

11th September, 2020

BSE Limited

1st Floor, New Trading Wing,
Rotunda Bldg, P.J. Towers,
Dalal Street, Fort,
Mumbai- 400 001

National Stock Exchange of India Ltd.,

Exchange Plaza, 5th Floor,
Plot No. C/1, G. Block,
Bandra-Kurla Complex,
Mumbai – 400 051.

Dear Sir / Madam,

Ref: BSE SCRIP CODE – 500302, 912460
NSE SYMBOL - PEL

**Sub: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-
Presentation made to the Investors/Analysts**

Pursuant to Regulation 30(6) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the details of the presentation made to investors/analysts.

Kindly take the above on record.

Thanking you,

Yours truly,
For **Piramal Enterprises Limited**

Bipin Singh
Company Secretary

Encl: a/a

Piramal Enterprises Limited

CIN : L24110MH1947PLC005719

Registered Office: Piramal Ananta, Agastya Corporate Park, Opp Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai 400 070 India
Secretarial Dept : Ground Floor, B Block, Agastya Corporate Park, Opp. Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai, Maharashtra 400070, India

T +91 22 3802 3084/3083/3103 F +91 22 3802 3084

piramal.com

Piramal Enterprises Limited

Investor Conference Presentation

September 2020



Successfully delivering on key strategic priorities

Simplifying corporate structure with focus on two core businesses – Pharmaceuticals & Financial Services

- **Divestment of DRG for USD 950 mn**; realized 2.3x of initial equity investments
- Subsidiarized Pharma businesses; raising fresh equity for 20% stake, **valuing the Pharma business at USD 3,135m²**
- Sold stake in Shriram Transport for ~INR 2,300 Cr.

Significantly strengthened the balance sheet and liquidity position

- **Equity of ~INR 35,000 Cr.¹, with Net Debt-to-Equity declining to below 1.0x¹ vs. 2.0x in Mar-2019**
- **Inflows of ~INR 39,000 Cr.¹ since Jul-2019; incl. ~INR 9,600 Cr. of long-term borrowings in Q1 FY21**
- **Exposure to CPs declined to INR 910 Cr. from INR 18,017 Cr. in Sep-2018**

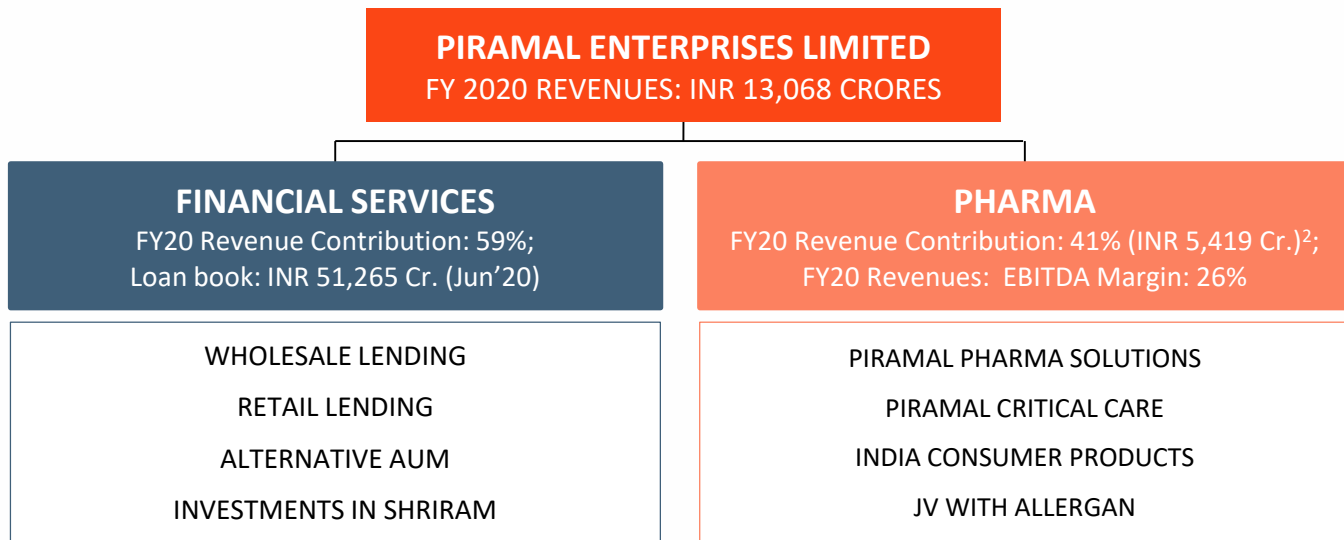
Built a scalable Pharma business within a few years of divestment of domestic formulation business

- **Pharma business has been delivering consistent revenue growth** (9-year CAGR of 15%), with a robust EBITDA margin of 26% in FY20
- **Recent fund raise of INR 3,500 – 4,000 Cr.** is an affirmation of the strength of the business model; to **accelerate organic and inorganic growth plans**

Transforming into a well-diversified business across both wholesale and retail lending; strengthened the FS business to tap opportunities

- **Companies with strong B/S, robust governance and ability to transform** are well-positioned to take advantage of the ongoing consolidation
- **Further capitalized the lending business** – equity of INR 16,192 Cr.; capital adequacy of 33% and net debt-to-equity at 2.2x (vs. 4.4x in Dec-18)
- **Built conservative provisions at 235% of GNPA's and 5.9% of overall loan book**
- **Significantly improved ALM profile** – 53% positive cumulative GAP in the 1-year bucket
- **Building a multi-product retail lending platform which is 'digital at its core'** and making the wholesale loan book more granular & diversified

Simplifying the corporate structure, with focus on two core businesses now



Measures taken to simplify the Corporate Structure:

- **Pharma Fund Raise:** Subsidiarized Pharma businesses; raising capital from The Carlyle Group for a 20% stake, valuing the Pharma business for a EV of USD 3,135m¹
- **Sale of DRG** for nearly INR 6,800 Cr. (USD 950 mn)
- **Sale of stake in Shriram Transport** for nearly INR 2,300 Cr.

Clearly defined roadmap to deliver sustained long-term performance for both the businesses

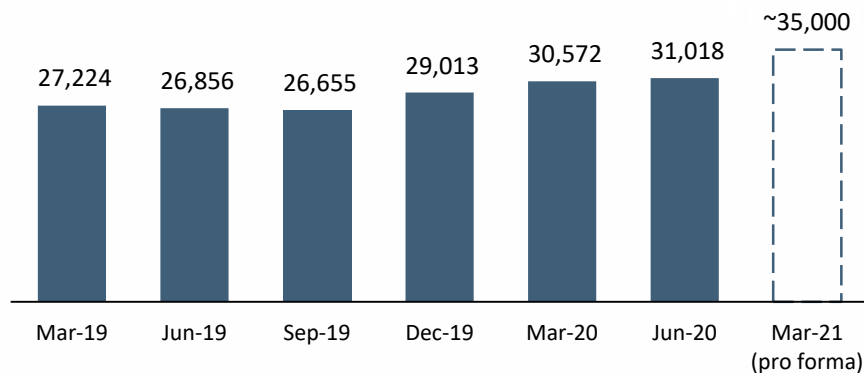
(1) Include upside component of up to USD 360m depending on FY21 performance

(2) Pharma revenues excl. JV with Allergan

Significant Balance Sheet Strengthening; deleveraging by ~INR 20,000 Cr.

Equity

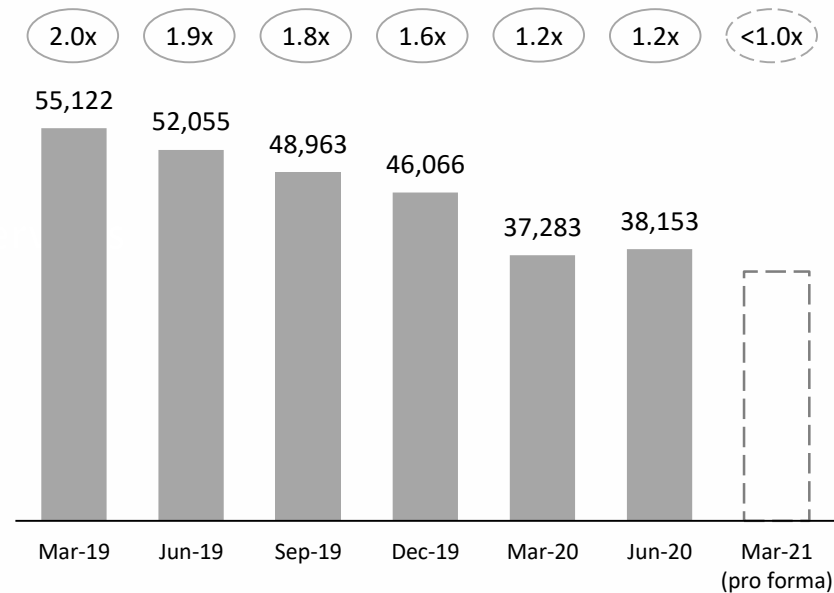
(In INR Crores)



Net Debt

(In INR Crores)

Net Debt-to-Equity



Post the Pharma transaction, total equity to increase to ~INR 35,000 Cr. and total reduction in net debt since Mar-2019 to reach ~INR 20,000 Cr. Net Debt-to-Equity declining to below 1.0x, post the completion of the Pharma transaction



Capital inflows of INR 18,000 Crores since Jun-2019

Preferential Allotment:

INR 1,750 Cr. (US\$ 250m)

- **Fresh investment by CDPQ** – an existing long-term investor / partner
 - CDPQ had also participated as the anchor investor **during PEL's previous CCD issuance** in 2017, had **invested USD 175m**

Rights Issue:

INR 3,650 Cr. (US\$ 520m)

- Issue over-subscribed more than **1.15x times**
- **Promoters participated** and had **underwritten the issue** – invested nearly **INR 1,600 Cr.**

Sale of business/ investment exits:

INR 9,050 Cr. (US\$ 1,250m)

- Sale of DRG to Clarivate Analytics plc, for a **consideration of USD 950 mn**
- **Sold 10% stake in Shriram Transport** for nearly **INR 2,300 Cr.** in Jun-2019

Pharma Fund Raise :

INR 3,500 Cr. (US\$ 490m)

- **USD 490-562m for a 20% stake** to be invested by Carlyle as fresh equity in the Pharma
- Deal valued at EV of **USD 3,135m¹**
- **Oct – Dec-2020** - expected time for the deal to close

Future planned capital actions: Sale of Investments in Shriram Group

Segment-wise allocation of ~INR 35,000 Crores of equity capital

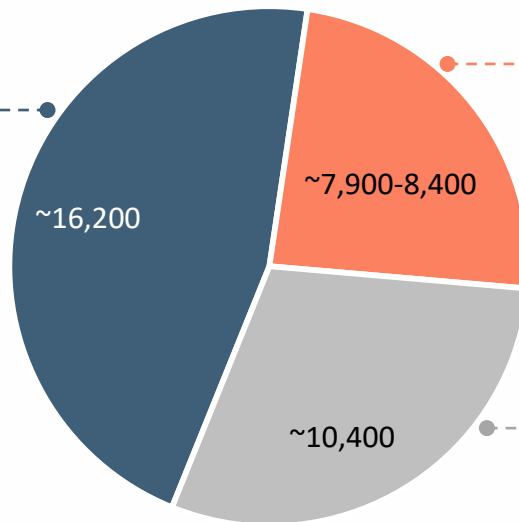
(In INR Crores)

Equity allocation as of March 31, 2021 (Pro forma)¹

Financial Services (Lending): ~46%

Maintained strong net worth of the Financial Services business (in addition to the provision of INR 3,013 Cr.) with a leverage of 2.2x and capital adequacy of 33%

Total Equity:
~INR 35,000 Cr.



Pharma: ~24%

Built business valuing at ~USD 3.1 bn within 10 years of divestment of erstwhile domestic formulation business to Abbott for ~USD 3.8 bn in FY2011. Includes additional capital raise of INR 3,500 – 4,000 Cr. to target organic & inorganic growth opportunities in the Pharma space.

Additional equity pool: 30%

Surplus equity pool, including investments in Shriram, etc.³

Equity of ~INR 26,500 Cr. available for Financial Services business to tap organic and inorganic opportunities. Among top-3 NBFCs in India in terms of equity capital available for Financial Services business²

Notes: (1) Pro forma financials; takes into account the additional capital raise from The Carlyle Group of INR 3,500 – INR 4,000 Cr. in the Pharma business excluding government-owned NBFCs/infrastructure finance companies

(3) Includes DTAs of ~INR 2,250 Cr.

(2) Comparison with sizeable NBFCs/HFCs;

Raised ~INR 39,000 Crores of long-term funds and reduced CP borrowings by 95%

Inflows since Jul-2019

- Inflows of nearly INR 39,000 Cr. through multiple borrowings and equity transactions since Jul-2019
 - Raised nearly INR 9,600 Cr. of long-term borrowings (≥1 year tenure) during Q1 FY2021

Inflows ¹ since Jul-2019 (INR Cr.)%	Borrowings	Equity ³ / Other inflows
Long-term borrowings (≥1 yr. tenure)	17,350	-
Securitization	3,900	-
Stake sale in STFC ²	-	2,300
Rights Issue	-	3,650
Preferential Allotment	-	1,750
Sale of DRG	-	6,800
Pharma fund raise (announced) ⁴		3,500
Total	21,250	18,000
Grand Total	39,000	

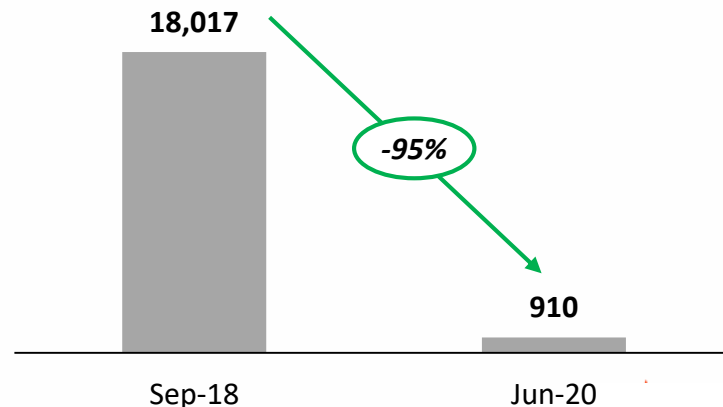
Notes: (1) Figures in the table above have been approximated or rounded-off; (2) Sale of stake in Shriram Transport Finance Company (STFC) in Jun-2019 (3) Represents gross inflows (4) Pro forma as of Mar-2021, i.e. post the Pharma transaction

Reduction in short-term borrowings

- Significant reduction Commercial Papers (CPs) exposure
 - Exposure to CPs in overall borrowings declined to INR 910 Cr. from INR 18,017 Cr. in Sep-2018

CP exposure

(in INR Cr.)





Pharma

Key strategic priorities: Pharma

- 1 Delivering consistent revenue growth and improve profitability**
- 2 Maintaining robust quality culture across manufacturing/development facilities globally**
- 3 Pursuing organic and inorganic growth opportunities leveraging fresh capital**
 - ✓ Acquisitions of niche manufacturing capabilities for CDMO
 - Recently acquired solid oral dosage drug product manufacturing facility in the US (in Jun-2020)
 - ✓ Add new complex hospital generics through in-licensing and acquisitions
 - ✓ Add Consumer Healthcare products to further leverage India-wide distribution platform
 - ✓ Exploring re-entry into Domestic Formulations

Closing one of the largest PE deals in the pharmaceuticals sector in India

Carlyle and Piramal Pharma signed an agreement for a strategic growth investment



Deal valued at EV of USD 2,775m with an upside component of up to **USD 360m** depending on FY21 performance



USD 490 – 562m for a 20% stake to be invested by Carlyle as fresh equity in the Pharma business



The partnership is an **affirmation of the strength of our ability** to build new, attractive, scalable and sustainable businesses



Dec-2020 - expected time for the deal to close, subject to customary closing conditions and regulatory approvals



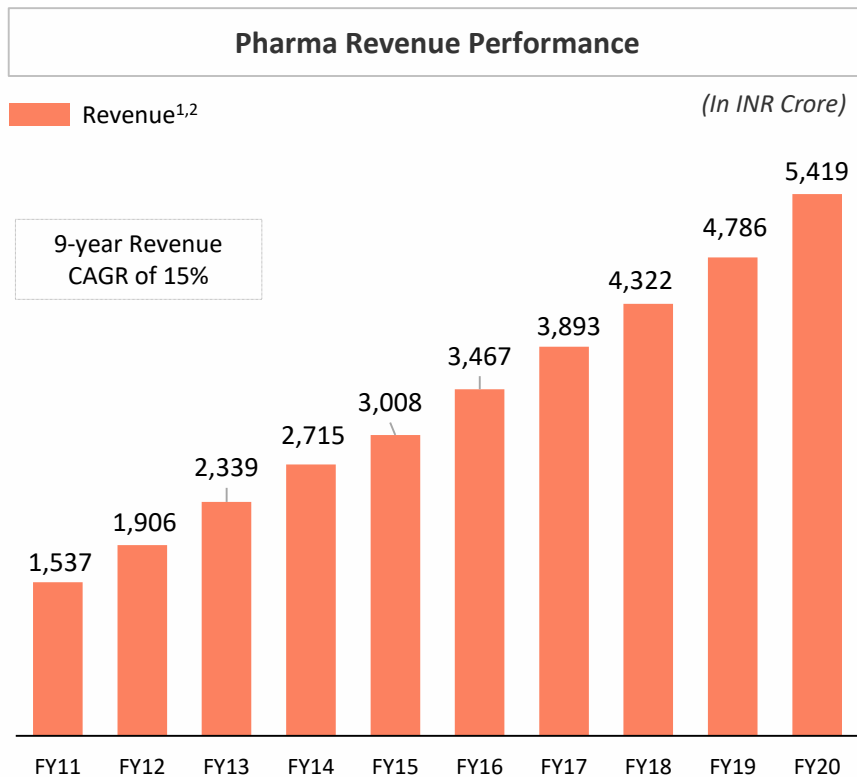
The deal **further strengthens the Company's balance sheet**



To accelerate **organic and inorganic growth plans** going forward

Built an attractive, new and scalable Pharma business valued at ~USD 3.1 bn, within few years of divestment of erstwhile domestic formulation business to Abbott for ~USD 3.8 bn in FY2011

Consistent performance: 15% Pharma revenue CAGR since Abbott deal



Notes: (1) Pharma includes CDMO, Complex Hospital Generics and India Consumer Healthcare and certain Forex exchange income

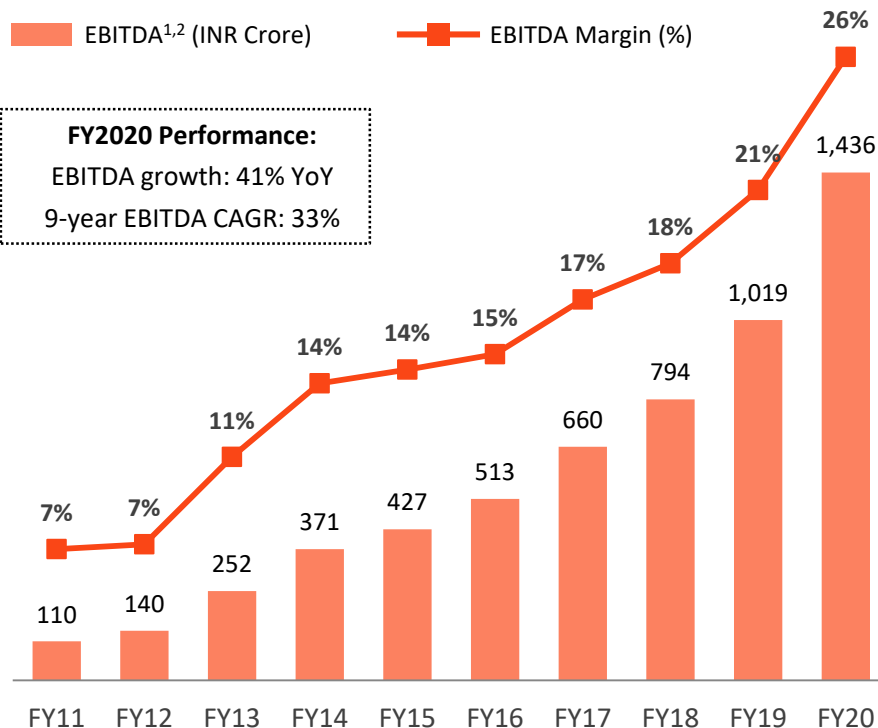
(2) FY2016 - FY2020 results have been prepared based on IND AS, prior periods are IGAAP

- **Consistent growth since the Abbott deal in 2010 :**
 - Pharma revenue has grown 3.5 times at a CAGR of 15% from INR 1,537 Cr. in FY11 to INR 5,419 Cr. in FY20
- **FY20 performance:** Revenues¹ grew by 13% to INR 5,419 Cr.
 - Pharma contributed 41% to PEL's overall revenue
- **Q1 FY21 performance:** Despite COVID-19 pandemic impact, delivered revenues¹ of INR 1,038 Cr. i.e. ~90% of Q1 FY20
- **Quality & Compliance:** Since start of FY2012, PEL has successfully cleared 36 USFDA inspections, 173 other regulatory audits & 1,142 client audits
- **Major Capex investments commenced in FY20:**
 - API capability enhancement at Morpeth
 - Oral Solid Dosage capacity expansion at Pithampur
 - Addition of 2 new API reactor suites at Aurora
 - Capacity expansion at Digwal and Bethlehem



Significant improvement in Pharma EBITDA margin to 26% in FY20

Significant improvement in EBITDA over the last few years



Performance Highlights

- **EBITDA of Pharma business crossed INR 1,400 Cr.** with EBITDA margins at 26% in FY2020
 - 9-Year EBITDA CAGR: 33%
 - EBITDA has gone up 13 times at a CAGR of 33% from INR 110 Cr. in FY11 to INR 1,436 Cr. in FY20
 - EBITDA margin has also improved significantly from 7% in FY11 to 26% in FY20
- **Margin expansion driven by:**
 - Synergies from acquisitions of high-margin products and niche manufacturing capabilities
 - Integrated CDMO offerings resulting in higher stickiness
 - Leveraging global distribution network to introduce new product ranges in Complex Hospital Generics business

Notes: (1) FY2016 - FY2020 results have been prepared based on IND AS, prior periods are IGAAP

(2) Pharma includes restated for continuing business including Pharma CDMO, Complex Hospital Generics and India Consumer Healthcare and Forex exchange income



Financial Services

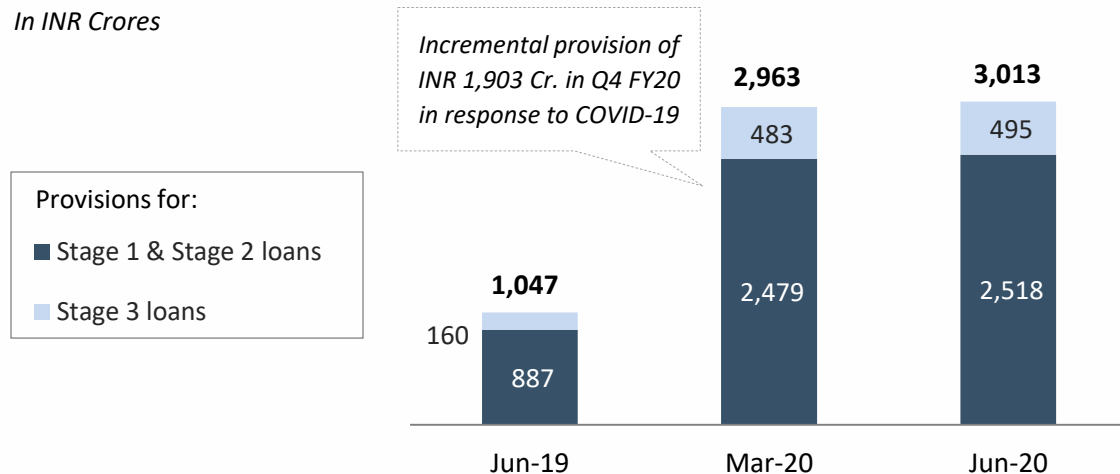
Building a well-diversified Financial Services business across both wholesale and retail lending

1	Conservative provisioning to manage any contingences
2	Maintaining healthy capital adequacy
3	Increasing share of long-term borrowings in overall borrowing mix
4	Increasing granularity of the loan book
5	Taking proactive corrective actions to mitigate potential risks
6	Building a digitally-led, multi-product retail lending platform

Conservative provisioning at 235% of GNPA's to manage any contingences

Total Provisions

In INR Crores



GNPA Ratio

0.9%

2.4%

2.5%

Total provision as a % of GNPA's

216%

246%

235%

Total provision as a % of loan book

1.8%

5.8%

5.9%

Overall provisioning:

- Total provisions of INR 3,013 Cr.; overall provision coverage ratio of 235%

Provisioning for Standard Assets:

- Provision against Stage 1 & 2 loans has increased by INR 1,631 Crores from INR 887 Crores as of Jun-2019, to INR 2,518 Crores as of Jun-2020
- As a result, non-NPA assets have a provisioning of 5% as of Jun-2020

Provisioning for Wholesale Loans:

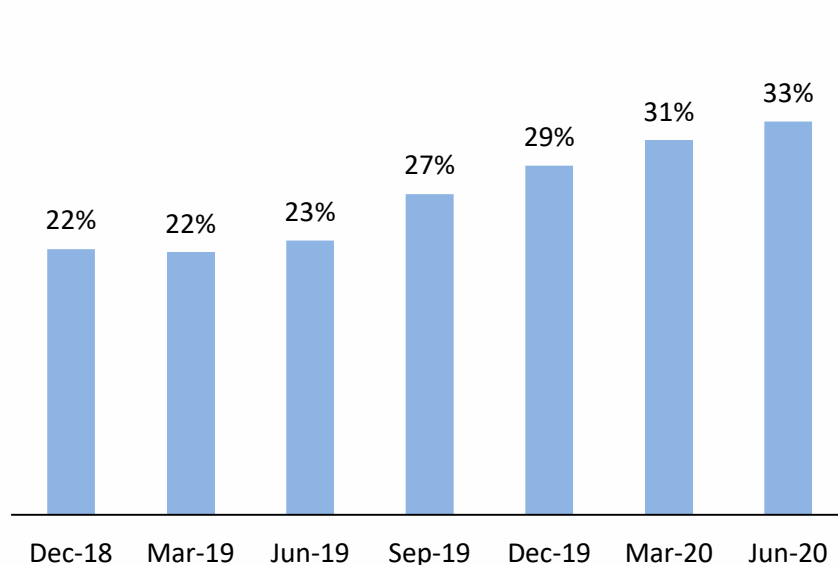
- While total provisions as a % of loan book stand at 5.9%, the provisioning against wholesale loans is higher at 6.3%

Note: Stage 1 - Loans which are less than or equal to 30 days past due (dpd); Stage 2 – Loans which are 31-90 dpd; and Stage 3 – Loans which are 90+ dpd

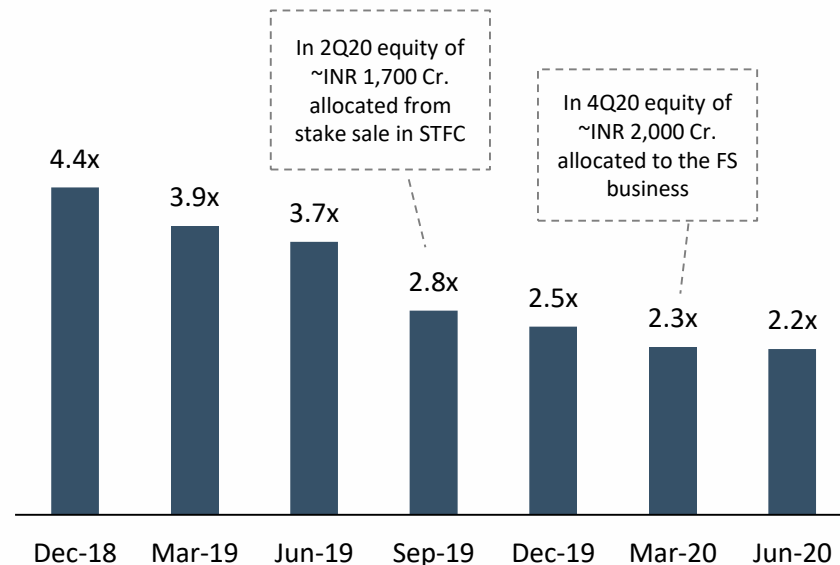


33% capital adequacy ratio; amongst the highest across major financial institutions in India

Capital Adequacy Ratio (%)^{1,2}



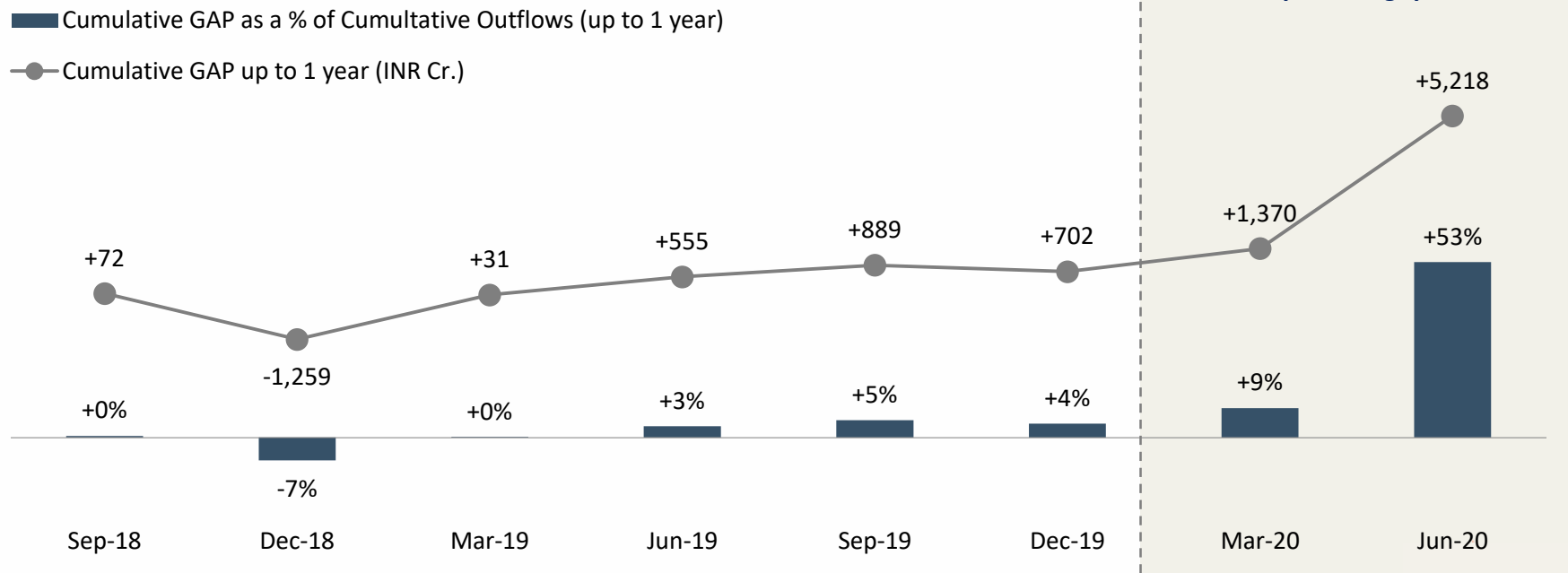
Net Debt-to-Equity²



Sufficient capital on the balance sheet to build a strong retail financing franchise in the future

Significantly improved ALM profile: 53% positive cumulative GAP in the 1-year bucket

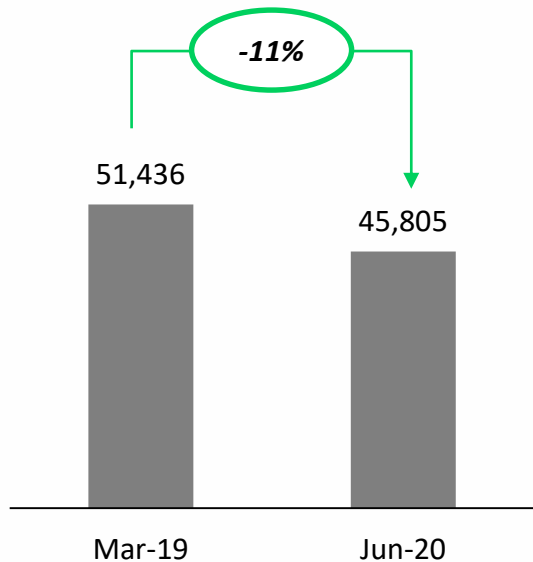
Cumulative ALM GAP - up to 1-year
(period-end)



Increasing granularity of the loan book; reducing single-borrower exposures

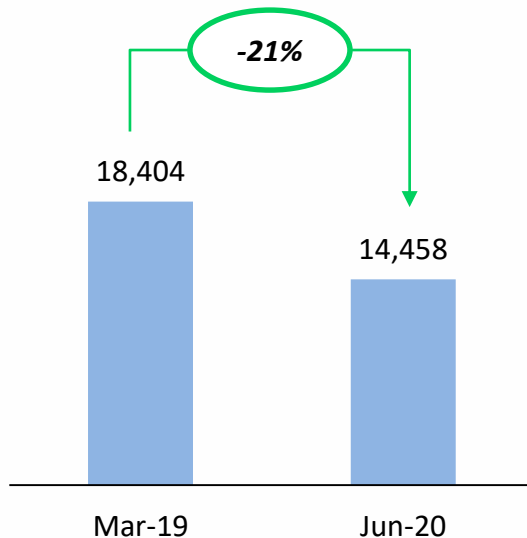
(in INR Cr., unless otherwise stated)

Wholesale Loan Book



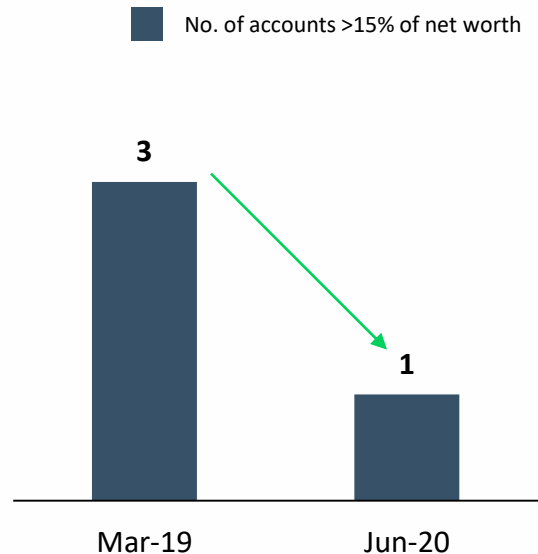
- 11% reduction in wholesale loan book since Mar-2019, which includes real estate and corporate loans

Top-10 exposures



- Exposure to top-10 accounts reduced 21% since Mar-2019 (~INR 4,000 Crores)

Single-borrower exposures



- Only one account exceeding the 15% net-worth threshold and two other exceeding 10% net-worth

Scenario analysis: Current situation has played out better than envisaged

Fundamental factors enabling healthy asset quality

Domain expertise in Real Estate

Entire portfolio is secured

Escrow Control

Conducted a Scenario Analysis at the onset of COVID-19 outbreak

- Risk Management and Asset Monitoring teams assessed the sectoral impact of COVID-19 by conducting a scenario analysis
- Deal-level to assessment of the impact on overall portfolio
- Stressed scenario assumed no sales, collections and construction activity in Q1 & Q2 FY21, followed by minimal pick up starting Q3FY21
- ~88% of the wholesale real estate portfolio had a >1x security / cash cover even under the stressed scenario

To preserve covers and maintain the quality of our book, we initiated measures actions for the deals below internal thresholds

- ✓ Change of developer ✓ Change of project scope ✓ Last-mile funding
- ✓ Equity infusion by developer via sale of asset (not mortgaged to PEL)
- ✓ Resolution – typically with smaller developers

Current situation has played out better vs. assumptions



Sales

- Sales in our portfolio has reached 55% of pre-COVID value in Jul'20
- Early estimates for Aug'20 show sales value at 70% of pre-COVID numbers



Collections

- Developer collections are now at almost 50% of pre-COVID values



Construction

- Construction commenced at almost 90%+ sites across the country



Labor

- ~61% of laborers have returned to our sites (~14,000 laborers on site)

Building a multi-product retail lending platform – ‘digital at its core’

A Product Strategy	B Channel Strategy	C Geography Selection
<ul style="list-style-type: none"> ■ Pivot from ‘Affluent Housing’ to ‘Mass Affluent’ and ‘Affordable’ Housing ■ Largely secured lending in FY21 (Affordable / Mass Affluent Housing and Secured Business Loans) ■ Testing volumes of other loan products 	<ul style="list-style-type: none"> ■ Phygital: Digital-at-the-core augmented with physical channels ■ Strategic partnerships for customer access at scale, distribution, and data access 	<ul style="list-style-type: none"> ■ ‘Bharat’– small and mid-market India (population 10,000 to 4 million); Tier 2/3 locations ■ Hub and spoke model with tech led spokes
D Technology	E Talent pool	F Processes & Risk Management
<ul style="list-style-type: none"> ■ Assembling future-ready tech stack for a successful launch ■ Combination of off-the-shelf and internally engineered tech ■ Cloud native, AI/ML ready from Day-1 	<ul style="list-style-type: none"> ■ Continue to hire top-tier talent for roles in business, collections, operations and tech ■ 14 senior team members on-boarded; total headcount of 379 employees 	<ul style="list-style-type: none"> ■ Analytics woven deeply into the fabric of business ■ Key focus areas: Underwriting, Risk Management and collections

Retail & SME lending market in India is expected to reach ~INR 135 lakh crore¹ by 2024
Currently, focused on building a strong foundation for the business



Appendix

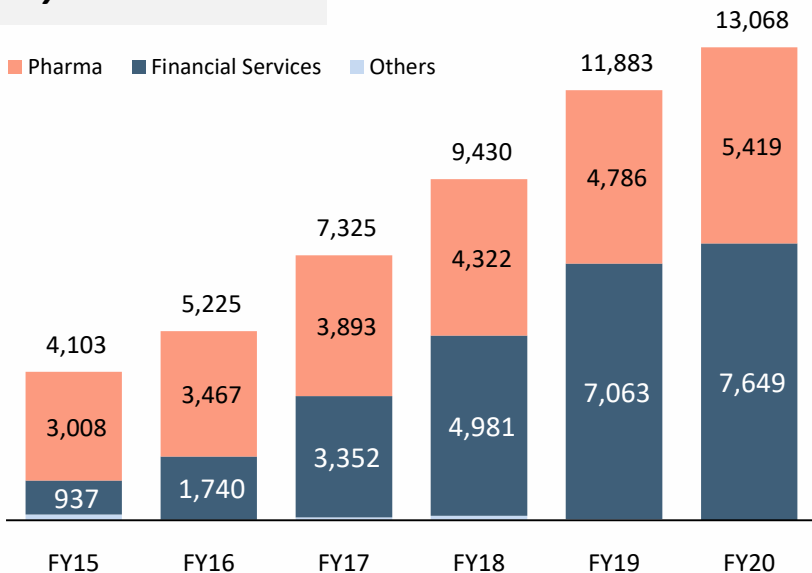
Delivering consistent growth across both Pharma & Financial Services

(In INR Crores)

Total Revenues^{1,2}

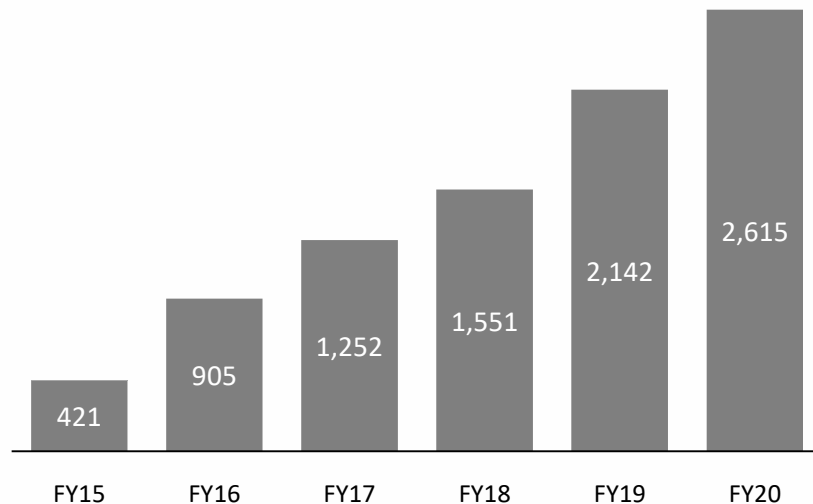
5-year CAGR: 26%

Pharma Financial Services Others



Net Profit³

5-year CAGR: 44%



Notes:

(1) FY2015 results have been prepared based on IND GAAP and FY2016 onwards on IndAS basis

(2) Prior year revenue figures are restated for discontinued operations of HIA

(3) Normalized net profit, excluding exceptional profits/loss for the respective periods; FY2019 & FY2020 normalized profit adjusted for discontinued operations during that period



Consistent long-term performance, creating significant value for shareholders

Long-term track record over the last 32 years

Annual
Revenues

23% CAGR¹

Annual
Net Profit

28% CAGR^{1,2}

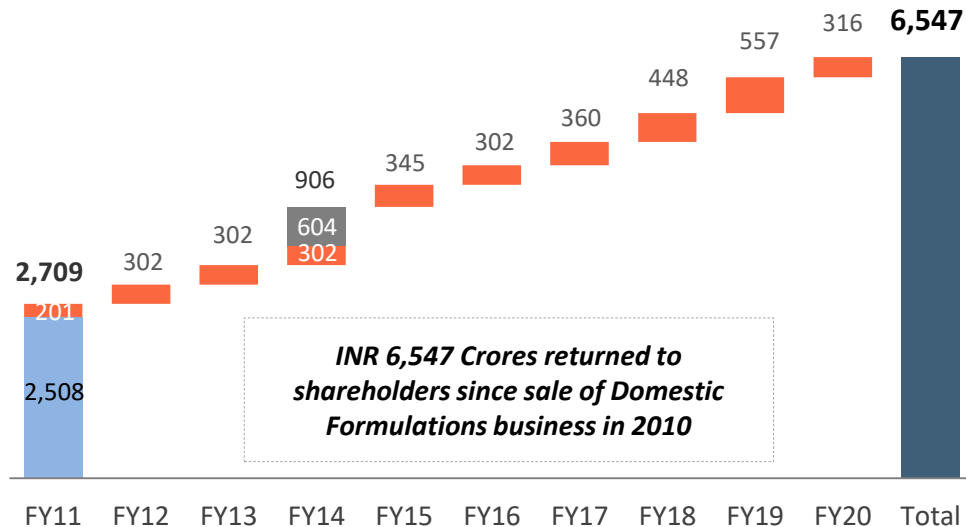
Shareholders'
Returns

24%
(annualized)³

Capital returned to shareholders⁴

In INR Crores

Normal dividend Special dividend Buyback⁵



Notes:

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

(2) Normalized 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

(4) Capital returned through dividends doesn't include amount paid under Dividend Distribution Tax

(5) Buyback of 41.8 mn shares for FY11 includes buyback of 0.7 mn shares in FY12

Long-standing relationships with partners and investors

Our Partnerships

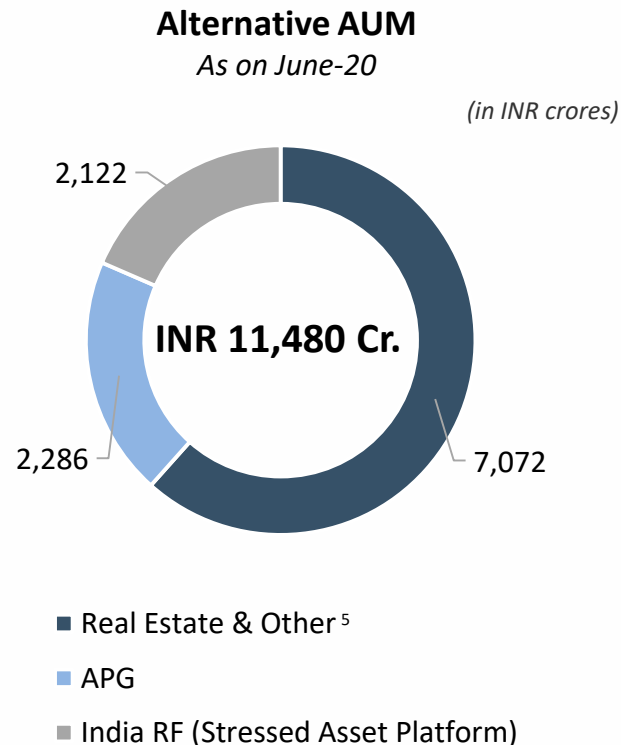


Our Top Investors



Developing fund-based platforms – Alternative AUM

Platform	JV Partner / Co-investor	Size / Initial Commitment
India RF – Stressed Asset Investing	Bain Capital	USD 629m ¹
Mezzanine investments in Infra	APG	USD 375m ²
Residential Real Estate platform	Ivanhoe Cambridge	USD 250m ³
Senior Debt in non-Real Estate, non-Infra sectors	CDPQ	USD 300m
InvIT platform for renewables	CPPIB	USD 600m ⁴



Notes:

(1) India RF platform has so far invested USD 398m along with co-investors

(2) Represents APG's commitment; PEL has further committed USD 375m along-side these investments

(3) Represents Ivanhoe Cambridge's commitment, PEL to co-invest 25% to pure equity and 50% to preferred transactions

(4) Initial targeted corpus of USD 600m; evaluating potential seed transactions

(5) Includes net AUM for the RE platform and the AUM for the platform with CDPQ

Key Talent Acquisition completed – Retail Lending



Jairam Sridharan

- 21 years in consumer lending; *Proven track record of business development and leadership*
- Former CFO, Axis Bank (AUM: \$115 B; Market Cap: \$30 B)
- Previously President, Retail Lending & Payments at Axis Bank.
 - Led transformation of Axis into a retail focused lending institution
 - Grew Retail lending AUM from Rs. 200 Bn to Rs. 1.2 Tn over 5 years (2010-2015)
- Capital One Inc, 2003-10. Head of ‘New to Credit’ business segment
- Director on Boards of various lending and consumer finance companies in India



Jagdeep Mallareddy

- *Product and Profitability Expert*
- President Retail Lending, Axis Bank
- Responsible for managing a portfolio of \$32 Bn across various consumer and small business lending products
- 24 years in banking and financial services
- Experience at India’s leading NBFCs, Private Banks and Insurance companies



Sunit Madan

- 24 years in Banking, Insurance and BPO industries
- Currently manages Underwriting and Collections for Retail lending at Axis Bank
- Core skills in Underwriting, Debt Collections, Fraud Control, Risk Management, Customer Service, and Project Management

Invested in high quality Management team with deep domain experience



For Investors :

Hitesh Dhaddha

Chief Investor Relations Officer

Email : hitesh.dhaddha@piramal.com

Phone : +91 22 3046 6306

Aditya Sharma

Chief Manager – IR (Financial Services)

Email : investor.relations@piramal.com

Phone : +91 22 3046 6305

Sarang Nakadi

Chief Manager – IR (Pharma Business)

Email : investor.relations@piramal.com

Phone : +91 22 3046 6416