

# Piramal Enterprises Limited

## Investor Presentation

December 2020



# 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'.*

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*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.*

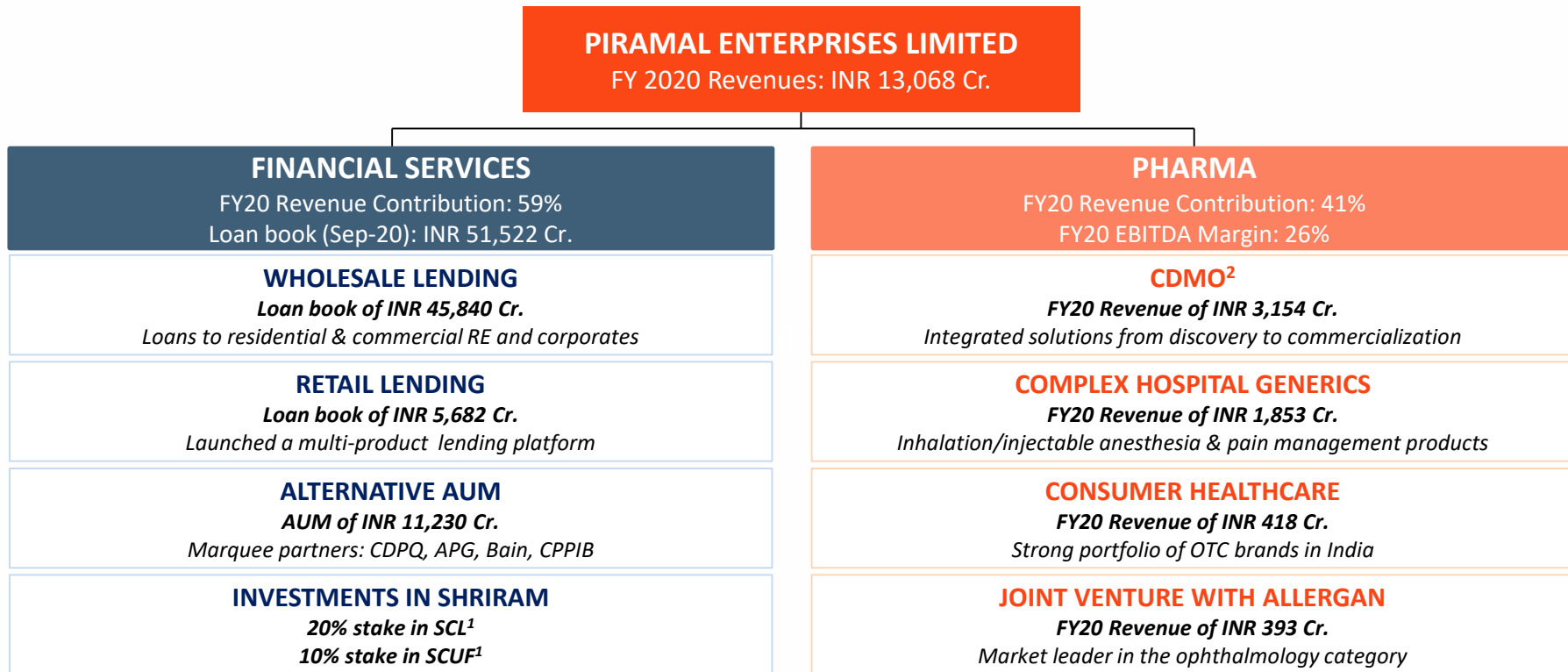
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*Note: Figures in previous periods might have been regrouped or restated, wherever necessary to make them comparable to current period.*



# Company Overview

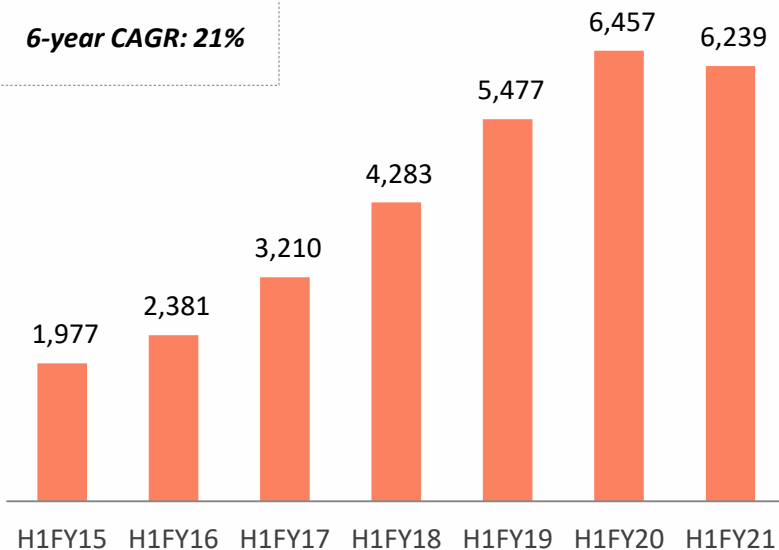


**Focus on two core businesses – Financial Services and Pharma**

# Revenues and Net Profits

Total Revenues<sup>1,2</sup>

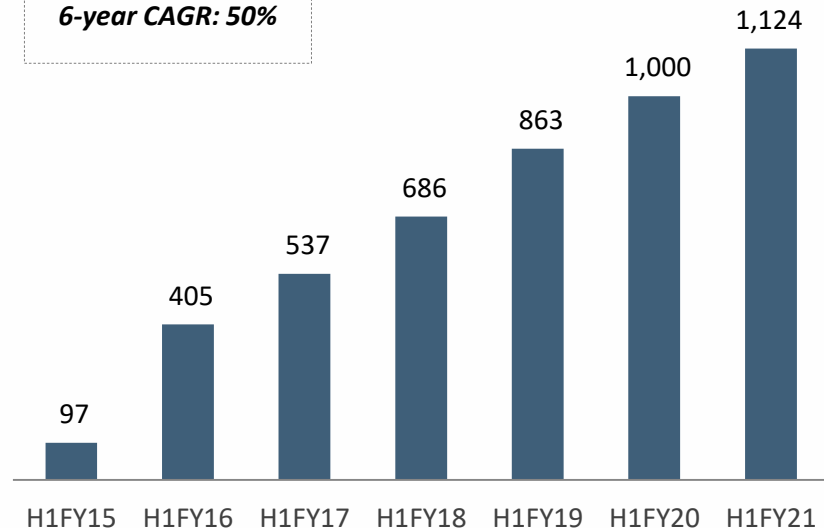
6-year CAGR: 21%



Net Profit<sup>3</sup>

(In INR Crores)

6-year CAGR: 50%



**Company delivered a resilient performance in H1 FY2021, despite COVID-19 impact**

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

(2) Revenue for prior period excludes revenue from Healthcare Insights & Analytics

(3) FY18 Net profit excludes loss on sale of Imaging business; FY15 Net profit excludes gain on sale of Vodafone investment

# Capital inflows of INR 18,000 Crores since Apr-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 :

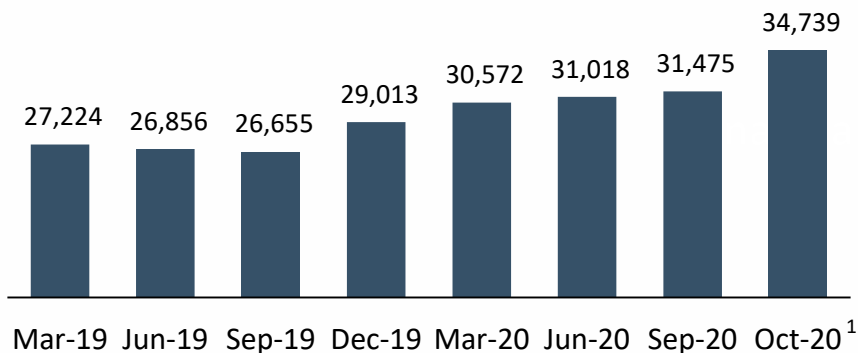
*INR 3,500 Cr. (US\$ 490m)*

- **Raised USD 490m as fresh equity** for a 20% stake from the Carlyle Group in Oct-2020
- Deal valued at an Enterprise Value (EV) of **USD 2.7 - 3.1 billion<sup>1</sup>**

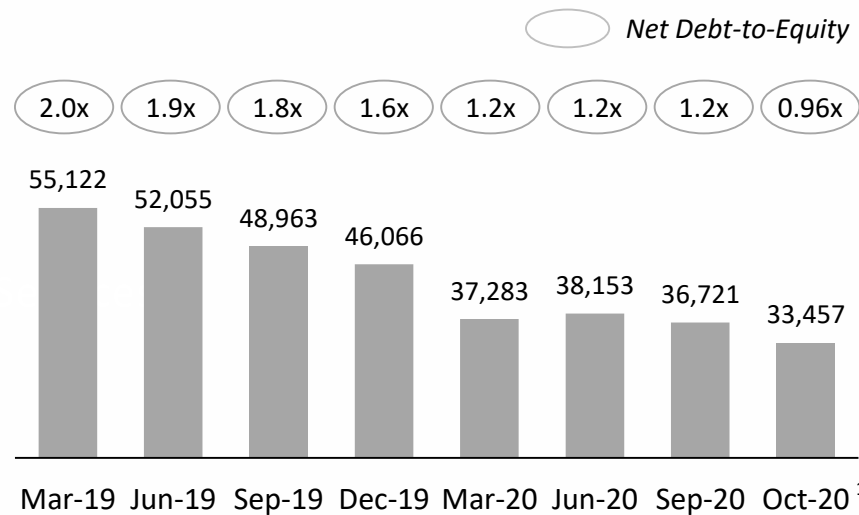
**Future planned capital actions: Sale of investments in Shriram Group**

# Significant strengthening of the Balance Sheet

## Overall Equity (INR Cr.)



## Net Debt (INR Cr.)



Balance Sheet (INR Cr.)	As of Oct-20 <sup>1</sup> (Post-Pharma deal)	As on Mar-19	Change
<b>Equity</b>	<b>34,739</b>	<b>27,224</b>	<b>+28%</b>
<b>Net Debt</b>	<b>33,457</b>	<b>55,122</b>	<b>-39%</b>

Note: (1) As of Oct 6<sup>th</sup> 2020 considering the net capital raise from The Carlyle Group in the Pharma business



# Segment-wise equity allocation

(In INR Crores)

## Overall Equity (Post-Pharma deal in Oct-2020)<sup>1</sup>

### Financial Services (Lending): 48%

237% Provision Coverage Ratio, with provisions of INR 3,037 Cr.; and Capital Adequacy Ratio of 34%

**Overall Equity:  
INR 34,739 Cr.**

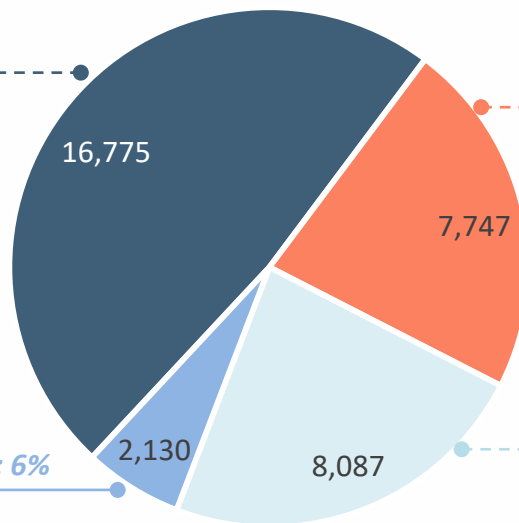
### Deferred Tax Asset: 6%

### Pharma: 22%<sup>1</sup>

Built a differentiated business, valued at an EV of USD 2.7 - 3.1 billion. Includes additional capital raise of INR 3,264 Cr. to target organic & inorganic growth opportunities in the Pharma space.

### Unallocated equity: 23%

Primarily includes investments in Shriram, receivables from DRG sale



**Equity of ~INR 25,000 Cr. available for Financial Services business to tap organic and inorganic opportunities  
Among top-3 NBFCs<sup>2</sup> in India, in terms of equity capital available for the Financial Services business**

Notes: (1) As of Oct 6<sup>th</sup>, considering the net capital raise from The Carlyle Group of INR 3,264 in the Pharma business  
NBFCs/infrastructure finance companies

(2) Comparison with sizeable NBFCs/HFCs; excluding government-owned

# Borrowings and capital inflows

## Inflows<sup>1</sup> since the beginning of FY20

- **Inflows of INR 42,800 Cr.** since the beginning of FY20, through borrowings and equity transactions
  - **Raised INR 11,500 Cr.** of long-term borrowings<sup>1</sup> in H1 FY2021

Gross inflows since Apr-2019 (INR Cr.)	Borrowings	Equity / Other inflows
Long-term borrowings <sup>1</sup>	20,900	-
Securitization	3,900	-
Stake sale in STFC	-	2,300
Rights Issue	-	3,650
Preferential Allotment	-	1,750
Sale of DRG	-	6,800
Pharma fund raise		3,500
<b>Total</b>	<b>24,800</b>	<b>18,000</b>
<b>Grand Total</b>	<b>42,800</b>	

Notes: (1) Long-term borrowings of ≥1 year tenure rounded-off (up to 2 digits)

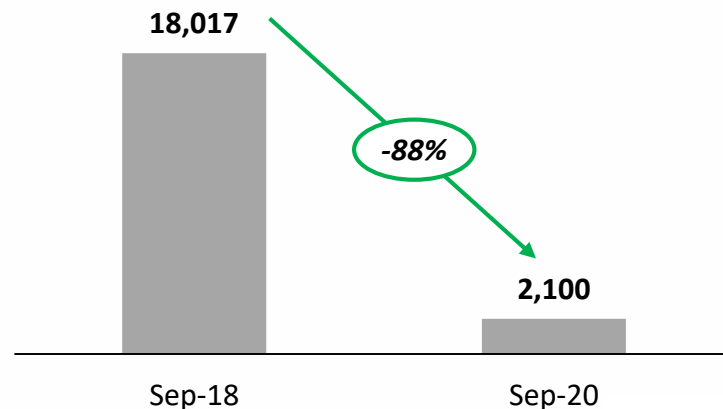
(2) Figures in the table above have been rounded-off (up to 2 digits)

## Reduction in short-term borrowings

- **Significant reduction in Commercial Papers (CPs) exposure**
  - Exposure to CPs declined to INR 2,100 Cr. from INR 18,017 Cr. in Sep-2018

### CP exposure

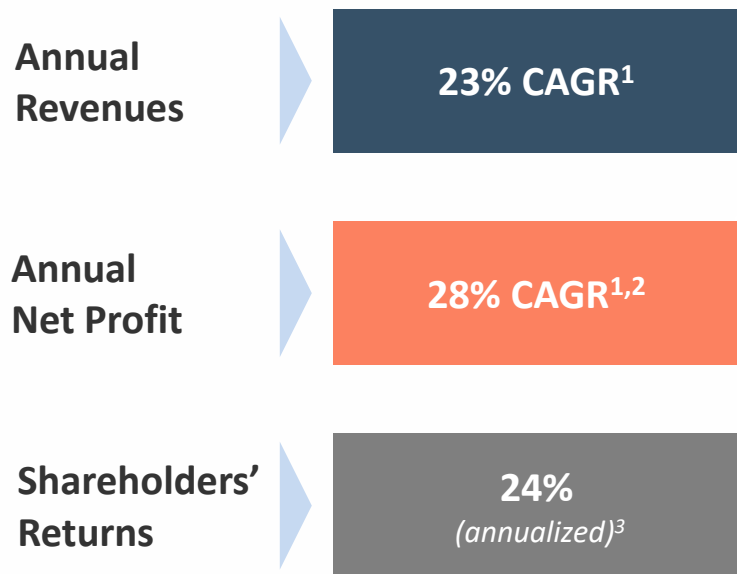
(in INR Cr.)





# Consistent long-term performance, creating significant value for shareholders

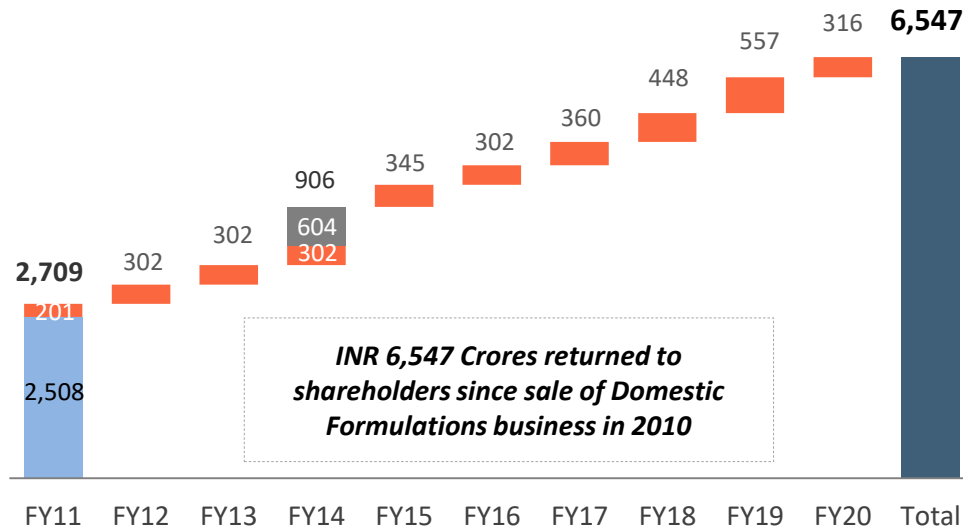
## Long-term track record over the last 32 years



## Capital returned to shareholders<sup>4</sup>

In INR Crores

Normal dividend Special dividend Buyback<sup>5</sup>



### 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

# Board of Directors



**AJAY PIRAMAL**

CHAIRMAN

AWARDED “ASIA BUSINESS LEADER OF THE YEAR” BY CNBC ASIA  
NON - EXECUTIVE DIRECTOR, TATA SONS



**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**

Non Executive Director,  
25+ Years with Group  
Turnaround Businesses



**RAJESH LADDHA**

Executive Director & Group CFO,  
Treasury & Strategic Initiatives  
Former MD & CEO, Shriram Capital Ltd.



**N VAGHUL\***

Former Chairman,  
ICICI Bank



**GAUTAM BANERJEE\***

Senior MD & Co-Chairman,  
Asia Operating Committee,  
Blackstone, Singapore



**DEEPAK M SATWALEKAR\***

Former MD & CEO,  
HDFC Standard Life



**S RAMADORAI\***

Former Vice Chairman,  
TCS



**SUHAIL NATHANI\***

Managing Partner, Economic Law Practice  
(ELP)



**KUNAL BAHL\***

CEO & Co-founder of Snapdeal  
Chairman of the CII National  
e-commerce Committee



**ANJALI BANSAL\***

Founder & Chairperson, Avaana Group;  
Fmr. Non-executive Chairperson, Dena Bank;  
Partner & MD, TPG; India CEO, Spencer Stuart

# Partnerships / Investors

## Our Partnerships



THE CARLYLE GROUP



## Our Top Investors

Eastbridge Capital



STATE STREET  
GLOBAL ADVISORS



WELLINGTON  
MANAGEMENT®

ADIA



NOMURA



Vanguard®

BLACKROCK®



PABRAI INVESTMENT FUNDS



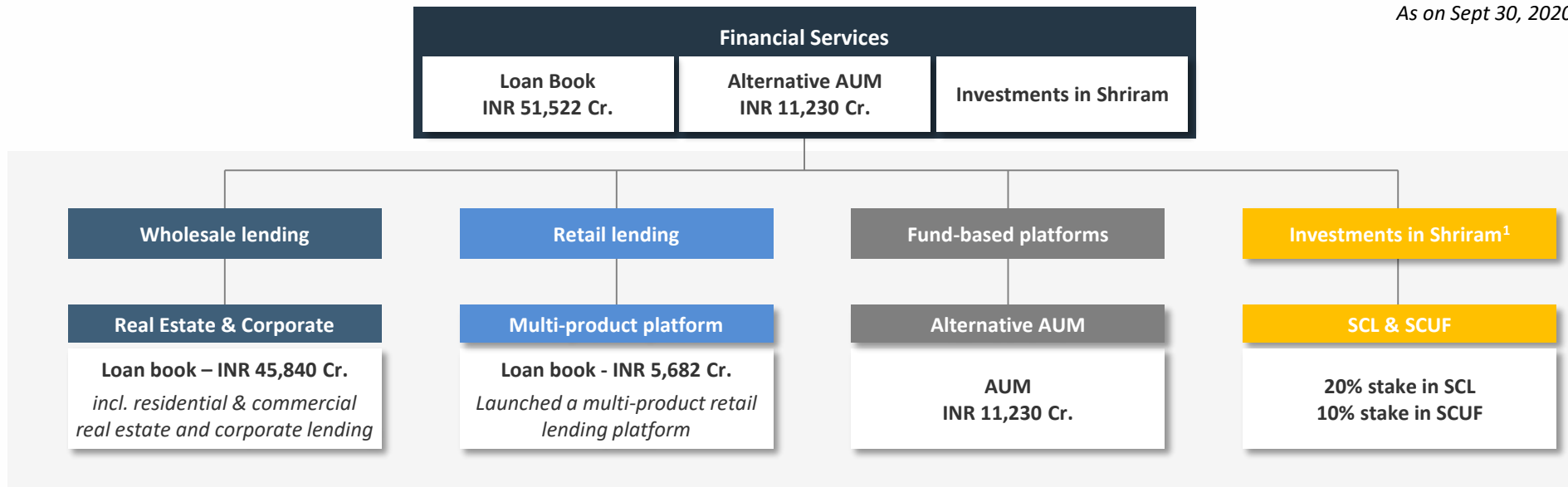
Aberdeen



## Financial Services

# Diversified exposure across both wholesale and retail financing

As on Sept 30, 2020



Note: SCL – Shriram Capital Limited      SCUF – Shriram City Union Finance

**Strong portfolio with loans, assets under management and total investments of ~INR 67,000 Crores**

Note: 1) Investments in Shriram: SCUF based on market value; SCL based on book value, including accumulated profits

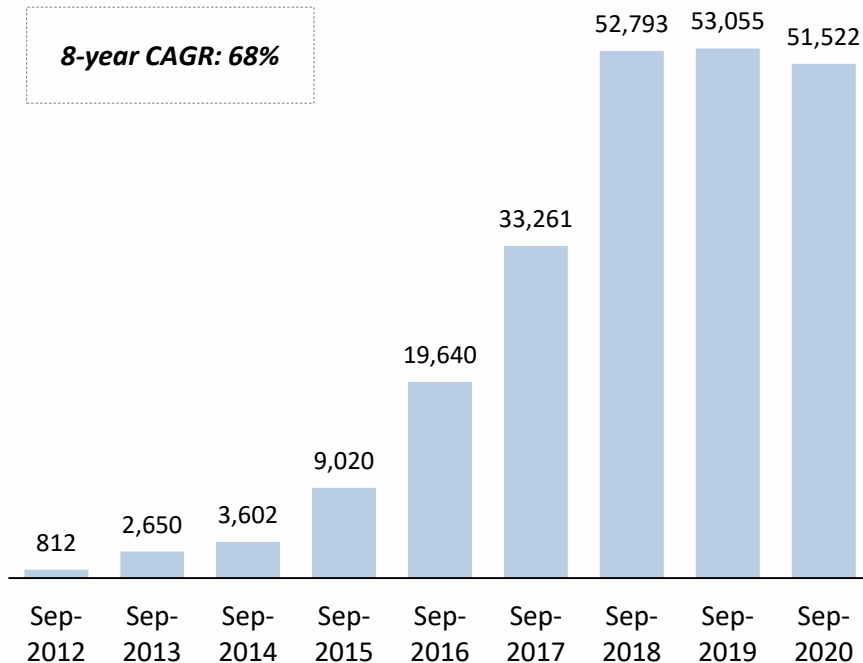


# Loan Book and Total Income

## Loan book <sup>1</sup>

(in INR Crores)

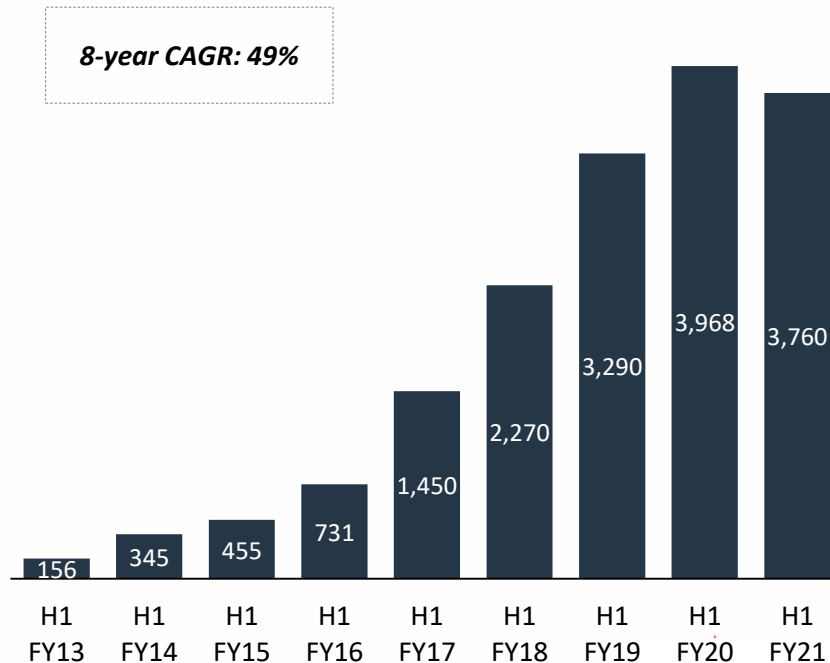
**8-year CAGR: 68%**



## Income from Financial Services

(in INR Crores)

**8-year CAGR: 49%**



Notes: (1) Loan book determined based on carrying value till Dec-2015 and amortized cost thereafter, as per Ind-AS

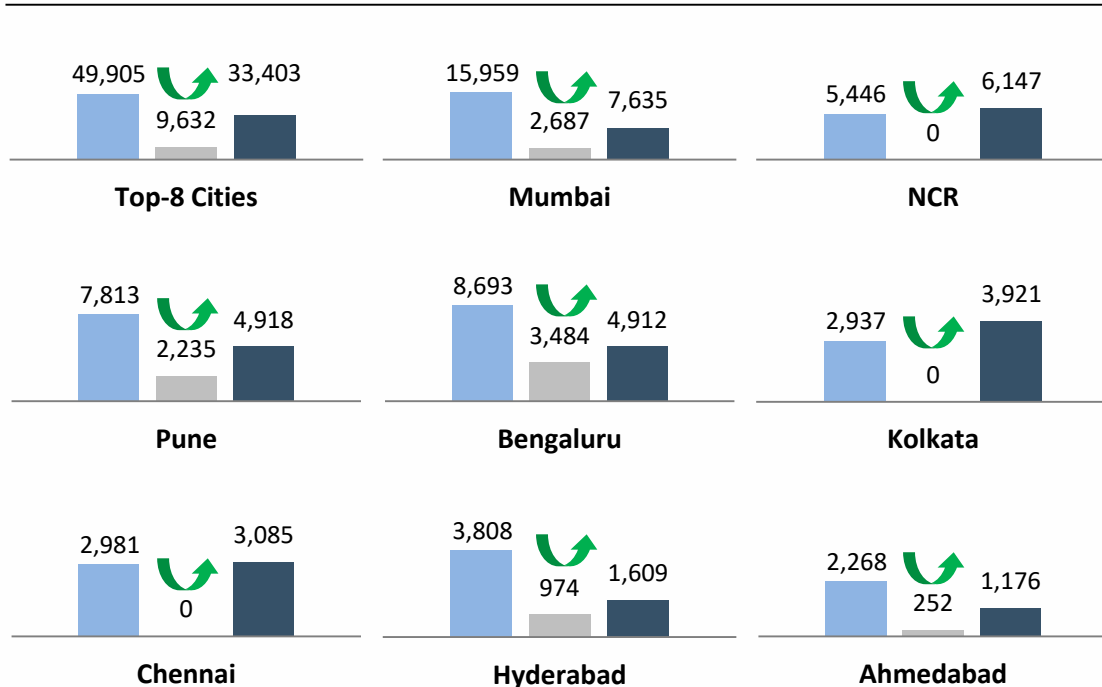


## Wholesale Lending

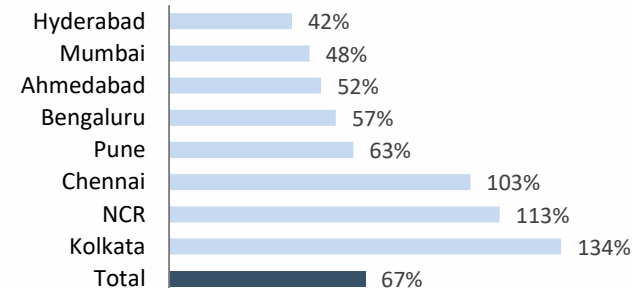
# Residential RE industry trends: Recovery in performance during Q2

No. of housing units sold (industry-wide)

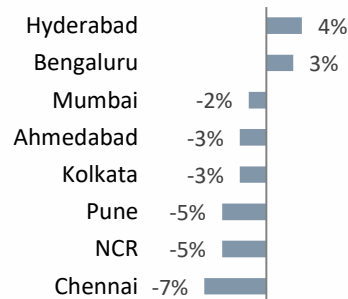
Jan-Mar'20 Apr-Jun'20 Jul-Sep'20



Q2 FY21 sales as a % of Q4 FY20 sales



Residential RE prices – YoY Change



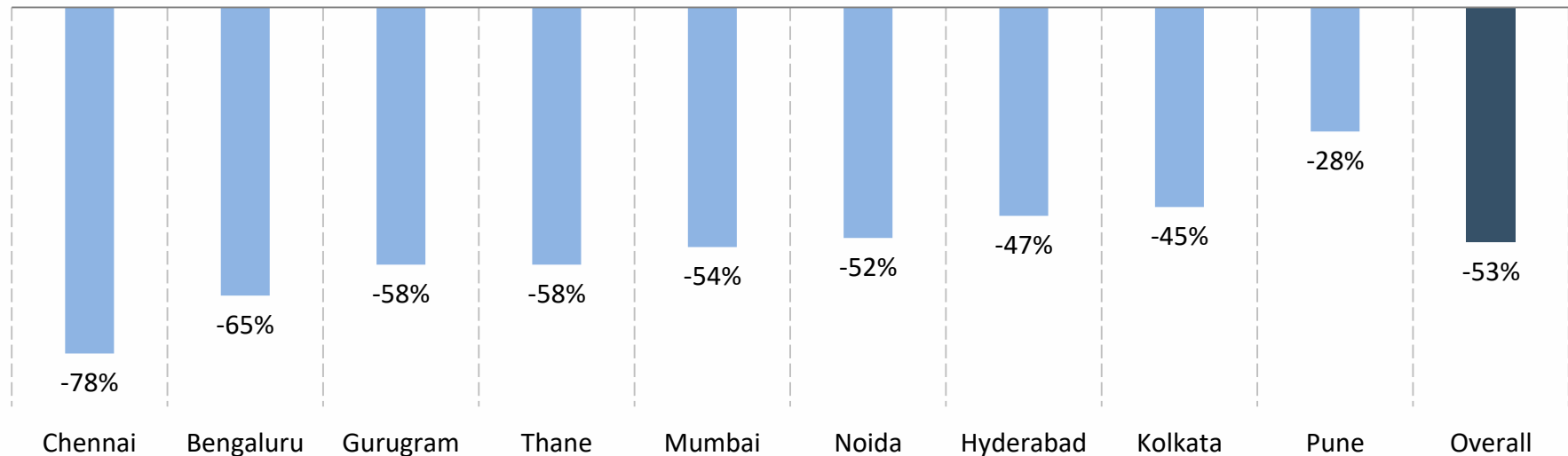
Prices remain range-bound, however, developers are offering flexibility in payment schedules

Industry-wide residential RE sales have recovered to 67% of pre-COVID levels in Q2 FY21



# Significant consolidation taking place in the real estate sector

## Industry-wide decline in the number of developers since 2012<sup>1</sup>



**Total number of developers in the top-14 Indian cities has already shrunk by 53% since 2012**

# Performance of PEL's Developer Clients

## Performance of our developer clients in Sep-20



### Sales

- Sales of developers **back to 100% of pre-COVID levels**



### Collections

- Developer collections from homebuyers at **82% of pre-COVID levels**



### Construction

- Construction **commenced at nearly 100% of sites**



### Labor

- **~90% (~21,000 laborers) returned** to sites vs. pre-COVID levels

## Factors driving residential real estate sales

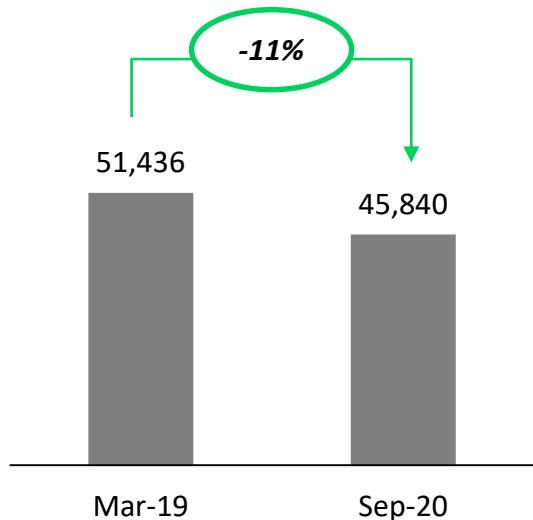
- ✓ Changing customer preferences and need for larger homes
- ✓ Townships gaining higher interest
- ✓ Demand for ready-to-move-in apartments
- ✓ Discounts being offered by some developers
- ✓ Regulatory support by governments / regulators
- ✓ Recent decline in home loan interest rates
- ✓ Organized developers leveraging technology to drive sales

**Early trends indicate better performance of developer clients than assumed under stressed scenario for creating provisions**

# Continue to increase granularity of the loan book

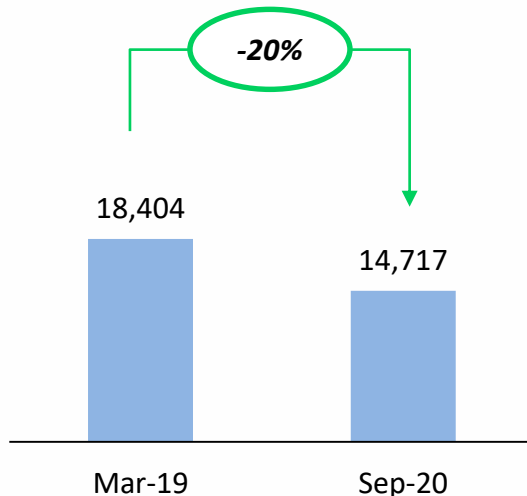
(in INR Crores, unless otherwise stated)

## Wholesale Loan Book



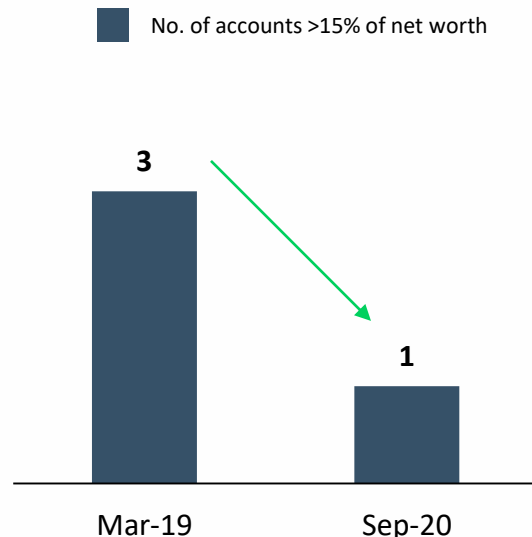
- 11% reduction since Mar-2019, which includes real estate and corporate loans

## Top-10 exposures



- Exposure to top-10 accounts reduced 20% since Mar-2019 (~INR 3,700 Crores)

## Single-borrower exposures



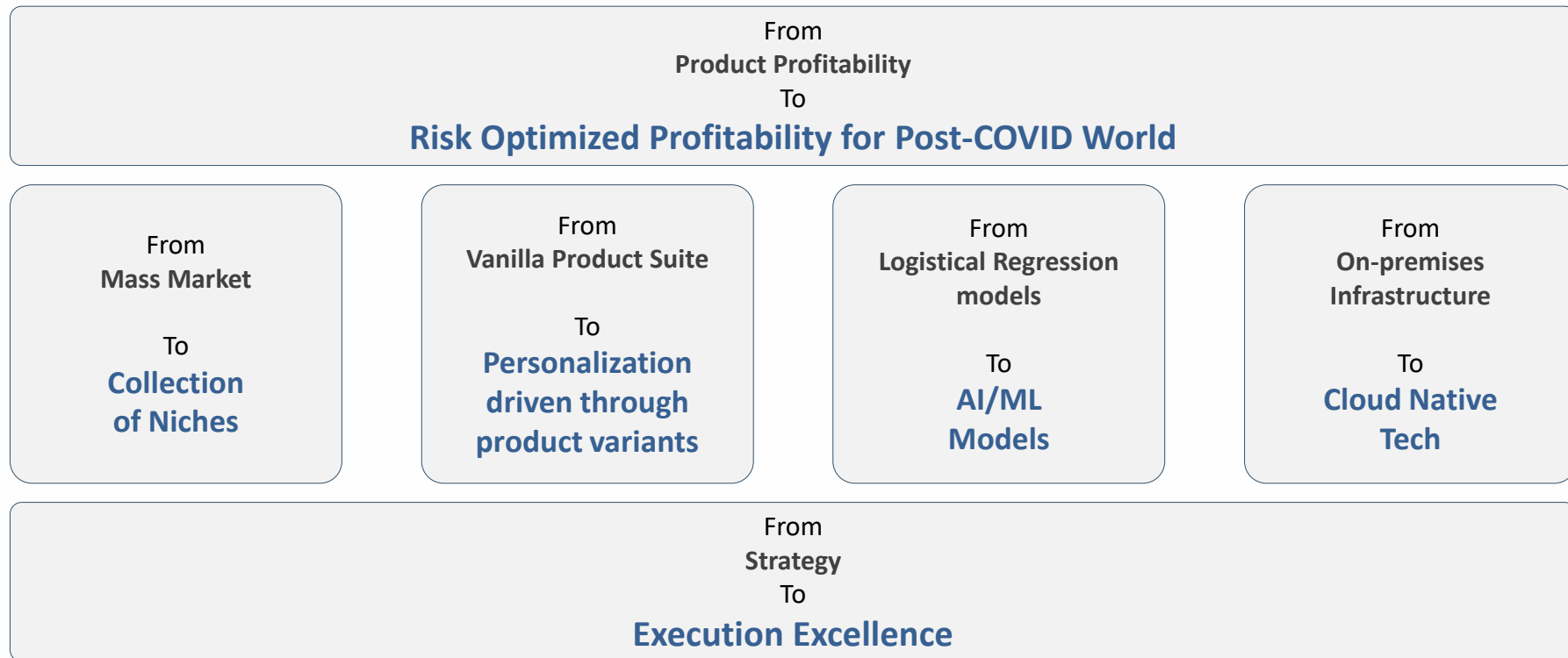
- Only one account exceeding the 15% net worth threshold



## Retail Lending



## Taking a differentiated approach to Retail Lending



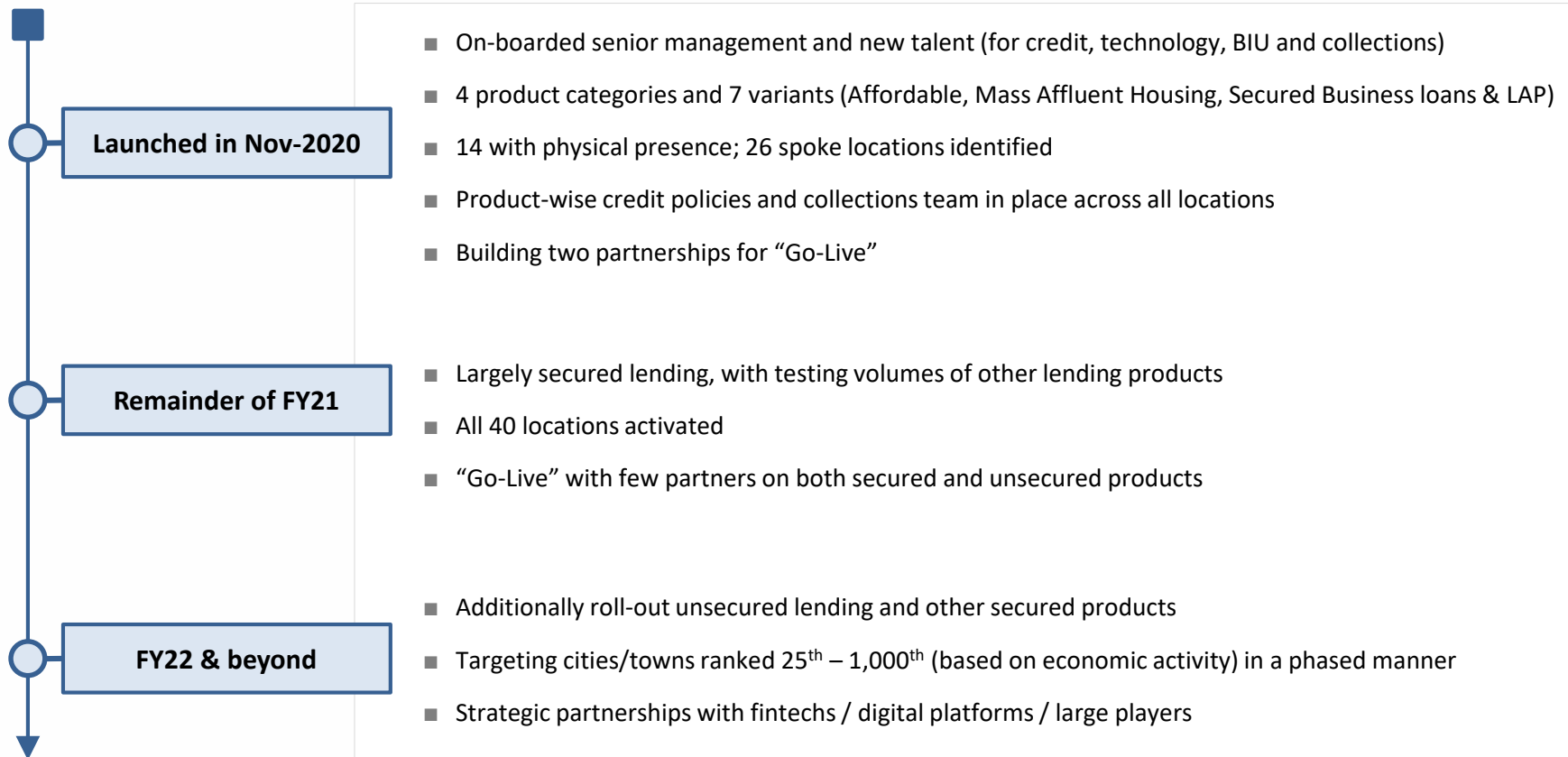
Experienced, diverse and tech native management team to drive execution

# Retail Lending strategy

<b>A</b> <b>Product Strategy</b>	<b>B</b> <b>Geography Selection</b>	<b>C</b> <b>Partnerships</b>
<ul style="list-style-type: none"> <li>■ <b>Pivot</b> from ‘Affluent Housing’ to ‘Mass Affluent’ &amp; ‘Affordable’ Housing</li> <li>■ Build a largely <b>secured lending book in FY21</b>, roll-out other lending products in FY22+</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>‘Bharat’</b>– Tier 2/3 locations in small &amp; mid-market India (population 10,000 to 4m)</li> <li>■ <b>Hub and spoke model</b> with tech led spokes</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Strategic partnerships</b> for customer access at scale, distribution, and data access</li> <li>■ <b>Phygital</b>: Digital-at-the-core augmented with physical channels</li> </ul>
<b>D</b> <b>Operating Model &amp; Talent</b>	<b>E</b> <b>Technology Infrastructure</b>	<b>F</b> <b>Credit Risk Management</b>
<ul style="list-style-type: none"> <li>■ <b>Agile mode</b> of working by operating teams</li> <li>■ <b>Minimum Viable Product (MVP)</b> approach</li> <li>■ Onboarding <b>top-quality talent</b></li> </ul>	<ul style="list-style-type: none"> <li>■ Assembling a future-ready tech stack</li> <li>■ Combination of <b>off-the-shelf and internally engineered technology</b></li> <li>■ <b>Cloud native, AI/ML<sup>1</sup> ready</b> from Day-1</li> </ul>	<ul style="list-style-type: none"> <li>■ Building a credit risk management <b>framework for the post-COVID era</b></li> <li>■ <b>Analytics woven deeply</b> into the fabric of business</li> </ul>

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

## Retail Lending: Progress and key milestones



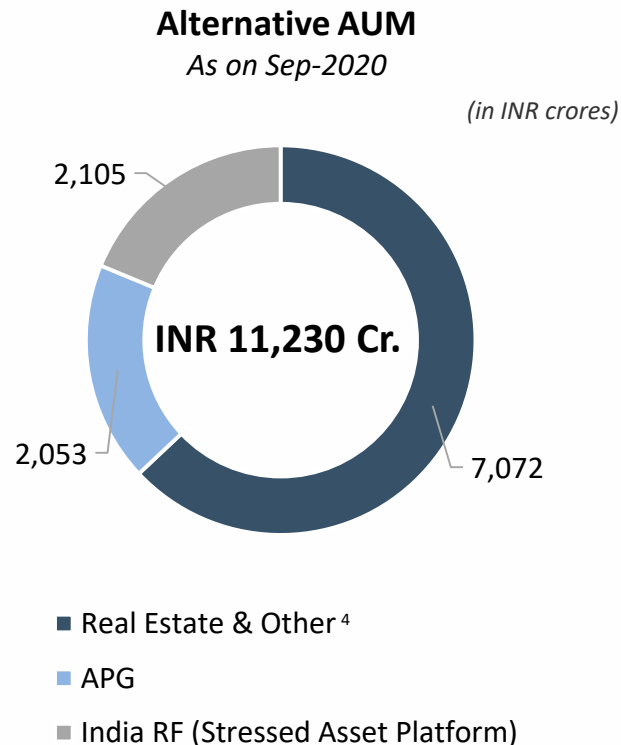


## Alternative AUM



## Developing fund-based platforms – Alternative AUM

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



Notes: (1) Represents APG's commitment; PEL has further committed USD 375m along-side these investments  
50% to preferred transactions

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

(2) Represents Ivanhoé Cambridge's commitment, PEL to co-invest 25% to pure equity and  
(4) Includes net AUM for the RE platform and the AUM for the platform with CDPQ

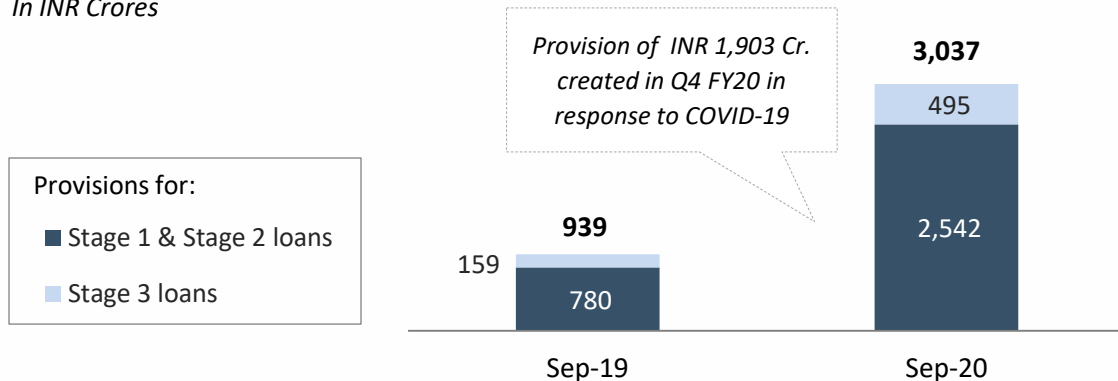


## Asset Quality

# Conservative provisioning to mitigate any contingencies from COVID-19, etc.

## Total Provisions

In INR Crores



Total provision as a % of GNPA's

194%

237%

Provision Coverage – Stage 1 & 2

1.5%

5.1%

Total provision as a % of loan book

1.8%

5.9%

### Overall provisioning:

- Total provisions of INR 3,037 Cr., equivalent to **237% of GNPA's** and **5.9% of overall loan book**

### Provisioning for Standard Assets

#### (Stage 1 & 2 loans):

- Significantly increased to INR 2,542 Cr. from INR 780 Cr. as of Sep-19
- Provisions against Stage 1 & 2 loans at **5.1%** as of Sep-20

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

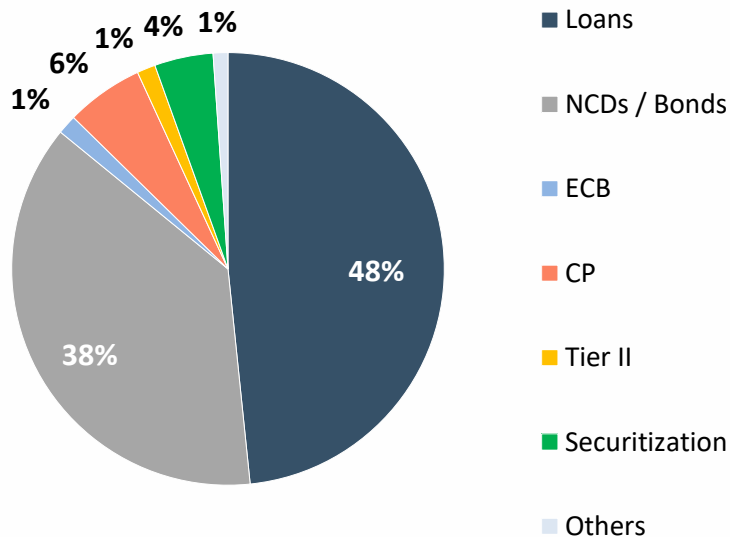


# Liabilities

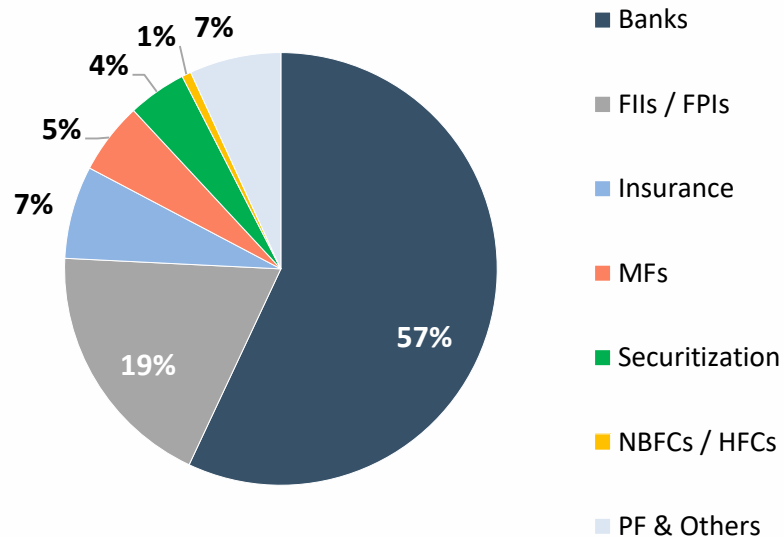
# Borrowing mix

As on Sep 30, 2020

## Breakdown of borrowing mix by type of instrument



## Breakdown of borrowing mix by type of investor



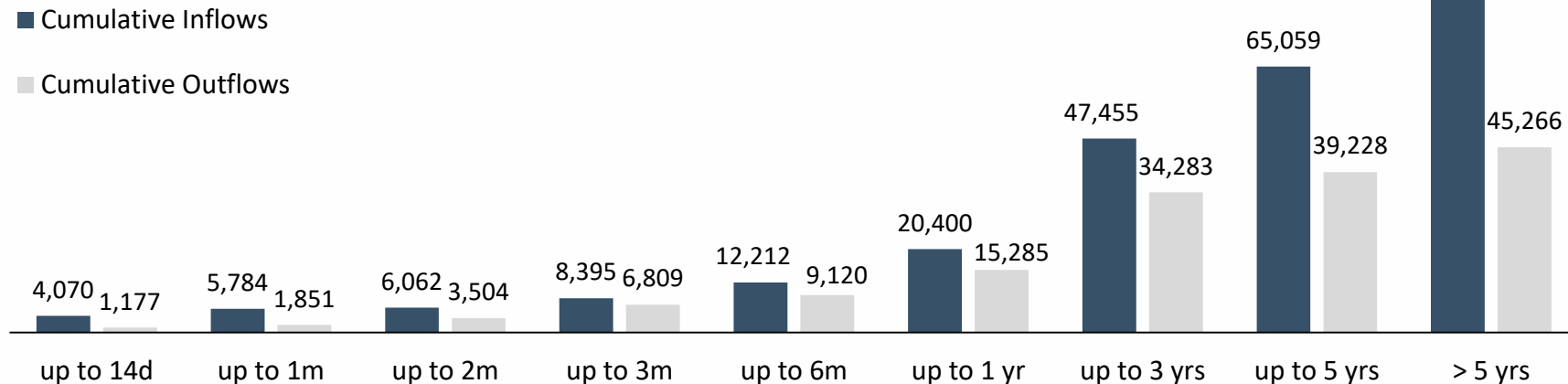
Constantly diversifying borrowing profile across instruments and investor categories



# Asset-liability profile

(in INR crores)

As on Sep 30, 2020<sup>1,2</sup>



## Cumulative GAP<sup>3</sup> (%)

+246%

+213%

+73%

+23%

+34%

+33%

+38%

+66%

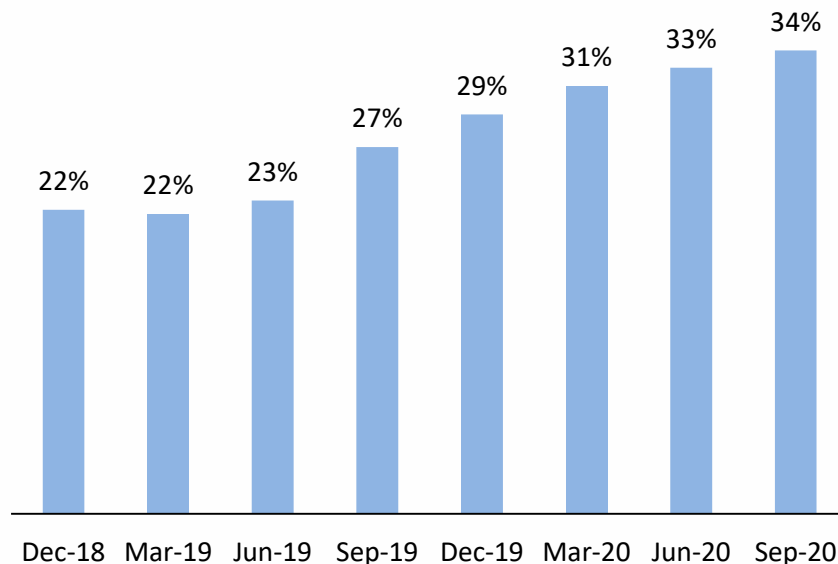
+80%

**Significant positive ALM GAP across all buckets**

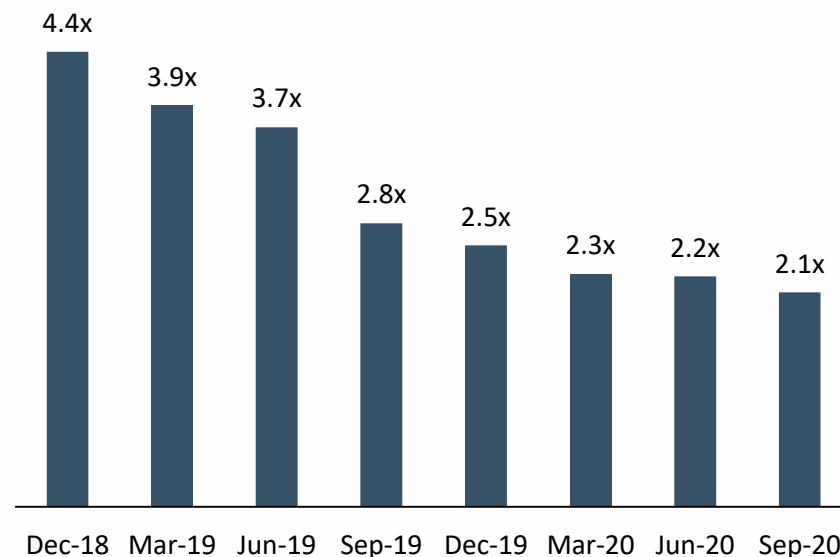


# Capital Adequacy and Leverage

## Capital Adequacy Ratio (%)<sup>1,2</sup>



## Net Debt-to-Equity<sup>2</sup>



**Significantly strengthened the capital adequacy through additional capital allocation and deleveraging**

# Performance metrics

## Key Performance Indicators: PEL Financial Services

Particulars	H1 FY2021
Total Loan Book size	INR 51,522 Cr.
Total Equity on Lending (utilized synergies from reverse merger)	INR 16,775 Cr.
Net Debt	INR 34,634 Cr.
Net Debt-to-Equity	2.1x
Average Yield on Loans	14.8%
Average Cost of Funds	8.5%
Average Cost of Borrowings	10.8%
Net Interest Margin	6.3%
Cost to Income Ratio (CIR)	17.4%
Total Provisioning as a % of loan book (as on Sep 30, 2020)	5.9%
Gross NPA ratio (based on 90 dpd)	2.5%
Net NPA ratio	1.6%
ROA <sup>1</sup>	3.8%
ROE <sup>1</sup>	12%

Note: (1) Considering cash-tax, ROA is 4.7% and ROE is 15%



# Financial Services: Key strategic priorities

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



**Pharma**

# Pharma Equity Capital Raise

Closed one of the largest PE deals in the Indian pharma sector with The Carlyle Group

**USD 490m**

Raised as fresh equity  
for a 20% stake in the Pharma business

**USD 2.7 bn**

Enterprise Value (EV) of the Pharma  
business based on the deal

In addition, upto

**USD 360m**

of upside component depending on FY21  
performance

Completed in

**Oct-2020**

received INR 3,523.40 Crores on closure



Affirmation of the strength  
of our ability to build new,  
attractive, scalable and  
sustainable businesses



The deal further strengthens  
the Company's balance sheet



To accelerate organic and  
inorganic growth plans

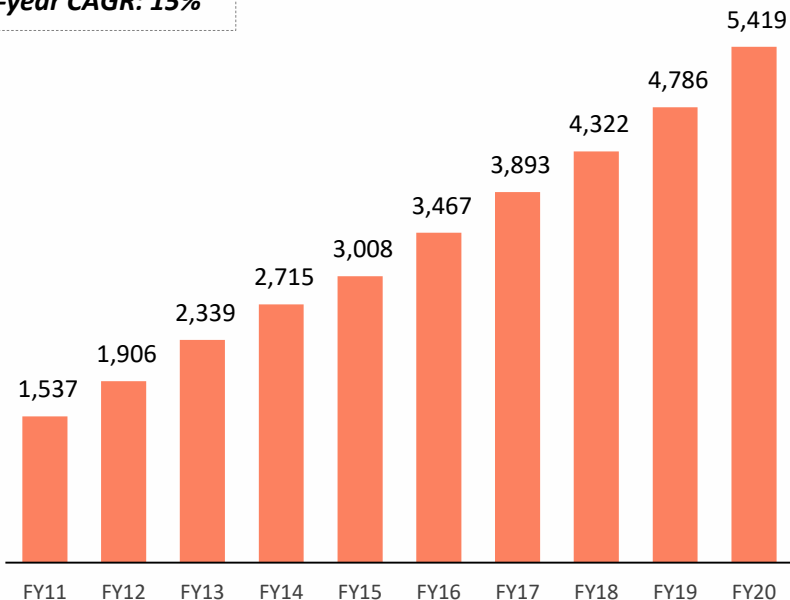
Built a differentiated Pharma business valued at an Enterprise Value (EV) of USD 2.7 - 3.1 billion

# Consistent revenue performance trend in Pharma

## Pharma Performance

**FY20 Performance:**  
**9-year CAGR: 15%**

(In INR Crore)

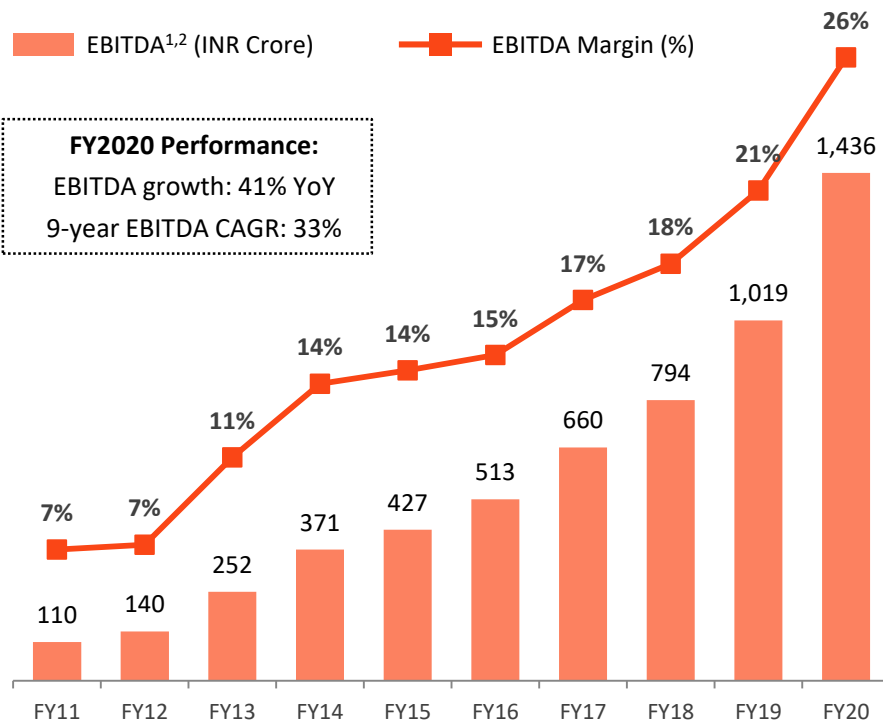


Notes: (1) Pharma includes CDMO, Complex Hospital Generics and India Consumer Healthcare and certain Forex income (2) FY2016 - FY2020 results prepared based on IND AS, prior periods are IGAAP

- **FY20 performance:** Revenues grew by 13% YoY to INR 5,419 Cr.
  - Pharma contributed 41% to PEL's overall revenue
- **Consistent long-term growth:** Revenues grew at a CAGR of 15% over last 9 years; Over 90% contribution from differentiated CDMO & Complex Hospital Generics businesses
- **Robust recovery witnessed in Q2'FY21:** Delivered revenue of INR 1,441 Cr. (+9% YoY)
  - CDMO and India Consumer Products grew 20%+ YoY
  - Complex Hospital Generics witnessing improved demand for products used in surgical procedures
- **Quality & Compliance:** Successfully cleared 36 USFDA inspections, 177 other regulatory inspections, and 1,167 customer audits since start of FY2012
- **JV with Allergan:** PEL has 49% stake in Allergan India
  - Market leader in the ophthalmic category in the India
  - Revenue of INR 393 Cr. & net profit of INR 104 Cr. in FY20

# Continued improvement in the profitability over the years

## 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%
  - Consistent improvement in margin over last few years
- **EBITDA margins witnessed healthy recovery in Q2 FY21 to 23%** after short-term volatility due to COVID-19
  - Higher revenues and cost rationalization drove margin improvement in Q2 FY21
- **Major Capex investments commenced in FY20**
- **Funds raised to help accelerate organic and inorganic growth**

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

## Key strategic priorities: Pharma

**1 Delivering consistent revenue growth and improve profitability**

**2 Pursuing organic and inorganic growth opportunities leveraging fresh capital**

- ✓ Capacity expansion across multiple sites
- ✓ Acquisitions of niche manufacturing capabilities for CDMO
- ✓ Add new complex hospital generics through in-licensing, acquisitions and capital investments
- ✓ Organically and inorganically add Consumer Healthcare products to further leverage India-wide distribution platform
- ✓ Exploring re-entry into Domestic Formulations

**3 Maintaining robust quality culture across manufacturing/development facilities globally**

**4 Continued focus on patient needs, customer experience, and EHS initiatives**



# Financials

# Diversified Revenue Mix

(In INR Crores or as stated)

Net Sales break-up	Quarter II ended			% Sales for Q2 FY2021	Half year ended			% Sales for H1 FY2021
	30-Sept-20	30-Sept-19	% Change		30-Sept-20	30-Sept-19	% Change	
Financial Services	1,861	1,954	-5%	56%	3,760	3,968	-5%	60%
Pharma	1,441	1,317	9%	44%	2,479	2,489	-	40%
Pharma CDMO	866	724	20%	26%	1,480	1,373	8%	24%
Complex Hospital Generics	438	477	-8%	13%	763	891	-14%	12%
India Consumer Products	140	112	25%	4%	244	222	10%	4%
<b>Total</b>	<b>3,302</b>	<b>3,271</b>	<b>1%</b>		<b>6,239</b>	<b>6,457</b>	<b>-3%</b>	

Note: Pharma revenue includes foreign exchange gains/losses



# Consolidated Profit & Loss

(In INR Crores or as stated)

Particulars	Quarter II ended			Half year Ended		
	30-Sept-20	30-Sept-19	% Change	30-Sept-20	30-Sept-19	% Change
Net Sales	3,302	3,271	1%	6,239	6,457	-3%
Non-operating other income	38	46	-18%	103	110	-7%
Total income	3,339	3,316	1%	6,342	6,568	-3%
Other Operating Expenses	1,278	1,188	8%	2,369	2,363	0%
Expected Credit loss	24	-107		75	-152	
OPBIDTA	2,038	2,236	-9%	3,898	4,357	-11%
Interest Expenses	1,156	1,337	-14%	2,260	2,665	-15%
Depreciation	139	128	9%	274	250	10%
Profit / (Loss) before tax & exceptional items	742	770	-4%	1,364	1,441	-5%
Exceptional items (Expenses)/Income	39	0	0%	39	0	0%
<b>Income tax</b>						
Current Tax and Deferred Tax	204	258	-21%	365	474	-23%
Profit / (Loss) after tax (before MI & Prior Period items)	578	512	13%	1,039	968	7%
Minority interest						
Share of Associates <sup>1</sup>	50	96	-48%	85	169	-50%
Net Profit / (Loss) after Tax from continuing operations	628	608	3%	1,124	1,137	-1%
Profit / (Loss) from Discontinued operations <sup>2</sup>		(57)			(137)	
Net Profit after Tax	628	551	14%	1,124	1,000	12%

1. Income under share of associates primarily includes our share of profits at Shriram Capital and profit under JV with Allergan, as per the accounting standards.

2. Profit / (Loss) from Healthcare Insights & Analytics business, sold in Jan'20.

# Consolidated Balance Sheet

(In INR Crores)

Particulars	As on Sep 30 <sup>th</sup> , 2020
Equity Share Capital	45
Other Equity	31,430
Non Controlling Interests	-
Borrowings (Current & Non Current)	42,675
Deferred Tax Liabilities (Net)	26
Other Liabilities	2,242
Provisions	257
<b>Total</b>	<b>76,676</b>
PPE, Intangibles (Under Development), CWIP	5,828
Goodwill on Consolidation	1,113
Financial Assets	
Investment	19,378
Others	28,667
Other Non Current Assets	1,361
Deferred Tax Asset (Net)	2,156
Current Assets	
Inventories	1,413
Trade receivable	1,063
Cash & Cash Equivalents & Other Bank balances	5,955
Other Financial & Non Financial Assets	9,743
<b>Total</b>	<b>76,676</b>

Note: Numbers from Ind-AS Financial Statements have been regrouped, wherever needed



# Appendix

# Key Highlights

## PEL Consolidated

28% increase in Equity<sup>2</sup>  
vs. Mar-19 to

INR  
34,739 Cr.

39% reduction in Net Debt<sup>2</sup>  
vs. Mar-19,  
leading to a Net D/E of

0.96x

Total inflows<sup>3</sup> since Apr-19  
(incl. ~INR 18,000 Cr.  
of capital inflows)

INR  
42,800 Cr.

12% YoY increase in  
H1 Net Profit to

INR  
1,124 Cr.

## Financial Services

Capital Adequacy Ratio

34%

Multi-product  
Retail Lending platform

Launched  
in Nov-20

237% provision coverage,  
with total provision of

INR  
3,037 Cr.

No. of exposures  
>15% of net worth of  
Financial Services

1

## Pharma

Closed Pharma deal;  
Business valued at an EV of

USD  
2.7 - 3.1  
billion

CDMO -  
YoY Revenue growth  
(Q2 FY21)

+20%

India Consumer Products -  
YoY Revenue growth  
(Q2 FY21)

+25%

EBITDA Margin  
(Q2 FY21)

23%

Notes: (1) Above data points as of Sep-2020 or for Q2 / H1 FY21

(2) Equity and Net Debt values post Pharma deal (closed in Oct-2020)

(3) Including long-term borrowings and equity transactions



## Key Talent Acquisition completed – Retail Lending



**Jairam Sridharan**

- 21 years of consumer lending experience; proven track record of business development and leadership
- Former CFO, Axis Bank (AUM: INR 9,15,165 Cr.; Market Cap: INR 1,40,366 Cr. as of 31<sup>st</sup> Mar 2020)
- Previously President, Retail Lending & Payments at Axis Bank
  - Led transformation of Axis into a retail focused lending institution
  - Grew Retail Lending AUM from INR 20,000 Cr. to INR 1,20,000 Cr. over 5 years (2010-15)
- Capital One Inc., 2003-10 – Head of ‘New to Credit’ business segment
- ICICI Bank, 1998-2003 – Responsible for building Analytics capabilities for the consumer banking business
- Director on Boards of various lending and consumer finance companies in India



**Jagdeep Mallareddy**

- 25 years of consumer lending and life insurance experience; Product and Profitability Expert
- President, Retail Lending at Axis Bank (2010-20)
  - Managed a diverse portfolio comprising of Mortgages, Auto Loans, Unsecured Loans, Small Business lending (MSME) and Rural lending
  - Grew Retail Lending AUM from ~INR 1,25,000 Cr. to INR 2,75,000 Cr. over 5 years (2015-20)
- Previously, held Risk Management & Sales roles at ICICI Pru Life as Senior VP (2001-10), Bajaj Auto Finance, Cholamandalam, Kotak Mahindra Primus and HDFC Bank (1995-2001)
- Experience at India’s leading NBFCs, Private Banks and Insurance companies



**Sunit Madan**

- 24 years of consumer lending, business process management and life insurance experience
- Expertise in Underwriting, Debt Collections, Fraud Control, Risk Management, Customer Service, and Project Management
- Previously Executive Vice President, Collections, Fraud Control and Underwriting - Retail Lending & Payments at Axis Bank (2015-20)
  - Underwriting - Handled ~16 lakh applications annually, from 3 underwriting centers, apart from ~270 credit processing centers
- Earlier, VP at Genpact, handling a P&L of ~USD 75m, serving clients in Collections & Operations for financial institutions
- In Risk Management roles at ICICI Pru Life (2002-11); Tata Communications Limited and HSBC (1996-2002)

**Invested in high quality Management team with deep domain experience**

## Stage-wise provisioning

Particulars <i>(in INR Cr., unless otherwise stated)</i>	As on Mar-2020	As on Jun-2020	As on Sep-2020
Gross Stage 1 & 2 Loans	49,761	49,984	50,243
Provision - Stage 1 & 2 loans	2,479	2,518	2,542
<b>Provision Coverage Ratio - Stage 1 &amp; 2</b>	<b>5.0%</b>	<b>5.0%</b>	<b>5.1%</b>
Gross Stage 3 Loans (GNPAs)	1,202	1,281	1,279
<b>GNPA Ratio (% of loans in Stage 3)</b>	<b>2.4%</b>	<b>2.5%</b>	<b>2.5%</b>
Provision - Stage 3 loans	483	495	495
<b>Provision Coverage Ratio - Stage 3</b>	<b>40%</b>	<b>39%</b>	<b>39%</b>
Total Provision*	2,963	3,013	3,037
Total Loans	50,963	51,265	51,522
<b>Total Provision / Total Loans</b>	<b>5.8%</b>	<b>5.9%</b>	<b>5.9%</b>
<b>Total Provision / GNPAs</b>	<b>246%</b>	<b>235%</b>	<b>237%</b>

\* Includes conservative provisions of INR 1,903 Cr. created in Q4 FY20 in response to COVID-19

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



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