

Piramal Enterprises Limited Announces Consolidated Results for Q4 & FY2020 ended March 31, 2020

- Resilient operating performance and significant strengthening of the balance sheet-

Mumbai, India, May 11, 2020: Piramal Enterprises Limited ('PEL', NSE: PEL, BSE: 500302, 912460) today announced its consolidated results for the Fourth Quarter (Q4) and Full year FY2020 ended 31st March 2020.

Financial Highlights

Key Balance sheet movements:

- Capital inflows of INR 14,500 Cr. from key milestone transactions
- Total equity increased 12% to INR 30,572 Cr. vs. INR 27,224 Cr. last year
- Net debt reduced by INR 17,838 Cr. to INR 37,283 Cr. vs. INR 55,122 Cr. last year

Key P&L movements:

FY2020:

- Revenue grew by 10% YoY to INR 13,068 Cr.
- Normalized Net Profit grew 22% YoY to 2,615 Cr.
- Reported Net Profit of INR 21 Cr.

Q4 FY2020:

- Revenue declined 2% YoY to INR 3,341 Cr.
- Normalized Net Profit grew by 40% to INR 807 Cr.
- Reported Net Loss of INR 1,703 Cr. for Q4 FY2020 vs. Net Profit of INR 455 Cr. for Q4 FY2019

Dividend:

Keeping in mind the global environment of heightened uncertainty caused by the COVID-19 pandemic on one hand and on the other, the recent sale of our DRG business as well as the interest of the minority shareholders, the Board has recommended a Dividend of INR 14 per share for the approval of the Shareholders in the AGM. The total dividend payout on this account would be INR 316 Crores.

Mr. Ajay Piramal, Chairman, Piramal Enterprises Ltd. said, *"The last few quarters have been challenging for the Indian economy. The situation has further worsened due to the COVID-19 pandemic, with a subsequent economic recovery likely to be long-drawn. To navigate through such an environment, we have significantly strengthened and deleveraged our balance sheet through multiple initiatives to raise capital.*

Our Pharma business continues to be operational despite COVID 19 lockdowns and has delivered a healthy revenue growth of 13% YoY to INR 5,419 Crore and an EBITDA margin of 26% for FY20.

We have consciously shrunk our wholesale loan book by 12% and more importantly, reduced our large single borrower exposure by INR 4,200 Crores over the past year. Further, given the uncertain macro environment, we have created INR 1,903 Crores of additional provision to mitigate potential contingencies in our Financial Services business.

We continue to make best efforts to support our employees, customers and society, towards overcoming this unprecedented global health crisis."

Net Profit Reconciliation: Details of one-off adjustments to determine 'Normalized Net Profit':

| One-off Adjustments (INR Crores, unless otherwise stated) | Q4 FY2020 | FY2020 |
|---|----------------|--------------|
| Reported Net Profit | (1,703) | 21 |
| (A) Add: DTA write-off and MAT Credit Reversal <i>One-time accounting write-off of INR 1,758 Cr. of Deferred Tax Asset (DTA) and reversal of Minimum Alternate Tax (MAT) Credit, as the Company opted for a lower tax rate under the new corporate tax regime</i> | +1,758 | +1,758 |
| (B) Add: Incremental conservative provisions <i>One-off incremental provisions of INR 1,903 Cr. (INR 1,411 Cr., net of taxes) in Financial Services. Adopted a conservative and prudent approach, given macroeconomic uncertainties</i> | +1,411 | +1,411 |
| (C) Less: (Profit)/loss from discontinued operations <i>Net gain from the sale of DRG (incl. profit/loss from discontinued operations in the year)</i> | -658 | -574 |
| Normalized Net Profit | 807 | 2,615 |
| YoY Change in Normalized Net Profit | +40% | +22% |

Key Business Highlights
Financial Services:

- Loan book at INR 50,963 Cr., with top-10 exposures reduced by ~INR 4,200 Cr. during the year
- Raised ~INR 13,500 Cr in long-term borrowings over last one year
- ~INR 8,900 Crores were available in the form of cash and undrawn bank lines as of Mar 31st, 2020
- Housing Finance loan book of INR 5,534 Cr.; aim to create a multi-product Retail Lending franchise
- Overall provisioning at ~2.5x times of GNPA's and 5.8% of overall loan book
- Capital Adequacy ratio of the Financial Services business at 31% (vs. 22% as of Mar-2019)

Pharma:

- Pharma revenues up 13% to INR 5,419 Cr. for the year
- With the EBITDA margins at 26%, FY20 EBITDA for the Pharma business crossed INR 1,400 Cr.
- Delivered a healthy growth for the year in each of the three Pharma business segments – CDMO, Complex Hospital Generics and India Consumer Healthcare
- India Consumer Healthcare revenues grew up 25% to INR 418 Cr.

Business-wise Revenue Performance
(INR Crores or as stated)

| Net Sales break-up | Quarter IV ended | | | % Sales for Q4 FY20 | Full year ended | | | % Sales for FY2020 |
|---------------------------|------------------|--------------|------------|---------------------|-----------------|---------------|------------|--------------------|
| | 31-Mar-20 | 31-Mar-19 | % Change | | 31-Mar-20 | 31-Mar-19 | % Change | |
| Financial Services | 1,718 | 1,933 | -11% | 51% | 7,649 | 7,063 | 8% | 59% |
| Pharma ³ | 1,623 | 1,476 | 10% | 49% | 5,419 | 4,786 | 13% | 41% |
| Pharma CDMO | 1,048 | 939 | 12% | 31% | 3,154 | 2,783 | 13% | 24% |
| Complex Hospital Generics | 500 | 450 | 11% | 15% | 1,853 | 1,669 | 11% | 14% |
| India Consumer Products | 82 | 89 | -8% | 2% | 418 | 334 | 25% | 3% |
| Others | - | - | - | - | - | 34 | - | - |
| Total | 3,341 | 3,409 | -2% | 100% | 13,068 | 11,883 | 10% | 100% |

1. Foreign Currency denominated revenue in Q4 FY20 was INR 1,417 Cr. (42% of total revenue) and in FY20 was INR 4,497 Cr. (34% of the total revenue)
2. Previous year figures are restated for accounting effect of Piramal Phytocare merger and discontinued operations from HIA
3. Pharma revenue includes certain Foreign exchange income

Consolidated Financial Performance
(INR Crores or as stated)

| Particulars | Quarter IV Ended | | | Full year Ended | | |
|---|------------------|-----------|----------|-----------------|-----------|----------|
| | 31-Mar-20 | 31-Mar-19 | % Change | 31-Mar-20 | 31-Mar-19 | % Change |
| Net Sales | 3,341 | 3,409 | -2% | 13,068 | 11,883 | 10% |
| Non-operating other income | 240 | 83 | 190% | 491 | 310 | 59% |
| Total income | 3,581 | 3,491 | 3% | 13,559 | 12,192 | 11% |
| Other Operating Expenses | 1,420 | 1,364 | 4% | 4,926 | 4,692 | 5% |
| Expected Credit Loss | 2,019 | 107 | 1,786% | 1,875 | 324 | 478% |
| OPBIDTA | 142 | 2,020 | -93% | 6,758 | 7,175 | -6% |
| Interest Expenses | 1,295 | 1,237 | 5% | 5,321 | 4,100 | 30% |
| Depreciation | 143 | 105 | 36% | 520 | 401 | 30% |
| Profit / (Loss) before tax & exceptional items | (1,296) | 678 | - | 918 | 2,675 | -66% |
| Exceptional items (Expenses)/Income | - | - | - | - | (452) | - |
| Income tax | | | | | | |
| Current Tax and Deferred Tax | (498) | 221 | - | 203 | 852 | -76% |
| DTA and MAT Credit written off | 1,758 | - | - | 1,758 | - | - |
| Profit/(Loss) after tax (before MI & Prior Period items) | (2,556) | 457 | - | (1,043) | 1,370 | - |
| Minority interest | - | - | - | - | - | - |
| Share of Associates ¹ | 195 | 118 | 65% | 490 | 319 | 53% |
| Net Profit/(Loss) after Tax from continuing operations | (2,361) | 575 | - | (553) | 1,690 | - |
| Profit / (Loss) from Discontinued operations | 658 | (121) | - | 574 | (226) | - |
| Net Profit after Tax from discontinuing operations | (1,703) | 455 | - | 21 | 1,464 | - |
| Normalized Net Profit ³ | 807 | 575 | 40% | 2,615 | 2,142 | 22% |

1. *Income under share of associates primarily includes our share of profits at Shriram Capital and profit under JV with Allergan, as per the new accounting standards.*
2. *Previous year figures are restated for accounting effect of Piramal Phytocare merger and discontinued operations*
3. *Normalized Net profit excludes one-time impact of gain 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 and loss on sale of Imaging business.*

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

To download the results presentation and for further information on our financials, please visit our website: www.piramal.com

About the Piramal Group

The Piramal Group, led by Ajay Piramal, is one of India's leading business conglomerates with a global footprint. With operations in 30 countries and brand presence in over 100 countries, the Group's turnover is ~\$2 billion in FY2020. The Group's diversified portfolio includes presence in industries like healthcare, financial services, glass packaging and real estate.

Driven by its core values, the Group steadfastly pursues inclusive growth, while adhering to ethical and value driven practices. Piramal Foundation (a Section 8 Company), the Group's philanthropic arm, has initiatives in primary healthcare and nutrition, water, education leadership and women empowerment across 25 states of India.

About Piramal Enterprises Ltd:

Piramal Enterprises Limited (PEL) is one of India's leading diversified companies, with a presence in Financial Services and Pharmaceuticals. PEL's consolidated revenues were ~US\$1.7 billion in FY2020, with around ~34% of revenues generated from outside India.

In Financial Services, Piramal Capital & Housing Finance Limited (PCHFL), wholly owned subsidiary of Piramal Enterprises Limited (the flagship company of Piramal Group), is registered as a housing finance company with National Housing Bank (NHB) and engaged in various financial services businesses. It provides both wholesale and retail funding opportunities across sectors. In real estate, the platform provides housing finance and other financing solutions across the entire capital stack such as structured debt, construction finance, flexi lease rental discounting etc. The wholesale business in non-real estate sector includes separate verticals- Corporate Finance (CFG) and Emerging Corporate Lending (ECL). CFG provides customized funding solutions to companies across sectors such as infrastructure, renewable energy, roads, industrials, auto components etc. while ECL focuses on lending towards, Small and Medium Enterprises (SMEs). PCHFL's group companies provides customized strategies for institutional and retail investors such as Mumbai Redevelopment Fund and Apartment Fund (through Piramal Fund Management) and strategic partnerships with leading global pension funds such as CPPIB, APG and Ivanhoe Cambridge. The division has also launched a Distressed Asset Investing platform with Bain Capital Credit - IndiaRF that will invest in equity and/or debt in assets across sectors (other than real estate) to drive restructuring with active participation in turnaround. PEL also has equity investments in Shriram Group, a leading financial conglomerate in India.

In Pharma, through end-to-end manufacturing capabilities across 13 global facilities and a large global distribution network to over 100 countries, PEL sells a portfolio of niche differentiated pharma products and provides an entire pool of pharma services (including in the areas of injectable, HPAPI etc.). The Company is also strengthening its presence in the Consumer Products segment in India.

PEL is listed on the BSE Limited and the National Stock Exchange of India Limited in India. For more information visit: www.piramal.com [Facebook](#), [Twitter](#), [LinkedIn](#)

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