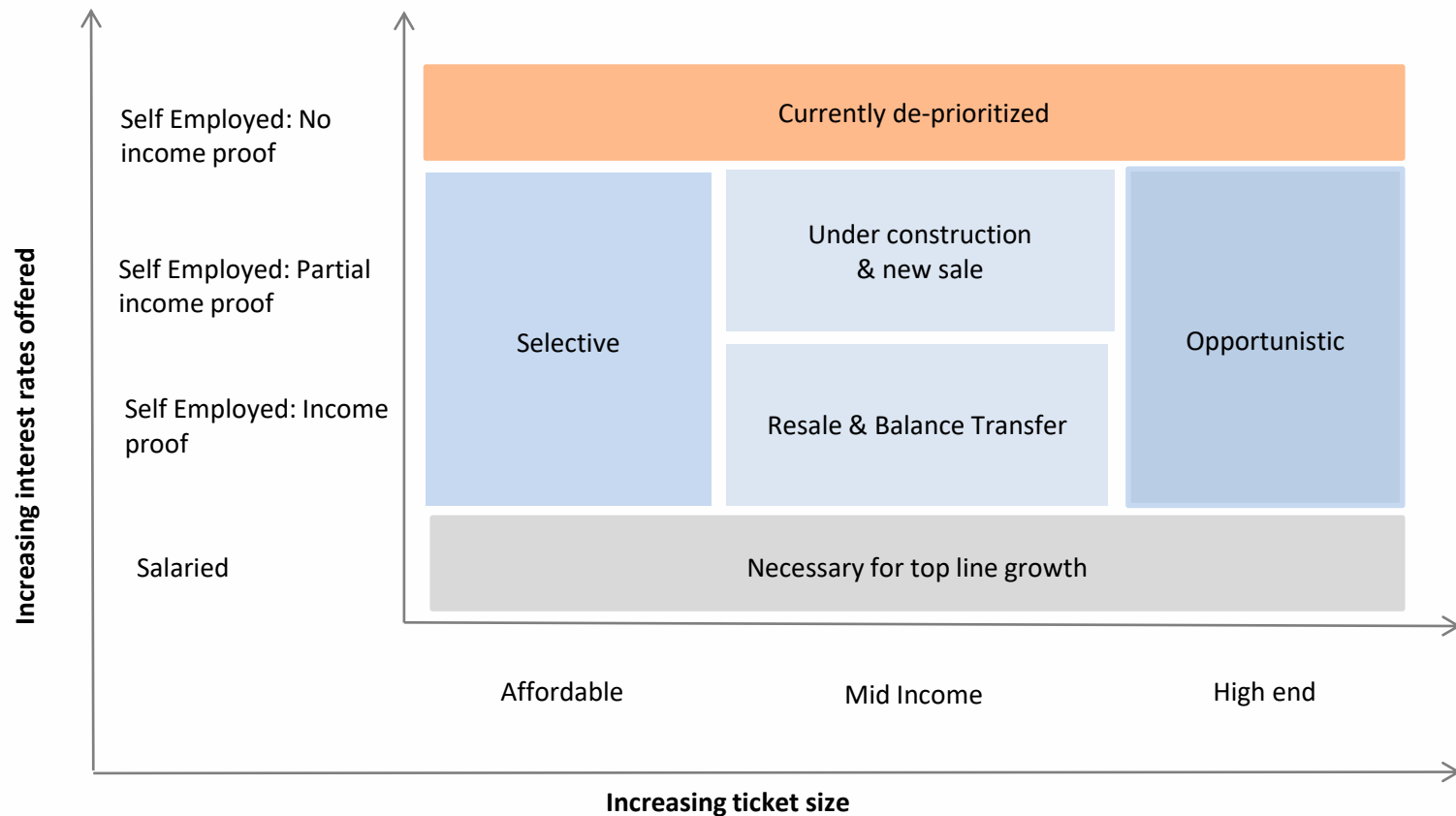
Piramal
Housing Finance
LOAN SE PEHLE LOG

BADA SOCHO.
1800 266 6444 | piramalhousing.in

SUPER
STEP-UP EMI REPAYMENT LOAN

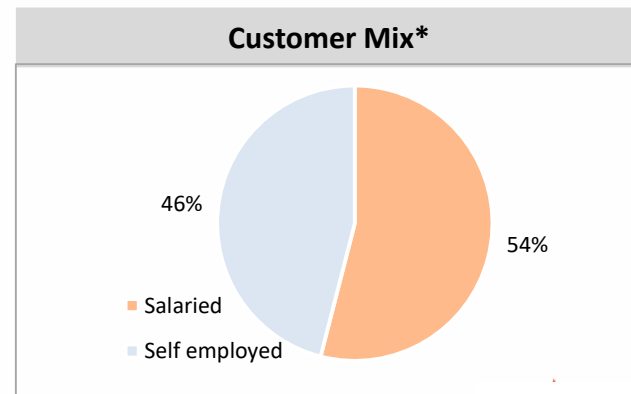
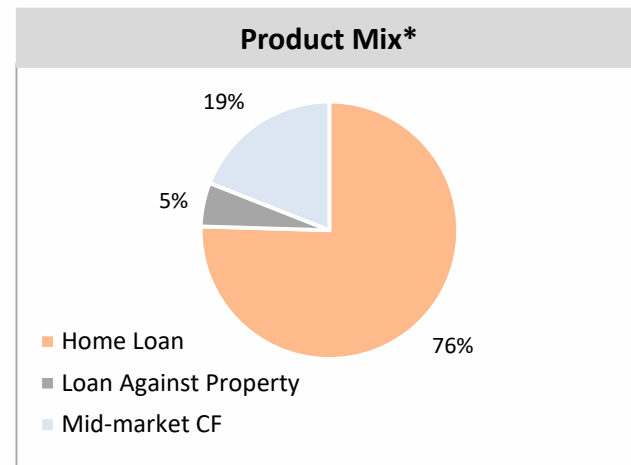
AB EMI GHATAAIIYE AUR STRESS BHI.
Transfer to a SUPER Loan today for 15% lower EMI.

Target segments



Product Portfolio

Product offerings	
Products	Property type
<ol style="list-style-type: none"> 1. Home Loan <ol style="list-style-type: none"> i. Purchase ii. Balance transfer iii. Top Up 2. Loan Against Property <ol style="list-style-type: none"> i. Business expansion ii. Balance transfer iii. Top Up 3. Mid-market Construction Finance 	<ol style="list-style-type: none"> 1. Residential <ol style="list-style-type: none"> i. Under-construction ii. Ready to move in 2. Commercial <ol style="list-style-type: none"> i. Self-occupied ii. Lease Rental



*As on June 30, 2018

Strategy to grow rapidly and create a sizeable HFC

Significant opportunity from existing developer relationships

Particulars (INR 000' Crores)	Total Value ¹
Total projects financed by PEL	140
Total projects with developers (PEL customers)	350



130+ Developers



382+ Projects

Note: 1) Values are based on June 30, 2018

Channel engagement and enhancement

- Develop alternate 'highways'
- Referral programs
- ONE Team approach
- Activation campaigns
- Trainings

Product innovation, Customised solutions

Product Innovation

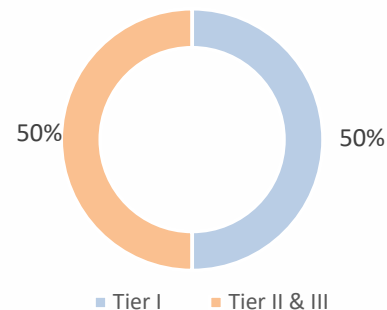
- SUPER Loans | Subvention schemes | Bridge Loans
- **Proposed:** E-Loans | In-principle Loans | Spot Loans

Customised Solutions

- 5 variants of developer schemes launched
- Joint campaigns with developers

Focusing on Tier II and Tier III cities

Targeting 24 branches by 2020



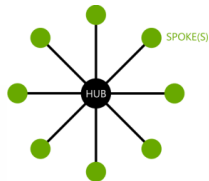
Leveraging Brickex

- India's leading B2B aggregation platform focusing on sales & marketing of Real Estate and Financial Services products
- Helps in deal origination
- Network of **10,000+ distributors** across geographies

Strategy to reduce costs

Hub and Spoke model

- Consistency in decision making
- Better control
- Scalability with optimum cost



Leveraging the Group's shared services and outsourcing

- Manage non-core activities efficiently
- Greater economies of scale











Use of latest technology and Data Analytics

- Leveraging Fintechs, etc.
- Transparency on application status
- Quick turnaround time
- Setting up credit policy framework as well as early warning signals



Retail risk management framework

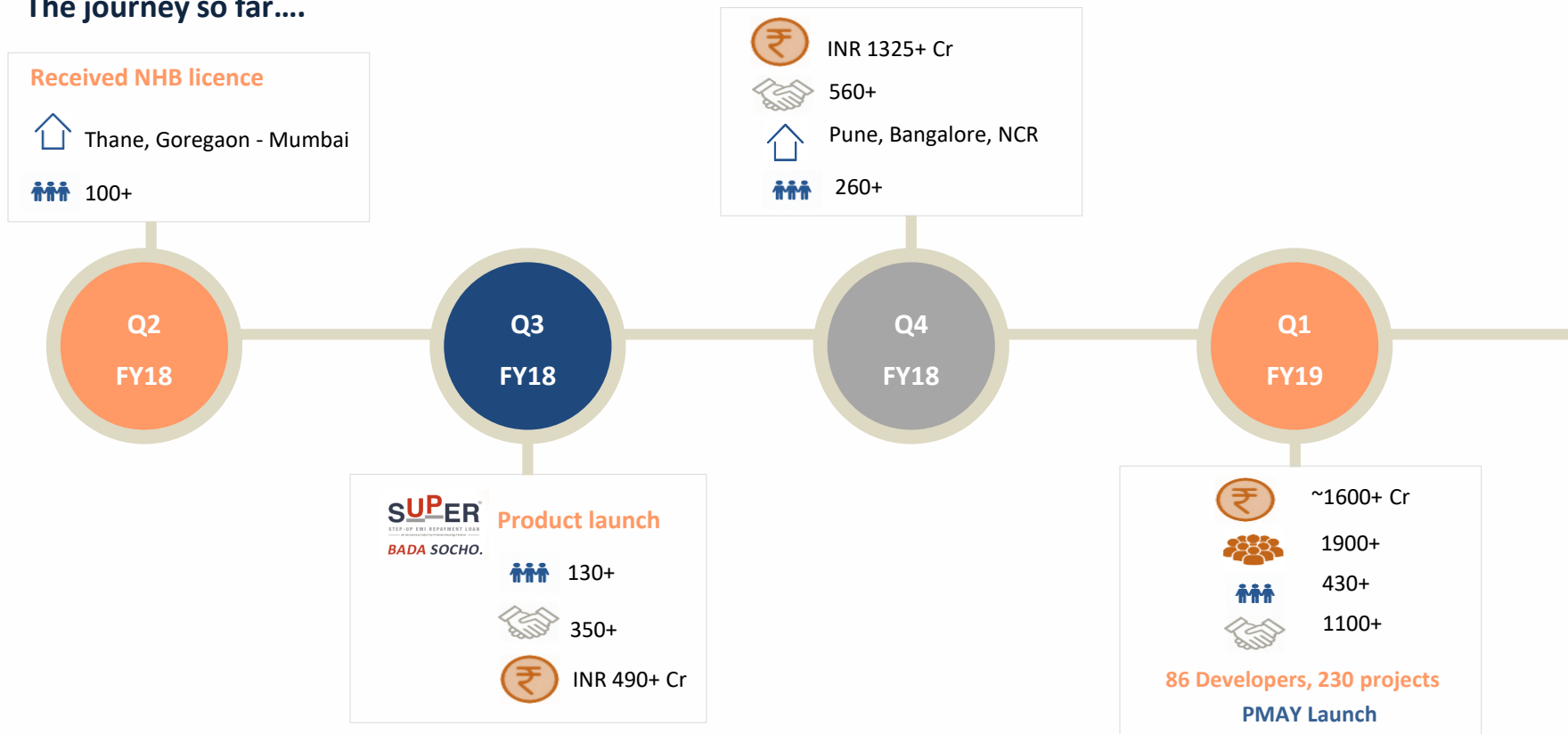
-  **Independent** risk, credit, collection & legal
-  Usage of **analytics** and bureau insights for early warning signals
-  **Specialised underwriting for self employed**
-  **Multi-layered approval committees**
-  **KRAs and incentives aligned with portfolio quality**
-  **Project Management Office** to define and monitor standards and best practices
-  **Market intelligence** by Brickex
-  Concurrent & Internal **Audits**

Under Implementation

- Cap driven portfolio
- Operational risk framework

Leveraging the strengths of existing risk management framework to ensure superior asset quality

The journey so far....

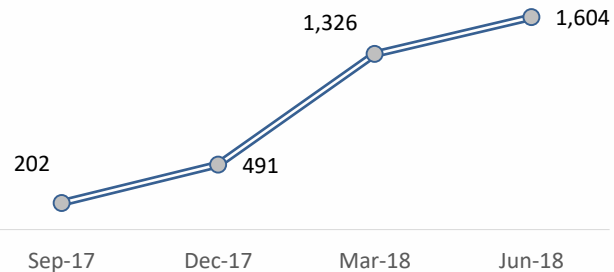


Legend:

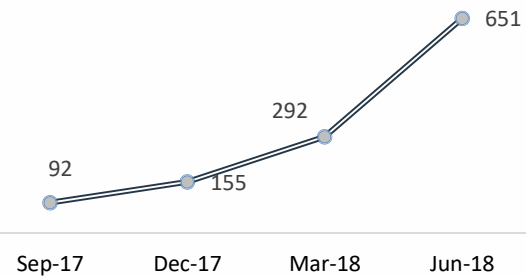
Branches
 Customers
 Employee Strength
 Channel Partners
 Assets Under Management

Performance trend

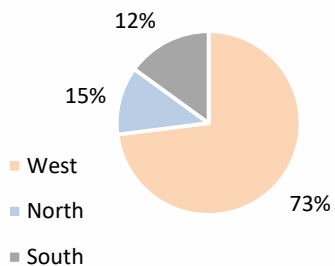
Assets Under Management (INR Cr)



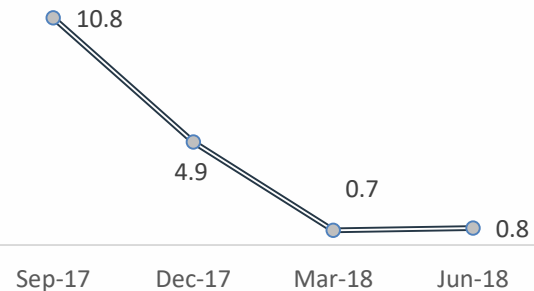
Log-in Trends



Zone-wise Loan Book (INR Cr)



Home Loans Average Ticket Size (INR Cr)



2017 – 2018 - 2019



2 years from launch

1 year from now

Among top 10 HFCs in India

Piramal Enterprises Limited

Awards



Awards and recognitions



Best Overall Investment Manager
India



Best Overall Investment Manager
India

Best Overall Investment Manager (India) by Euromoney's Real Estate Awards for 3 years in a row - 2015, 2016 and 2017



Real Estate Debt
Manager of the Year
Asia-Pacific

'Real Estate Debt Fund Manager of the Year – Asia' for 2014



REAL ESTATE

Best Domestic Fund House by CNBC Awaaz in 2014



Firm of the Year
India



FIRM OF THE YEAR -
INDIA

Firm of the Year (India) by the PEI Global Private Equity Real Estate (PERE) awards in 2014 and 2016

Awards and recognitions



Great Places to Work in Financial Services – Mid Size Category: 2017, 2018 (Rank I) by Great Place to Work Institute®



Piramal Housing Finance recognized as **Emerging Home Loan Provider of the Year**



Piramal Finance recognized as **Leading Real Estate Project Finance Company of the Year**

Awards and recognitions



Mr. Khushru Jijina was awarded the **'AsiaOne Global Indian of the Year 2016-2017'** under the 'Business Leadership (Finance)' Category



Mr. Khushru Jijina won the coveted **'Business Leader of the Year 2017 – Icon (Real Estate)'** award from Global Real Estate Congress



Mr. Khushru Jijina won the **'Visionary in Real Estate Financing'** award by NDTV Property Awards 2018



Mr. Khushru Jijina was conferred with the **Asia Pacific Entrepreneurship Award (APEA)** in the 'Financial Services Category'

Piramal Enterprises Limited

Additional Information





Stage-wise Loan Book

Loan Book (INR Cr)	
Category of Assets	As on June 30, 2018
Stage 1 - 0 to 30 days past due	46,393
Stage 2 - 31 to 90 days past due	458
Stage 3 – More than 90 days past due	144
Total	46,995



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