

PIRAMAL ENTERPRISES LIMITED

**Transcript of the 74th Annual General Meeting of Piramal Enterprises Limited
held at 2:00 p.m. IST on Friday, July 16, 2021 through video conferencing**

– **Mr. Bipin Singh – Company Secretary, Piramal Enterprises Limited:**

- Dear shareholders, good afternoon and a warm welcome to the 74th Annual General Meeting of Piramal Enterprises Limited which is being conducted through video conference. I hope you are safe and in good health. Due to the Corona virus pandemic and the resulting social distancing norms we are for the second time in a row holding the AGM of the company through video conference. This is in the compliance with the circulars issued by the Ministry of Corporate Affairs and SEBI. Live proceedings of this AGM are also being webcast on the e-voting site of NSDL. I would like to now take you through the certain points regarding the participation at this meeting. The facility of joining the AGM through video conference is being made available for members on first-come-first-served basis. All members who have joined this meeting are by default placed on mute mode by the host to avoid any disturbance arising from background noise and ensure smooth and seamless conduct of the meeting. The company has received requests from a few members to register them as speakers at the meeting. Accordingly, the floor will be open for these members to ask questions or express their views. The moderator will facilitate the session once the Chairman opens the floor for questions and answers. Once the Q&A session starts the moderator will announce the names of the members who have registered as speaker-shareholders one by one. The speaker-shareholders will thereafter unmuted by the host, to start speaking the speaker-shareholder is requested to click the video on button, if the speaker-shareholder is not able to join through video for any reason the shareholder can speak through the audio mode, while speaking we would request the speaker to [a] use the earphones so that he is clearly audible, [b] minimize any noise in the background [c] ensure that Wi-Fi is not connected to any other device, [d] no other background applications are running, and [e] there is proper lighting to have a good video and audio experience. If there is a connectivity problem at the speaker shareholder's end, we would ask the next speaker to join. Once the connectivity improves, the speaker/shareholder will be called again to speak once the other speaker-shareholders complete their turn. We would like to request the shareholders to limit their speech to 3 minutes. During the AGM if a member faces any technical issues he may contact the helpline numbers mentioned in the notice of AGM. Please note that the proceedings of this Annual General Meeting will be recorded. In compliance with the provisions of the Companies Act 2013, the rules prescribed thereunder and SEBI listing regulations, the company had provided the facility of remote e-voting to all members. The remote e-voting commenced on 13th July 2021 at 9 am and concluded on 15th July 2021 at 5 pm. In compliance with the rules on e-voting framed under the Companies Act 2013, the voting at the AGM will be conducted by the same e-voting system of NSDL which was used during remote e-voting. Members who have already cast their votes by remote e-voting are not eligible to vote again at this meeting. The e-voting facility is active and will be active until 15 minutes after the end of the

discussion on the resolutions. Members who have not cast their vote may please go to the e-voting page of the website of NSDL and cast their votes while watching the proceedings of the meeting. Mr. Bharat R. Upadhyay, practising company secretary, failing him, Mr. Bhaskar Upadhyay, practising company secretary has been appointed as the scrutinizer for the remote e-voting and the e-voting at the AGM. Since the AGM is being held through video conference and the resolutions mentioned in the notice of the AGM have already been put to vote through remote e-voting there will be no proposing or seconding of the resolutions. The results of the remote e-voting along with the results of the e-voting at the meeting will be declared by 18th July 2021, and will be placed on the website of the company and NSDL and will also be communicated to the Stock Exchanges. I now hand it over to Mr. Ajay Piramal, Chairman of the company, over to you, sir.

– **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**

- Namaskar, I am delighted to have an opportunity to speak to you. I welcome you all to the 74th Annual General Meeting of our company.
- Some of us have felt the pandemic even more acutely with the loss of our family members, relatives or friends. I wish all the strength and fortitude to deal with our loss in these challenging times. I hope you are all keeping safe and well.
- As a requisite quorum is present for the Annual General Meeting, I call the meeting to order. Members of the board present here today are, the Chairman of the Audit and Risk Management Committee and the Nomination and Remuneration Committee, and our senior most member, Mr. Vaghul, Dr. Swati Piramal, our Vice Chairperson, Ms. Nandini Piramal, our Executive Director, Mr. Anand Piramal, Mr. S. Ramadorai, Mr. Gautam Banerjee, Mr. Suhail Nathani, Ms. Anjali Bansal, Mr. Kunal Bahl, Mr. Khushru Jijina, our Executive Director, Mr. Rajesh Laddha, our Executive Director and Group CFO, and Mr. Vijay Shah. Mr. Deepak Satwalekar has expressed his inability to attend the AGM and has conveyed his regrets. Representatives of the statutory auditors and secretarial auditors are also present at this meeting. We have received authorized representations for 43.28% of the share capital from the corporate members which are valid and accepted by the company. Since there is no physical attendance of the shareholders, the requirement of appointing proxies is not applicable. The registers as required to be kept open for inspection at the AGM under the Companies Act, 2013, are open and available for inspection during the meeting, electronically on the NSDL website under the tab AGM documents. As a notice of the meeting is already circulated to the shareholders, with your permission I take the notice convening the meeting as read. The auditors' report does not contain any qualification, observation or comment on the financial transactions or matters which have any adverse effect on the functioning of the company. In accordance with the provisions of the Companies Act, 2013, the auditors' report is not required to be read out at the meeting. I will now proceed to provide you with key highlights of the financial performance of the company.
- Although the second Covid wave has impacted the recovery cycle that India was witnessing in the second half of FY21, the economic impact is nowhere close to what

we saw during the peak of the first wave, as our country was better prepared this time than a year ago. Businesses had learnt to adapt to physical restrictions, government was judiciously imposing localized lockdowns to minimize disruptions. RBI and financial markets were better prepared to manage liquidity challenges. In addition the country is getting well prepared for future contingencies such as the 3rd Covid wave, we are seeing a rapid pace of vaccination, over 32 crore doses have been administered. Indians receiving their first shot increased by 133% in June'21 compared to May. A higher spending on the health infrastructure including the National Digital Health Mission will improve health care services to the masses significantly. In fact from a long term perspective I feel more optimistic about the country's future. We added 87 billion US dollars to our foreign exchange reserves in FY21, foreign reserves exceeded 600 billion dollars which is a strong support to withstand global volatilities. Foreign portfolio investors showed high interest due to India's financial stable market conditions, favourable economic prospects and easy liquidity conditions, as a result net FDI inflows stood at 36 billion dollars in FY21 despite the pandemic. Growth in exports driven by strong global demand has now been higher at 12% compared to the same period in 2019. International agencies like the OECD estimate India to be the fastest growing economy among G20 nations in 2021. The long term growth prospects over the next 3 to 5 years also remain optimistic at 7% plus. Continued policy reforms across sectors like manufacturing, construction, services, agriculture will enable an environment of economic growth with millions of jobs creation. We as a company are in the right sectors for the long term. In financial services it is an acknowledged fact that NBFCs play an important role in the growth of the Indian economy. With retail lending penetration at only 12% of India's GDP there is significant long term growth potential. NBFCs have been instrumental in providing retail credit to the unserved markets in the tier 2 and tier 3 cities owing to their deep understanding of target customer segments, use of technology and differentiated business models. However, since September 2018 due to the liquidity tightening followed by Covid 19 pandemic, several players have limited their credit exposure to these markets or completely vacated this space. As a result, a significant consolidation in this sector is leading to a decline in competition. We believe the current environment offers enough growth opportunities for well run, well governed and well capitalized NBFCs.

- The pharma sector during the uncertain times has emerged as one of the most important, safer and resilient industry. Pharmaceutical and health care companies play a vital role in ensuring the global supply of critical drugs amid rapidly changing environment, while also planning for new vaccines and therapeutics. Also the pharma sector globally is witnessing a structural shift with niche verticals such as CDMO, injectable generics are gaining prominence. Within India as well the pharma sector is poised for higher growth amidst rising preference for an alternate supplier as a part of the global supply chain. During the last two years we have demonstrated resilience and strength in our performance despite the year affected by the pandemic.
- On the back of our differentiated business models, our committed teams and agility of our organization we delivered a resilient P&L performance despite major headwinds faced in the last financial year. FY2021 revenue stood at 12800 crores and the normalized net profit of 2627 crores was broadly stable on a year to year basis. In

fact, our balance sheet performance improved significantly over the last two years. We have raised 18000 crores of equity capital through several milestone transactions and increased our equity base by 29% to 35000 crores and reduced the net debt by 45% to 30,000 crores, bringing down the net debt to equity from 2:1 to 0.9 times.

- Our financial services business is among the few companies that have emerged stronger despite prolonged headwinds faced by the NBFC sector. The capital adequacy ratio of our financial services business stood at 37% as of March 2021 versus 22% as of March 2019, with a net debt to equity ratio of 1.8 times, our financial services business is amongst the least levered across sizeable NBFCs/HFCs in India. And it has enough growth capital for next 3 to 5 years. We are taking advantage of the consolidation taking place in this space, getting scale plus setting up an engine for future growth. And towards this we did the acquisition of DHFL, we have bid for DHFL through the IBC route for a total consideration of 34,250 crores. I am pleased to inform you that our resolution plan for DHFL received an overwhelming vote of confidence by the Committee of Creditors reflecting our group's credibility and balance sheet strength. The acquisition process has been progressing well with the RBI, CCI as well as the NCLT approval now obtained. This acquisition brings together two large HFC entities creating one of the largest NBFCs of the country. It would help us achieve scale in retail lending, that would have otherwise have taken many more years to accomplish through the organic route. With this acquisition we would have access to vast network of 250 plus branches with a majority of them being in tier 2 and tier 3 cities, and a sizeable customer base of a million. Organically setting up the engine for future growth we are driving towards a technology driven multi product retail lending platform, and in 2020 we embarked on this journey which is 'digital at its core' and 'phygital' that is physical as well as digital at the customer's end. We are building this platform with next gen technology capabilities with artificial intelligence and machine learning deeply woven into the fabric of the business. In November 2020 we launched our multi product retail lending platform and since then the business witnessed healthy growth traction. We also launched multiple retail lending products thus expanding our product portfolio. We formed a few partnerships with Fintech's and consumer tech firms and have on-boarded top quality talent from large Indian banks and global tech giants to take the business forward. Most importantly as part of our journey we have incorporated learnings from the current environment to build a sound business model for the post Covid world. Together we aim to leverage DHFL's presence to sell multiple retail products offered as part of our digital platform thereby ensuring the continued future growth in the business. We are committed to make the business a lot more stable by strengthening our liability side, enhancing diversification, improving granularity and increasing provisioning. For the liabilities we have raised 33,000 crores of long term borrowings in the last two years and replaced most of our short term CP borrowings. As a result, we now have a much stronger asset liability profile and keep enough cash and cash equivalence, nearly 15% of our loan book size serving as a healthy liquidity buffer. The DHFL acquisition will also result in a significant change in our loan book mix, with the share of retail lending moving closer to 50% in the near term. To further improve diversification and granularity of our loan book we are also consciously bringing down our wholesale portfolio size by reducing our top ten exposures which have declined 28% since March 2019. We have also built

conservative provisions and at the onset of Covid 19 pandemic in March 2020 we created an incremental provision of 1900 crores. As of March 2021 our total provisions stood at 22,797 crores equivalent to 6.3% of the overall loan book. During 2021 over 90% of our total provisions remained unutilized despite the year getting impacted by the pandemic. We continue to focus on building a shockproof business for the future. In this direction we will continue to maintain conservative debt equity ratio and a conservative provision levels to take care of any future contingencies.

- I will now talk to you a little bit about our pharma business. Post the sale of the domestic pharma business to Abbott we were left with a set of few small sized pharma businesses. Over the last few years post the Abbott deal we decided to sell and exit a few of them and short list a set of 3 businesses that we wanted to grow for the future depending on their long term growth potential. I am glad to say that those decisions taken a few years ago have proven to be in the right direction. We rebuilt an entirely differentiated pharma portfolio comprising of these niche verticals, CDMO, complex hospital generics and the India consumer health care. Over the last 10 years the company has consistently delivered strong performance, pharma revenue has grown 3.8 times at a CAGR of 14% from 1537 crores in FY11 to 5776 crores in FY21. Our EBITDA has gone up 12 times at a CAGR of 28% from 110 crores in FY11 to 1283 crores in FY21 improving the EBITDA margin from 7% in FY11 to 22% in FY21. We did the Carlyle deal which validated our focused approach of growing these 3 businesses. And this was done by Carlyle valuing our pharma business at an enterprise value of US dollars 2.8 billion. This transaction is one of the largest private equity deals in the Indian pharmaceutical sector. And in 2020 PPL received 3500 crores on closure of this transaction for 20% equity investment from the Carlyle Group. This transaction further strengthens the pharma business' balance sheet. Our net debt to equity for the pharma business now stands at 0.4 times post the fund raised versus 0.9 times as of March 2020. And our net debt to EBITDA now stands at 1.9 times post the fund raised compared to 2.8 times before that. With this we are further investing all these businesses for our future growth. Each of the pharma businesses has a compelling plan for organic and inorganic growth in the future. We believe that we will continue to deliver in line with our long term track record just through organic initiatives. And in addition to this we will target a few more acquisitions to further boost our growth. During the last one year post the capital raised we have invested across our businesses, CDMO announced an investment of 32 million dollars in the Riverview Facility. We acquired a solid oral dosage facility in Sellersville, Pennsylvania and acquired Hemmo Pharmaceutical for Rs. 775 crores, a peptide API manufacturing capability in India. Our complex hospital generics acquired the 49% remaining stake in our joint venture company, Convergence Chemicals. The Indian consumer health care business also launched 15 plus new products in 35 plus SKUs including Covid related products.
- We have always believed in having a strong corporate governance environment within our organization. Our goal is to ensure fairness for all our stakeholders, including our investors, our customers, partners and society. We have always aspired to have eminent personalities to be a part of our board who are not only experts in their professional field but also helped steer the company grow in the right direction with

their experience and expertise. In the last decade or so the company has grown multiple folds and the experience and guidance from our independent directors has kept the company on the path of excellence. Further we are cognizant of the imminent maximum tenure guidelines and to ensure continued smooth functioning of the board we have implemented a succession plan for the independent directors to revamp the board in a phased manner. In the last two years, 5 independent directors have resigned from the board of which 3 were long-tenured, the term of the remaining 3 tenured independent directors will come to an end on 31st March 2024. In line with the succession plan, 3 independent directors, Mr. Keki Dadiseth, Dr. Mhaselkar, and Professor Govardhan Mehta retired from the board in the last financial year. I, on behalf of my fellow board members would like to take this to highlight the contributions made by them. Our independent directors have together worked tirelessly not only to grow and diversify the business of the company but also to inculcate the philosophy of good corporate governance and a strong ethical code of conduct across the entire organization. Our directors have also helped build a strong and self-sufficient model of corporate social responsibility based on the philosophy of giving back to society. We as members of the board realize that the board has lost eminent voices, that we will miss their valuable suggestions and able guidance. In their place 3 new independent directors, Mr. Suhail Nathani, Mr. Kunal Bahl, and Ms. Anjali Bansal joined the PEL board during the year. As part of the succession plan the board might look to retire 1 more independent director in the current financial year.

- Our corporate purpose is doing well and doing good, and our continuous endeavour is to make a positive impact by serving people and living our values. We conduct our CSR initiatives through the Piramal Foundation and have so far directly and indirectly benefited 120 million lives. The Foundation works cohesively with the central and state governments as well as through collaborations with Niti Aayog and many global international foundations such as the Rockefeller Foundation, the Bill & Melinda Gates Foundation amongst several others. In the wake of the Covid 19 pandemic we undertook a complete transformation in our Foundation activities. I am glad to report that the business teams have been quite proactive in taking several measures to navigate the current challenges posed by the unprecedented environment. Our Foundation pivoted our programs and retrained our staff whereby we expanded activities, partnerships and impact, and we have committed significant amounts in partnership with Niti Aayog towards Covid relief. I would like to just spend a few minutes on some of the key initiatives that we have taken. One, we refocused our partnership with Niti Aayog's Aspirational Districts Program towards Covid relief. Through this program we aim to serve 112 districts of the country with the lowest human development index. We reinvented the services that are provided as part of our health initiatives to support states during the pandemic, help lines in 7 states extended their offerings to serve a million poor every month. Our mobile medical vans served the most marginalized communities by conducting in-village Covid testing and advisory. Our education initiatives also completely redesigned their programs since schools were closed for most of the year, as part of these initiatives we trained 600,000 plus teachers across 7 states to use digital tools to teach students and create content.

- In conclusion I would say that with the steps taken over the last two years we are progressing towards the next phase of evolution of our company. We have simplified the organizational structure to focus on two-core businesses by divesting non-strategic investments of businesses such as the stake sale in Shriram Transport and the sale of DRG which strengthened our balance sheet for future growth through multiple capital raise initiatives, and making both the financial services and pharma businesses to have enough capital to tap future growth opportunities. In addition, the company has a pool of additional equity capital that can be utilized for inorganic growth opportunities across both the businesses. We created a subsidiary for the pharma business by integrating all of the three businesses under Piramal Pharma Limited and we have an investor in Carlyle there. We now have separate boards and sector focused high quality management teams for both our financial services business and our pharma business. We have hired top talent from external as well as internal talent pools for key positions across the existing and new businesses. And we have also restructured our corporate office to make it more strategic and leaner. The business specific roles have moved to the individual businesses to further empower the businesses and make them more independent as well as ready for the demerger in future.
- And in conclusion I would say that our FY21 performance reflects the resilience and the significance made towards building a solid foundation for our long term success. In addition, we have strengthened our governance with new independent members, independent directors on our board as well as creating separate boards and management teams for the two core businesses. We remain committed to our corporate purpose of doing well and doing good and continue to work towards bringing positive change in the lives of people as well as minimizing the impact of Covid 19 pandemic for them. Given our resilient performance in FY2021 as well as the significant progress made on key strategic priorities the board has recommended subject to your approval a dividend of Rs. 33 per share. As we look into the future we remain cautiously optimistic for FY2022 and are in a stronger position to tap growth opportunities across both our businesses. Post the completion of DHFL acquisition we will be better positioned to finalize and announce the demerger plans of our two large listed entities in financial services and the pharma sector. I am confident that both businesses will emerge as two strong companies with a good runway for growth in the long term.
- Now I will take up the resolutions as set forth in the notice. Thereafter we will move to our discussions and the Q&A session.
- First is the adoption of audited financial statements, standalone and consolidated and the reports of the directors and auditors thereon for the financial year ended March 31st, 2021.
- The next is the declaration of dividend where the board has recommended a final dividend of Rs. 33 per equity share.
- We have the re-appointment of Ms. Nandini Piramal, a director who retires by rotation.

- The re-appointment of Mr. Anand Piramal, director who retires by rotation.
- As part of the special business we have appointment of Mr. Kunal Bahl as an independent director.
- In special business we have the appointment of Mr. Suhail Nathani as an independent director.
- As special business we have appointment of Ms. Anjali Bansal as independent director.
- And appointment of Mr. Khushru Jijina as a whole time director.
- We have the payment of commission to non-executive directors of the company.
- We have a special resolution for amendment of the Piramal Enterprises Limited Senior Employees Stock Ownership Plan 2015.
- Acquisition of shares for the purpose of Piramal Enterprises Senior Employees Stock Option Plan 2015 is a special resolution.
- Granting loan and providing guarantees and security for the purchase of the shares of the company by the trust/trustees of the trust for the benefit of the employees under the Piramal Enterprise Limited Senior Employees Stock Option Plan 2015.
- We have the ratification of remuneration of cost auditor, the issue of non-convertible debentures on a private placement basis. The text of the resolutions along with the explanatory statement is provided in the notice circulated to the shareholders.
- I now invite shareholders who have pre-registered as speakers, in the interest of time answers to all the questions will be provided towards the end.
- **Moderator:**
- Chairman sir, first speaker-shareholder is Ms. H.S. Patel. Ma'am, you are in the meeting please kindly unmute yourself and ask your question.
- **Ms. H.S. Patel – Shareholder:**
- Hello.
- **Moderator:**
- Yes, ma'am we can hear you, please ask your question.
- **Ms. H.S. Patel – Shareholder:**
- A very good afternoon to all of you
- **Moderator:**
- Ma'am, your voice is not clear, if you can speak a bit louder.
- **Ms. H.S. Patel – Shareholder:**

- Sure. Am I audible now?
- **Moderator:**
- Yes, ma'am, go ahead and ask your question now, we can hear you.
- **Ms. H.S. Patel – Shareholder:**
- One minute, hello, am I audible now?
- **Moderator:**
- Ma'am, your voice is not clear.
- **Ms. H.S. Patel – Shareholder:**
- Am I audible now?
- **Moderator:**
- Yes, ma'am.
- **Ms. H.S. Patel – Shareholder:**
- Sir, you have 41 subsidiaries, all are not faring well, profits on the joint ventures and associates have come down from 437 to 298 and 51 to 39. Also your finished goods stock exchange inventory has not increased. We should be little watchful and pay heed to it. Definitely during this Covid pandemic time the supply chain is badly affected but employees have been on toes and has given us good results. Sir you had Phosfomin why that was given... but it was discontinued. It was a very good medicine, any medicine on the basis of phosphorus, there was no medicine on phosphorus, if you can please, I would like to draw your attention on iron, phosphorous, such medicines are not available. Omega 3 is also not available in the market, many pharmaceutical companies do not make them. Why don't we come out with this ginger, honey and ginger, honey-ginger it is very good during the Covid time. Sir, your Supradin was a very good medicine tablet, we take one and the effect used to remain for a long time, but now I find that the effect is, the effect does not last for even 2 or 3 hours after taking it, formerly it used to last for 7 hours or 8 hours, please I would like to draw your attention to this. You have other medicines which are not available on the OTC, I would like to draw your attention to that also as during COVID times it is very essential, especially medicines for women. If you can please draw your attention as a pharmaceutical company for this. Sir, will Piramal Reality be a listed company or will it continue as an unlisted, if you can let me know sir. In this changing environment, in this structural change, your pharmaceutical company has played a very good vital role. I hope your demerger plans will also help you in further progress. About resolution 3, 4, and 8... Sir, if you're going into the reality side, sir can't Piramal Realty pick up a pharma building in Mumbai to restructure / accomodate their CSR activity. It would be very good in a city like Mumbai as you can do something special and something different because all companies are into education, women, children. If all companies do that, there's no value of that. Sir, let us do something different in our CSR activity.

- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Ms. Patel, kindly restrict yourself to the Piramal Enterprises and may I request you to be brief because there are many others. Thank you.
- **Ms. H.S. Patel – Shareholder:**
- Okay. Sir, you have written off intangible assets of R&D amounting to Rs. 37.42 cr. Could you throw light on this also sir. I wish you all the best. I support the resolutions 3, 4, and 8 and wish the company all the very best. Thank you.
- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Thank you.
- **Moderator:**
- Chairman sir, the next speaker shareholder is Mr. Santosh Kumar Saraf. Sir, you are placed in the meeting. Kindly unmute yourself and ask your question.
- **Mr. Santosh Kumar Saraf:**
- Namaskar. Respected Chairman, all attending directors and my shareholder brethren who are present here through video conference, my name is Santosh Kumar Saraf and I'm talking to you from Kolkata sir. Sir, Namaste to all of you. I hope to find you, your directors, our shareholders and stakeholders and their families are safe and healthy. I offer my condolences to those who have faced tragedies and I pray to God to give them strength. I want to thank you for giving us very good dividend of Rs. 33 even in these tough COVID times. In your statement you just said that you are going to have a demerger between your financial and health portfolio, which is a very good decision and we all agree with it. This way our companies will be able to grow better, and that way even we shareholders will go. So please get this affected as soon as possible. The other thing is, I congratulate you on the accolades and awards the company has received. It gives us a sense of pride when our company receives awards. Sir, you mentioned that your acquisition would be based on vision. If there's any money left after the acquisition so if there was a buy back, that would be good as the company's share value would increase. I would like to know what future plans do you have regarding the Capex utilisation and cost cutting. Would you be involved in making a COVID vaccine or anything else, please keep us informed of that sir. I would like to congratulate you for taking over DHFL for Rs. 34,250 cr. Our only issue is that you have paid off the creditors, but what about the minority shareholders of DHFL? Whatever step you take is for the promoters, but you have made the holdings of the minority shareholders zero, and that troubles me. It happened when Tata took over Bhushan Steel, when Mahindra took over Satyam and even recently when Patanjali took over Ruchi Soya. So you need to think about the shareholders too. I won't say much. I would like to thank you, it was very nice meeting you. I pray to God to grand you, your directors, your employees and all your families, long and healthy lives. I'm very happy that the company is marching forward in your leadership. I wish you and all your directors all the success, health and wealth for the year 2021. I pray to God for your

long life. Because of SEBI's orders we have to have this meeting through video conferencing. Hence I request you, that in case you happen to have any physical meeting post 31st December, to have a small video conference call too for 10-15 minutes with your shareholders based in other cities. That way the other shareholders can also share their thoughts with you and pray for you. That meeting could be either before the meeting, during the meeting or after the meeting, whatever suits you. Thank you sir and I pray for your long and good health.

– **Moderator:**

– Chairman sir, the next speaker shareholder is Mr. Shailesh Mahadevia. Sir, you are placed in the meeting. Kindly unmute yourself and ask your question.

– **Mr. Shailesh Mahadevia – Shareholder:**

– Respected Chairman, distinguished directors and members of the company. Sir, Namaskar to all of you on this auspicious of our Annual General Meeting. Sir firstly, let me congratulate the company and the management for achieving excellent results even in the pandemic year which was most difficult. Sir, you have also, during the last 2 years, strengthened the balance sheet of the company, and in your Chairman's statement as well as in today's speech, you have highlighted those things which we very much appreciate, including the five transformations in the financial business and three pharma divisions. And, you have also taken care of our employees during these critical times and also done service to the society at large. All these good things we very much appreciate! Sir, with a view to improve my understanding and appreciation, I wish to put some questions. Sir my first question is regarding our ESG which is known as sustainable development. Sir, in each of these fields, we have done excellent work and it has given in our Annual Report. Sir what I would like to know is, whether we are being rated as far as our ESG work is concerned, and whether we are likely to be part of the Dow Jones Index on ESG? Sir, this data would be of great significance and help for our company, because many of the investments by international investors are taking place on the basis of these ratings. And from the current year onwards, Business Responsibility Report will also include the business responsibility and sustainability report. So that would form part of it in any case. Sir, you have talked about our two main activities and you are also on the verge of separating the two companies. Sir, may we know the timeframe by which our pharma company will also be listed separately and what form or shape will it take when that separation is done? Sir, my next question is regarding our investment in Navin Fluorine which we have now taken over in our convergence chemicals. Sir what I would like to know is that, this particular activity, which product is it likely to manufacture and whether we have already achieved substantial production by now? Can you give some idea about the potential of this particular acquisition? Sir, under the production CDMA of our pharma business, it is contract development and manufacturing organisation. Sir, are we making the products as per the requirement of the client or whether we manufacture it on our own and make it available to the client as and when it is required? Because from the report I could make out that it is not strictly that we manufacture exclusively and in the required quantity as per the contract. Sir, my next question is regarding the joint venture with Allergan who are specialists in ophthalmology. Sir, I would like to know

whether we have entered into similar ventures with other leading companies in the pharma business, or are we likely to enter? That's because in the report you have stated that we are likely to have more mergers and acquisitions in the times to come. Sir further, we have introduced digitalisation in our organisation in a very big way and this has resulted in greater efficiency as far as our cost structure is concerned, and the speed at which we execute our order, which we very much appreciate. Sir, could you share with us the quarterly results of the current year 2021-22, which I'm sure you must have already discussed today. Sir then, as far as our acquisition of DHFL is concerned, we have already started taking advantage of that acquisition, as I heard from your report. It means, we have already taken advantage of synergies of this acquisition. Sir what I would like to know is, whether this organisation is now totally integrated with our enterprise, because that may take some time. Can you give some idea about this integration? Sir further, the number of employees which figure you have given, which is about 6,600. Sir we find out of that, about 5,434 are from the pharma division. Sir, what I would like to know is that, whether we have any additional employees apart from these permanent employees? And can you give us some idea about this type of people who are engaged in our organisation? Sir, then you have also stated that 37% of our revenue is generated outside India. But sir, can you give us some idea about what is our actual foreign exchange income and our expenditure in foreign exchange as far as our various requirements are concerned? Sir with this, I wish your organisation every success at an accelerated rate in the times to come. Sir before I forget, only one more question. We have been distributing filtered water in villages at a negligible price of Re. 1 per 20 litres. Sir may I know in how many villages by now have we extended this particular social work? Of course, this is only a part of generous social work which is being done by our organisation under CSR activities. Thank you very much sir for your patient hearing.

– **Moderator:**

– Chairman sir, the next speaker shareholder is Mr. Aspi Bhesania. Sir you are placed in the meeting. Kindly unmute yourself and ask your question.

– **Mr. Aspi Bhesania – Shareholder:**

– Can you see me and hear me?

– **Moderator:**

– Yeah.

– **Mr. Aspi Bhesania – Shareholder:**

– Chairman sir, it's nice to see you all in good health. You and all the directors also. Sir this is the 74th AGM. How do you propose to celebrate the 75th year? Sir in DHFL, you took over the company but the shareholders of DHFL got nothing. And further, even after it was announced that nothing will be available, still the shares continued to remain listed and it was not publicised even by the press that nothing would be available for the shareholders. I don't know the press also is so silent and neither did you publicise it, otherwise retail investors would not have got involved in the company

anymore. Even I could've sold my shares had I known that nothing was available, but even I missed that opportunity. Sir, you sold 20% stake in Piramal Pharma for 3,523 cr. Sir that means Piramal Pharma has got the money, but has the company been separated? And how do you propose to give the shares to the Piramal Enterprises before listing? I wouldn't like you to come up with an IPO because an IPO is very expensive. Sir, our impairment has reduced from 1,874 cr. to only 10 cr. which is very good. I hope the asset quality improves. Sir, the dividend you increased from Rs. 14 to Rs. 33. Why so much now especially that dividend is taxable. You could have used this money for acquiring some brands or some future expansion rather than going for a QIP or anything like that! Sir, are we likely to get shares in demerger of the pharma and finance businesses? Nobody is talking about it but only speculation is going on. Sir, a friend of mine had booked a flat in Revanta Mulund. He paid...

- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Aspi, please remain with Piramal Enterprises. All these other questions you can ask separately. Thank you.
- **Mr. Aspi Bhesania – Shareholder:**
- How do I meet you then separately?
- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Just send me a note in email and I will send it.
- **Mr. Aspi Bhesania – Shareholder:**
- Okay okay. Thank you very much and all the best!
- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Okay, thank you.
- **Moderator:**
- Chairman sir, Mr. Ravi Kumar Nareddy has not joined the meeting. So with your permission, we will move to the next speaker shareholder.
- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Yeah.
- **Moderator:**
- The next speaker shareholder is Ms. Lekha Shah. Ma'am, you are placed in the meeting. Kindly unmute yourself and ask your question.
- **Ms. Lekha Shah – Shareholder:**
- Hello! Can you hear me sir?
- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**

- Yes yes.
- **Ms. Lekha Shah – Shareholder:**
- Thank you sir. Respected Chairman sir, board of directors and my fellow members, good afternoon to all of you. Myself, Lekha Shah from Mumbai. Chairman sir, first of all, thank you for explaining to us well about the company. Sir, I'm happy to see all the good deeds you have done during these tough times. Sir, I pray to God to always shower his blessings upon you. Sir, I would ask only few questions. Has the company made any new products? My second question is, how is the company handling the activities during these COVID times? Sir, I would like to say, I support all the resolutions for today's meeting. My best wishes are always with the company.
- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Thank you.
- **Moderator:**
- Chairman sir, the next speaker shareholder is Mr. Dinesh Bhatia. Sir you are placed in the meeting. Kindly unmute yourself and ask your question.
- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- You are on mute Mr. Bhatia.
- **Mr. Dinesh Bhatia – Shareholder:**
- Hello, can you hear me sir?
- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Yes.
- **Mr. Dinesh Bhatia – Shareholder:**
- Chairman sir, I would firstly like to congratulate you and your entire management team that our company has made good profit in these pandemic times. Out of the total consolidated revenue of last year, out of 13,068 cr. it has become 12,809 cr. this year, which is less by 2%. In spite of that, our net profit is very good. Last year our net profit was 21 cr., whereas this year our net profit is 1,413 cr. That's a very good thing that we were able to make such a good profit in these trying times. The Earnings Per Share which was only Rs. 1.14 last year, is Rs. 56 this year, which means the EPS has grown 56 times and that's a very good thing. The biggest thing is that you have given a very good dividend and I would like to thank you and your team for that for giving us a dividend of Rs. 33. Our Earnings per share of Rs. 2 face value is Rs. 56. On a face value of Rs. 2 you have given a dividend of Rs. 33, which means you have given a dividend payout of 60%. This is very good and we are very happy that you have taken us shareholders into considering and thought about our benefit. I see that we have a network of 100 countries in our global pharma business, which is very good and has made our pharma business grow from 5,400 cr. last year to Rs. 5,770 i.e. a 7% increase,

which is very good. I want to know what is our earnings and our outgoings in our foreign exchange. It would be great if you could enlighten us on that. You said that 85% of our pharma business is foreign and that's a very good thing. We are happy to note that our company is not only into the reality and finance business, but our original business of pharmaceuticals is also doing well, that's very good. I won't speak much. I support all your resolutions. I have one suggestion lastly. Our company acquired DHFL, but the shareholders are given NIL value. We have seen Ruchi Soya and other companies who have 4 shares per 100 shares held, i.e. 4%. You too could keep 4% shareholders. I read in the papers that an investor has sued the company for the same in the High Court. I believe that such a decision should be made. This way the retail shareholders of DHFL would be happy and even your court case would be resolved. I would request you to look into this. Can you tell us how much is the total investment of our company in DHFL and how much profit do we expect out of that? Thank you sir.

– **Moderator:**

– Chairman sir, the next speaker shareholder is Ms. Prakashini Shenoy. Ma'am you are placed in the meeting. Kindly unmute yourself and ask your question.

– **Ms. Prakashini Shenoy – Shareholder:**

– Hello, can you hear me sir?

– **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**

– Yes, we can hear you.

– **Ms. Prakashini Shenoy – Shareholder:**

– Yes sir. I'm Prakashini G. Shenoy from Mumbai. Respected Hon. Chairman Shri. Ajay Piramal ji, other dignitaries on the board and my fellow shareholders, good afternoon to all of you. I received the soft copy of the AGM report through email which is informative, colourful, transparent and contains all the information as per the corporate governance. I thank Mr. Singh ji, Karkera madam and Shinde sir for the same. I should not forget to thank them once again because of them I'm able to speak, because they have given me the link at the same time. Sir, the Chairman has given an excellent description about the company in his opening speech. I'm very much thankful to you sir. We are living in days where everything is unpredictable, including our existence. In such circumstances, running a company like Piramal is not a small thing. I appreciate that Chairman sir. I'm happy that the balance sheet is healthier compared to last 2 years inspite of COVID-19 during FY20-21. I'm also thankful to the board for recommending dividend at the rate of Rs. 33 for FY20-21 inspite of COVID-19. Sir, I have a few questions to ask. What is the roadmap for the next 2 years? What is the effect of COVID-19 on our company and what are its challenges? Do we come under the purview of GST? If yes, what are the rates? Is it uniform on all products or otherwise? Sir, I wish the company good luck for a bright future and pray to God that the profit of the company shall reach the peak in due course. Sir, I support all the resolutions put forth in today's meeting. Thank you Chairman sir.

- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Thank you.
- **Moderator:**
- Chairman sir, the next speaker shareholder is Mr. Arun Kumar Boppana. Sir, you are place in the meeting. Kindly unmute yourself and ask your question.
- **Mr. Arun Kumar Boppana – Shareholder:**
- Good afternoon to all. My maiden participation in Piramal AGM. I'm very happy to see Mr. Ramadorai here after a long time. Good afternoon Mr. Ramadorai. My question sir – What is Piramal's interest and foray into Transdermal drug delivery through skin for cancer palliative therapy, Alzheimer's and nicotine patches? Are you interested in your own technology, Green Field or any joint venture? I believe I can help you in this if you're interested. US owns the top spot in innovation, China continues its dominance in raw materials. Intermediates from India is welcome, reduction on dependence in China is welcome for India, what is Piramal's strategy in this? Patent's profits are interlinked. Increase of patents during the pandemic, what is the future forecast for 5 years? The world population is expected to be 10 billion by 2050, we need more innovation, more medicines. What is Piramal's budget and aim for that? And lastly sir, I would like to remind on this Transdermal therapy. If you're interested, I believe I can help you. In conclusion, stay committed to your decisions and stay flexible in approach. Our prime purpose in life is to help others. I wish you all the best. Thank you.
- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Thank you.
- **Moderator:**
- Chairman sir, our last speaker shareholder is Mr. Abhishek Kalra. Sir, you are placed in the meeting. Kindly unmute yourself and ask your question.
- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- You're on mute, I think.
- **Mr. Abhishek Kalra – Shareholder:**
- Can you hear me sir now? Am I audible?
- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Yeah.
- **Mr. Abhishek Kalra – Shareholder:**
- Sir, I'm Abhishek, I'm a shareholder of the company. By DP id is IN301637 and Client id is 41359155. First of all, I congratulate the management on the eve of the 74th

Annual General Meeting. Sir, trust all is well with you and your family in this challenging situation. Our company deserves much more respect than the current market cap. After completing more than a decade of successful operations, profitability and dividend history and becoming one of the strongest brand in our respective industry segment. Sir, we are long term shareholders of the company and we seek the following clarifications from you sir. The company is... most of my questions are sent through email sir. In the restriction of time, I will not repeat the same questions again for this particular Annual General Meeting. The company has diversified into various sectors. Why should we not demerge? Our company should demerge and we should reward the minority shareholders, this is the point of view of most of the shareholders in the investor fraternity. Sir, I would request the management to kindly take a call. Heavy cash reserves are there. So, do we have any Capex plans in the coming future, I would like to know from you sir. When the company has heavy reserves, why are you going for a market borrowing with NCD? Bonus shares are overdue sir. So we request the management to kindly consider, and we hope the management will be considering the bonus shares in the 75th year, the Diamond Jubilee year. I request the management for a special dividend to be announced for the shareholders as we are marching towards the 75th year i.e. the Diamond Jubilee year. So the management should take a call for bonus. I hope that the management would do so. And, steps taken by the company to reduce the other expenses, legal professional charges and audit fees... Sir, myself and my team are running a legal firm in Chennai. We would request the management to kindly enrol our firm in the legal empanelment of the company. We would be glad to extend our services for any required understanding. Nothing much to ask sir. Regarding the CSR part, our company is doing a very good amount of CSR. We really appreciate the amount of CSR our company is participating in. I would request the management to dedicate as much CSR towards the COVID-19 pandemic so that the world can come out... and we can save people from the third, fourth and upcoming waves and the world can come out of this deadly disease. I would also request the management to kindly dedicate some funds towards the investor fraternity from the part of CSR. Investors who have been affected by COVID or their family members... after checking their credentials, if they are really eligible, the management can take a call in setting the CSR to the investor fraternity. Nothing much to ask sir. We thank the Company Secretary Mr. Bipin Singh and his team for all the efforts in bringing and connecting the investors on this virtual platform, and making this 74th Annual General Meeting a grand success. Hope that in the 75th year the Chairman sir will give the investors hope in the company and definitely declare a bonus from the management. We also thank you for all your support to the investor fraternity what you have extended in the past year sir. Nothing much to add sir. I wish the company and the board of directors great success and prosperity in the future. Thank you for giving me the opportunity sir.

- **Mr. Ajay G. Piramal – Chairman, Piramal Enterprises Limited:**
- Thank you. Now I'll try and answer all the questions that you have raised.
- Ms. Patel and Mr. Santosh Saraf, Mr. Shailesh Madevia, Aspi, Mr. Dinesh Bhatia, Ms. Prakashini Shenoy, Mr. Arun Kumar Boppana and Abhishek Kalra, thank you very much for the interest that you have taken in these difficult times. I really appreciate it. I must

say that I miss meeting you'll personally, but this an odd time. Hopefully things will be better and next year we should all be together meeting each other.

- Ms. Patel, you raised a question about subsidiaries, should we reduce subsidiaries? We are constantly looking out because of simplification, but sometimes we do need them. And as and when we can use them and optimise them, we will do that. So thank you very much for that. The medicines you wanted to talk about in terms of phosphorous and all, I'll keep it in mind. But as you know, there is a much larger picture that we have to keep in mind. I also appreciate all the other appreciation that you've done for us. Thank you very much.
- Mr. Saraf, there were few question on the demerger. I think I answered that when I actually addressed you'll today in the Chairman's statement, to say that, we are waiting for the completion of the DHFL process. As you know, the DHFL process... merger has to be approved between DHFL and PCHFL, which will hopefully be done in the near future. After that we will come out with a plan for demerger. But I can still say that it will be in the near to the medium term. You also commented or asked about the buyback. For the buyback, we do not have immediate plans because as you know, we are a growing company. DHFL itself actually significantly increases our size, and therefore buyback at the appropriate time we would consider. I think some of you also asked about future plans. I have addressed those future plans in my Chairman's statement. As I said, we'll be in two different businesses – One in financial services and the other is the pharmaceutical space. In both these spaces we have opportunities to grow, both organically, as well as through inorganic means.
- I think there were a few questions on DHFL minority shareholders, and why the value of those shares is zero? Let me tell you that this whole DHFL process, it's the first process which was run. There was an amendment made to the Canker C code and the RBI. This is the first process which is run with an RBI direction. And the terms that were given to us by the Committee of Creditors, by the administrator appointed by the RBI, is what we have followed. And this is a... delisting was there, because... please remember, that in this company, over a period of time, there was a lot of erosion of value. In fact, there has been no value which is there. Even the creditors or people who have lent money, who come up above equity shareholders, are not getting their full amount. So I'm sorry to say, this was something which was not... it was beyond us and therefore it's not an issue that I can talk on.
- On the other hand, I think Aspi you raised a question about delisting and why it was not known. It has been continuously communicated to everybody by all the authorities that it will be delisted, the shares have no value. I'm surprised that such a knowledgeable shareholder, as you also, did not get access to it. But it fact is, it has been continuously told that there will be no value and at the time of delisting there will be zero value.
- Mr. Mahadevia, you've asked quite a few questions, but first of all, I again thank you for all the comments that you've made. As I said, the demerger timeframe I have already told you about. In the CDMO business we have, we have two parts of the CDMO business. One is that we do make products and we offer services which are

bespoke according to what our customers want. So, our customers are all customers who are global customers. They could be large pharma, they could be emerging biotech firms which we serve. Besides that, we also have some of our own products as well. The JV with Allergan is one of its type. It's been going on for many years. We are the No. 1 company... our JV in India, in the space of ophthalmology for several years now. And if there are opportunities, we'll for them in the future as well. The quarterly results, the board meeting has not yet taken place. Therefore I'm not in a position today to announce the quarterly results, otherwise I would have been happy to do that. We do not have... whatever the number of employees that we have stated in the balance sheet and the Annual Report, that is what it is. In our pharma business, coming to the exports, almost 95% of our revenue is from outside of India. We have plants both outside India which supply to the global companies, as well as in India. As far as DHFL is concerned, I'm going to talk about the whole process of DHFL. The DHFL process, it was approved by the NCLT on the 7th of June this year. Now we have 90 days to complete all the formalities of the process. That process is going on at the time. So we should expect completion somewhere in this quarter, July to September of this year.

- I wanted to just share a little bit about how we look at dividend and our dividend distribution policy. Aspi, I'm answering your question in that. We have said so publicly and for many years, that we will distribute between 30-40% of consolidated profit of the company every year, and that's what we have been doing. This is in line with that this year. In fact, what happened is, last year, because of the uncertainty of COVID, we had significantly reduced the dividend, and therefore to some extent, we have tried to compensate for the less dividend that we did last year and did an increased dividend this year. It was only keeping in mind the small shareholders that many of them had approached us, that we have looked at this.
- Mrs. Lekha Shah, the new products we have introduced, we have given a list of new products which are there in the Annual Report. Kindly refer to that.
- Mr. Bhatia, I think I spoke to you about the foreign exchange earnings that we have got.
- Ms. Prakashini, we have explained the details. COVID-19 had some effect on the business, but not significantly. As you can see in the results, it was a lot of effort that our management team took to see that we can still meet the results. So I just wanted to appreciate the effort that the team put up in India and across the world, to see that they can deliver the results. GST, we have 18% standard, on certain products of medicines it is lower.
- Mr. Boppana, I want to welcome you for your first meeting with us. Now we do not do basic research anymore. We used to do that a few years ago, but we found that the cost of doing research here and the benefits were not commensurate. In fact, in India we still need to do basic drug discovery. So we are not doing that. And therefore, as far as even whether it is in the Transdermal drug delivery area, I'm sorry, that's not our area of focus. We do innovations as far as APIs are concerned and continue in that space.

- Mr. Kalra, you spoke really fast, I have to say. I want to just appreciate your comments. We continue to do... The reason why we have cash is, because, as you know, in a financial services in NBFC, it is a requirement of the Reserve Bank that you have to keep some cash. Therefore, we have to keep cash on the balance sheet and we continue to borrow. Capex is there as far as the pharmaceutical space is concerned, but not in the other businesses.
- So with this, I have tried to answer all the questions raised by you. In case there is some more clarification needed, please write to our Company Secretary Mr. Bipin Singh. All those shareholders who have not cast their vote on the items set out in the notice of the AGM, are requested to exercise their vote through the e-voting facility available on the NSDL platform, which is available for the next 15 minutes. With your consent, I and the other board members would like to leave the meeting and authorise Mr. Bipin Singh, our Company Secretary, to conduct the voting procedure and conclude the meeting. May I thank you all for attending the meeting, for your continued support to our company, and I pray that you all and your loved ones are safe and continue to be healthy. I also thank the directors for joining us in this meeting through the audio-video means today. Thank you and Namashkar.
- ***END OF TRANSCRIPT***