



Piramal Enterprises Limited

Demerger and Simplification of Corporate Structure

To create two separate listed entities in Financial Services and Pharmaceuticals

7th October 2021

Disclaimer

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

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

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

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

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

Demerger and simplification of the corporate structure

The pharmaceuticals business will get vertically demerged from Piramal Enterprises Limited (PEL) and consolidated under Piramal Pharma Limited (PPL)



To create two separate sector-focused listed entities



Both entities to have a leadership position in their respective sectors

PHL Fininvest Private Limited, the non-banking financial company (NBFC) will be amalgamated with PEL to create a large listed NBFC in India



Expect to unlock significant value for shareholders

Transforming from a multi-sector conglomerate structure into separate sector-focused listed entities in Financial Services and Pharmaceuticals

Note: Subject to shareholders, creditors and regulatory approvals

Key Steps and Outcome (1/2)

Piramal Pharma Limited (PPL)

The Pharmaceuticals business will get vertically demerged from PEL and consolidated under PPL

PPL will become one of the largest pharma companies listed on NSE and BSE, post the demerger

Two operating subsidiaries* (wholly-owned by PPL) will also get amalgamated with PPL, to further simplify the Pharma corporate structure

PPL will be a large India listed Pharma company, focused on Contract Development and Manufacturing, Complex Hospital Generics and India Consumer Healthcare

In consideration of the demerger, PPL shall issue 4 (four) fully paid-up equity shares of PPL of INR 10 each, to the shareholders of PEL for every 1 (one) fully paid-up equity share in PEL having a face value of INR 2 each, in accordance with the Share Entitlement Ratio

Note: The Scheme of Arrangement is subject to the approval of the shareholders and creditors of the companies, Securities and Exchange Board of India (SEBI), National Stock Exchange of India Ltd. (NSE), BSE Limited, Hon'ble National Company Law Tribunal (NCLT) and other regulatory authorities, as applicable.

*Hemmo Pharma Private Limited and Convergence Chemical Private Limited

Key Steps and Outcome (2/2)

Piramal Enterprises Limited

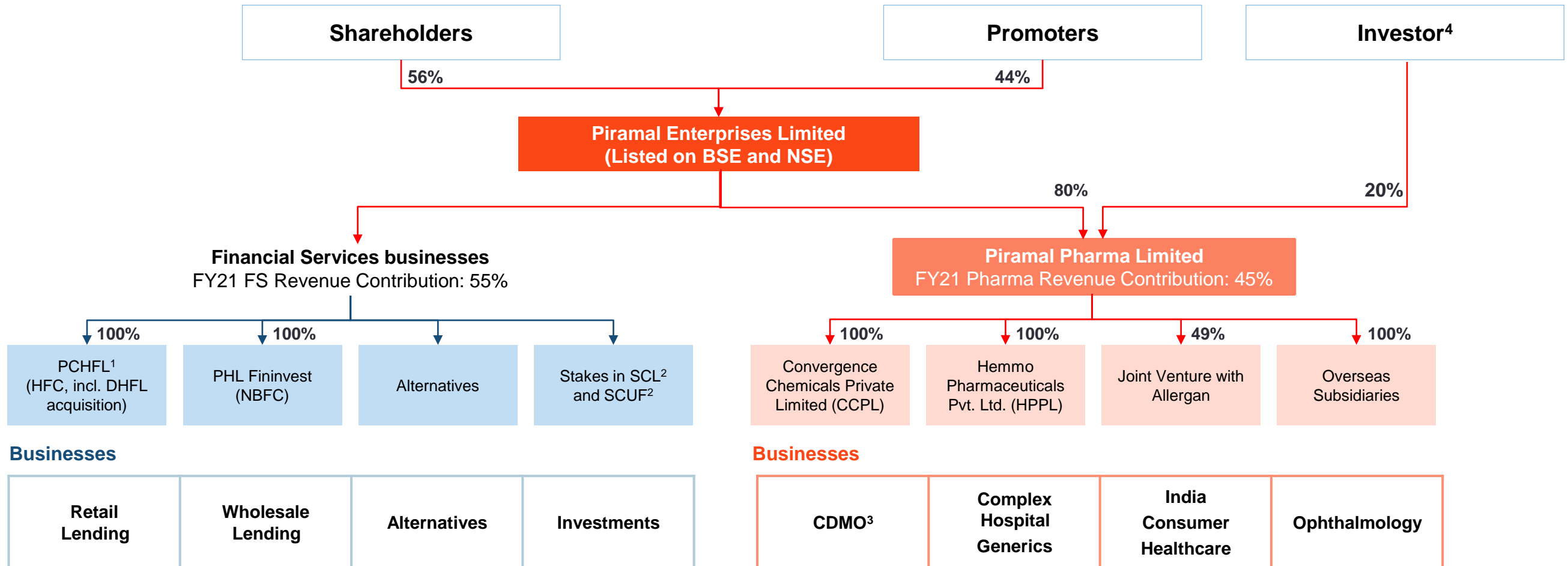
PHL Fininvest Private Limited, the non-banking financial company (NBFC), **will be amalgamated with Piramal Enterprises Limited to create a large listed NBFC in India**

The **merged Housing Finance Company (HFC)**, post the DHFL acquisition, **will remain a wholly-owned subsidiary of Piramal Enterprises Limited**

PEL will be a large diversified listed NBFC, with significant presence across both retail and wholesale financing

Note: The Scheme of Arrangement is subject to the approval of the shareholders and creditors of the companies, Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), National Stock Exchange of India Ltd. (NSE), BSE Limited, Hon'ble National Company Law Tribunal (NCLT) and other regulatory authorities, as applicable.

PEL Corporate Structure: Pre Demerger



Notes: (1) Subject to name change approval
(5) Shareholding as of June 30th 2021

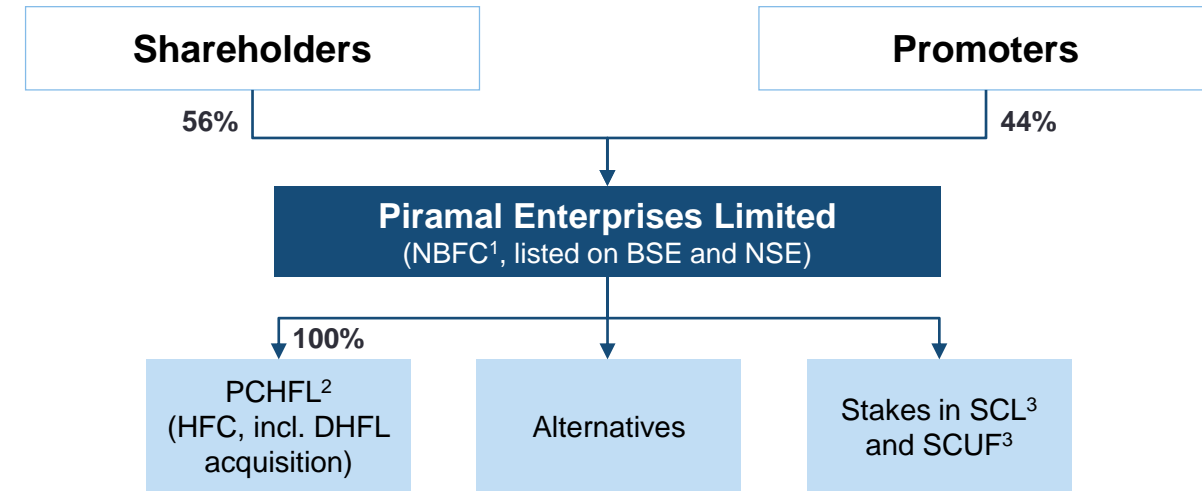
(2) SCL: Shriram Capital Limited and SCUF: Shriram City Union Finance

(3) Contract Development and Manufacturing Organization

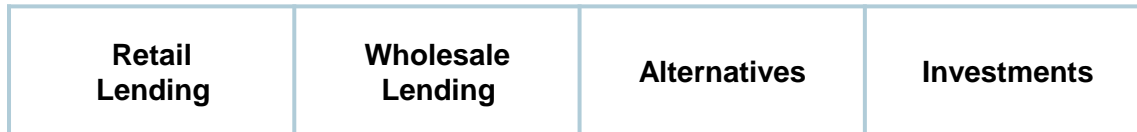
(4) The Carlyle Group

Corporate Structure: Post demerger and simplification of the corporate structure

PEL Structure – Post-Demerger

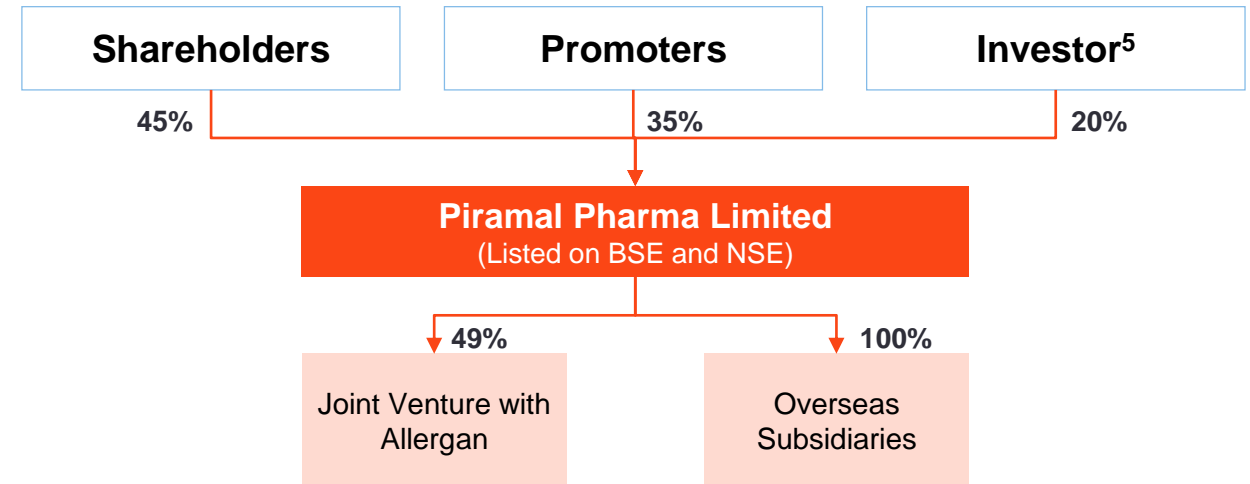


Businesses



- ✓ PHL Fininvest to get merged with PEL
- ✓ PEL to become listed NBFC¹ post transfer of Pharma business
- ✓ Merged HFC, post DHFL acquisition, will remain a 100% subsidiary of PEL

PPL Structure – Post-Demerger



Businesses



- ✓ Pharma business will get vertically demerged from PEL and consolidated under PPL
- ✓ CCPL and HPPL to merge with Piramal Pharma Limited to further simplify Pharma structure
- ✓ Shareholders⁶ of PEL will get 4 (four) shares of PPL for every 1 (one) share in PEL

Notes: (1) Subject to RBI approval (2) Subject to name change approval
(5) The Carlyle Group (6) Record date to be determined for PEL shareholders

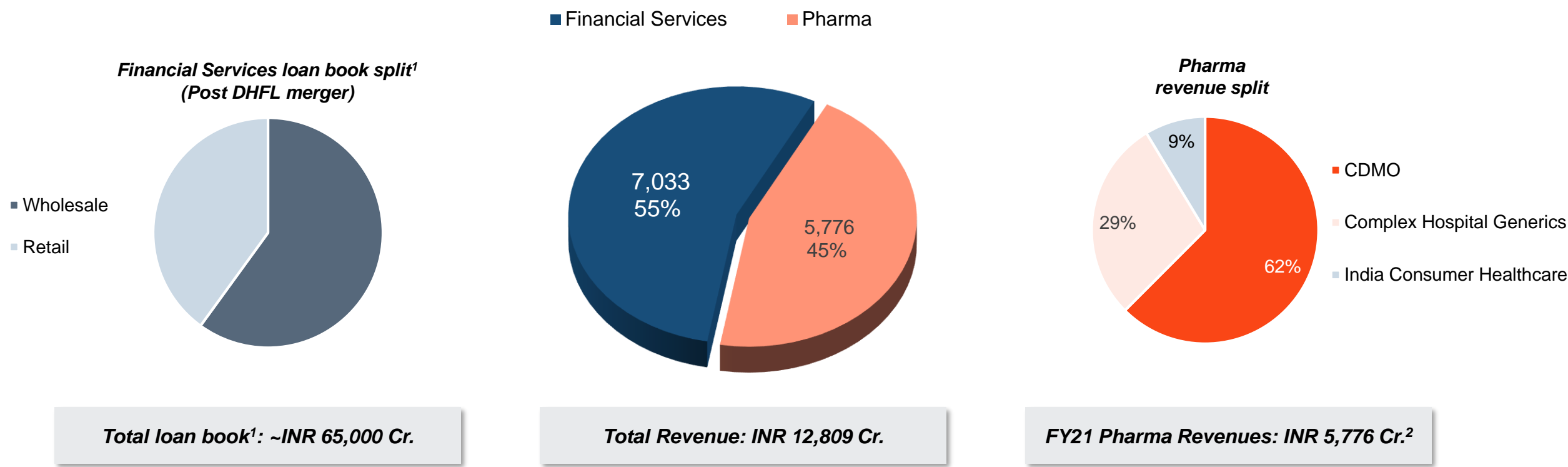
(3) SCL: Shriram Capital Limited and SCUF: Shriram City Union Finance
(7) Shareholding as of June 30th 2021

(4) Contract Development and Manufacturing Organization

PEL – Revenue Breakdown

PEL – Revenue by Businesses

FY 2021, in INR Crores



Both the Financial Services and Pharma will be at-scale listed entities

Notes: (1) Post DHFL merger, pro forma as of Jun-2021

(2) Excludes financials corresponding to JV with Allergan (Piramal has 49% stake in this JV)

Well-prepared for demerger; in line with our stated strategy

Strengthened the Balance Sheet

- Equity inflows of >INR 18,000 Cr. since Mar-2019

Deleveraged the Company

- PEL's net debt-to-equity reduced to 0.9x in Mar-21 vs. 2.0x in Mar-19

Divested non-core businesses

- Sale of DRG (Decision Resources Group)

Strengthened teams across businesses

- Hired top talent from external and internal talent pools for key positions

**Significant preparation
and advance planning
undertaken
over the last two years
ahead of demerger
announcement**

Brought all Pharma businesses under one subsidiary

- Raised USD 490m as fresh equity from The Carlyle Group for a 20% stake in the Pharma business in Oct-2020

Carried out three value accretive acquisitions in the Pharma business since FY21

- (1) Hemmo Pharma; (2) solid oral dosage facility in Sellersville, Pennsylvania; (3) remaining 49% stake in Convergence Chemicals

Organic build-up of retail lending

- Growing the multi-product retail lending platform, since its launch in Nov-2020

Completed the DHFL acquisition

- Significantly increases the size and scale of the retail lending business, focused on affordable housing finance, making the Financial Services business more resilient and future ready

Strategic Rationale

Value creation levers

A	Simplifies corporate structure	➤	Creates two separate pure-play entities in Financial Services and Pharmaceuticals
B	Strengthens governance architecture	➤	Dedicated Boards and Management teams for the two businesses
C	Optimizes capital structure	➤	Optimal capital structure for each business
D	Facilitates business independence	➤	Facilitates businesses to independently pursue growth plans , organically and inorganically
E	Enables better understanding of each business	➤	Enabling better understanding of each sector-focused listed entity by the analyst and investor community

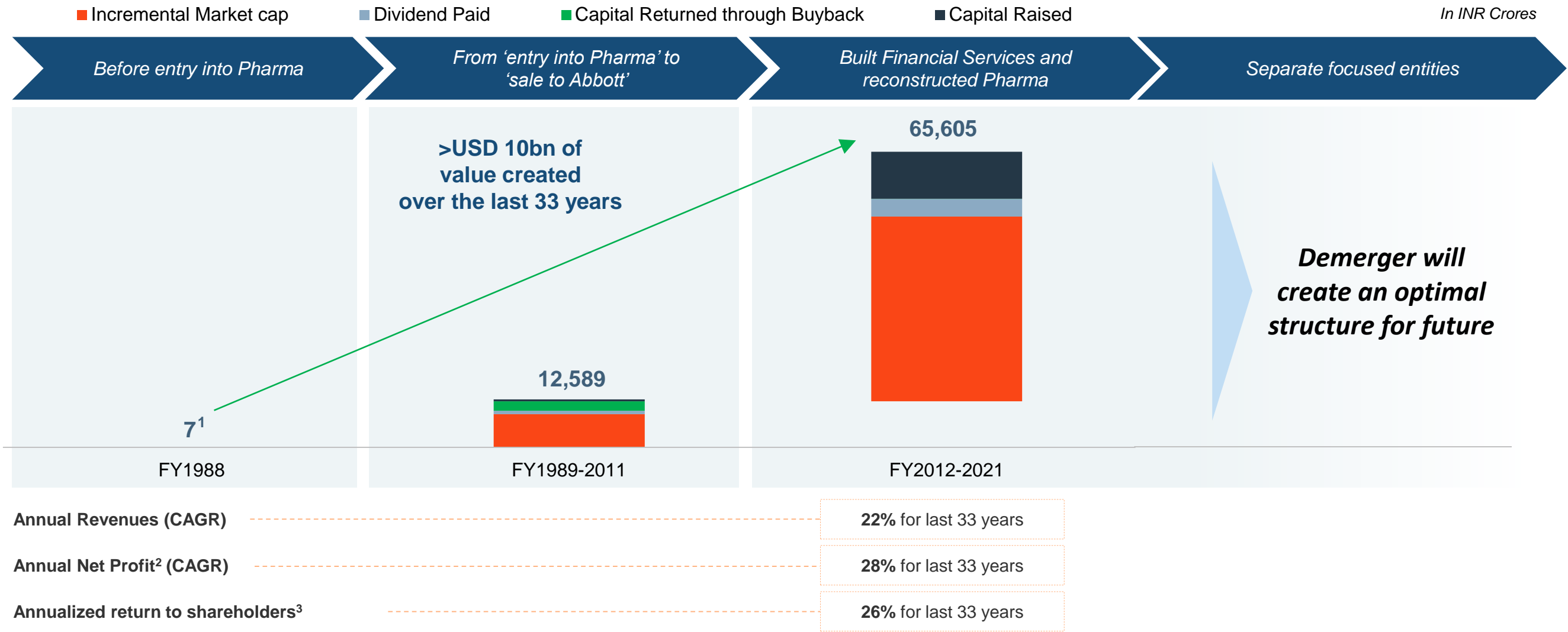
Implications for shareholders¹

- ✔ **Shareholders of PEL will get 4 shares of PPL for every one share in PEL**, in addition to their existing holding in PEL
- ✔ **Shareholders of PEL will directly own shares in both the listed entities**, without any cross-holdings and minority stakes
- ✔ **No change in the shareholding pattern of PEL** pursuant to the demerger

Transaction expected to unlock significant value for stakeholders

Notes: (1) Record date to be determined for PEL shareholders

Creating significant value for shareholders



Notes: (1) All numbers till 1992 represents book value

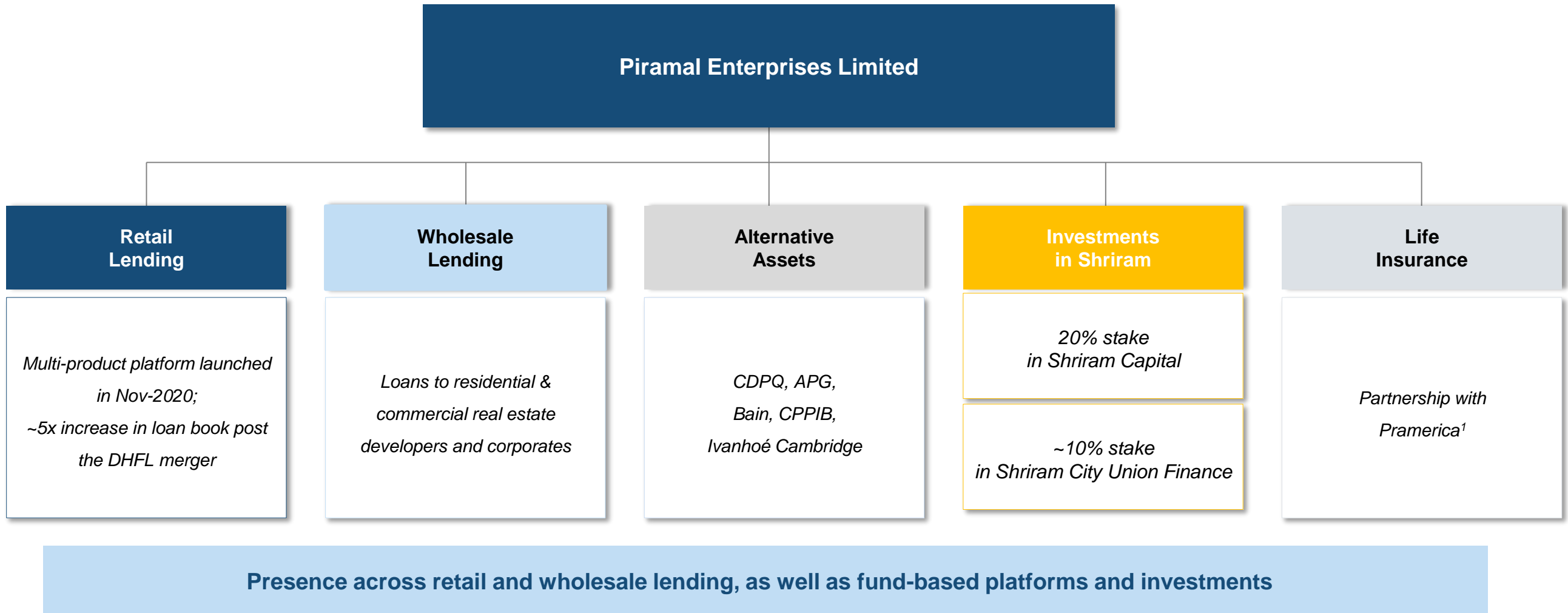
(2) Based on closing share price as of 5th Oct 2021; assumes re-investment of dividend in the stock



1. Piramal Enterprises Limited

Will be a listed diversified NBFC, with presence across retail and wholesale financing






Piramal Enterprises Limited: Company Overview



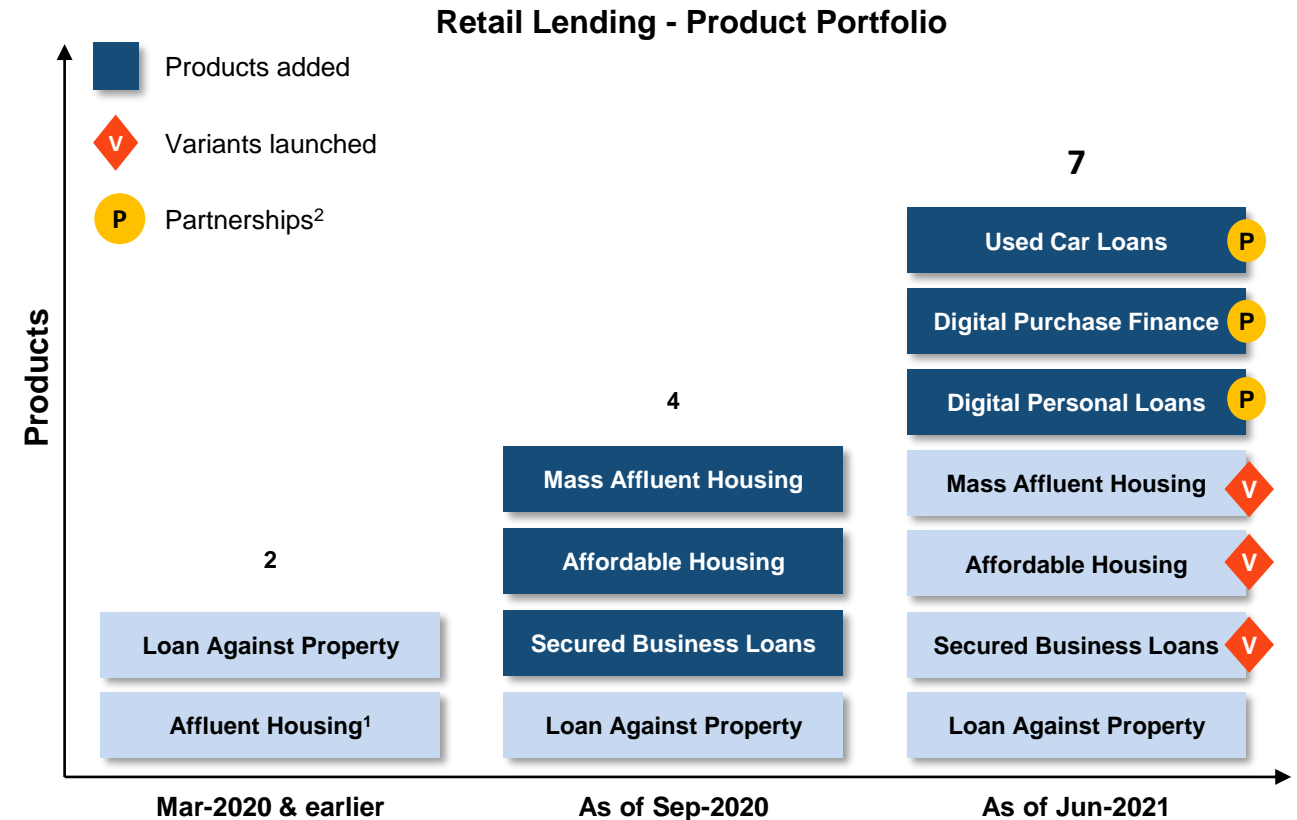
Notes: (1) Subject to regulatory approval

Organic build-up of the multi-product retail lending platform

Strategic Priorities: Multi-product platform

	Products	<i>Differentiated products where banks are less interested, or less significant</i>
	Geographies & Customers	<i>'Budget customers' of 'Bharat' (Tier 2/3 cities)</i>
	Partnerships	<i>Tech-led partnerships for customer access at scale</i>
	Technology	<i>'Digital-at-the core' augmented with physical channels, leveraging modular, next-generation tech capabilities</i>
	Talent	<i>On-boarding top-quality talent</i>

Expanding the product portfolio



Pivoting to a multi-product retail lending strategy; creating product differentiation by continuously launching new products since launch in Nov-2020

Notes: (1) Exited 'Affluent Housing' (in terms of new business) as the business pivots towards 'Affordable' and 'Mass Affluent' Housing

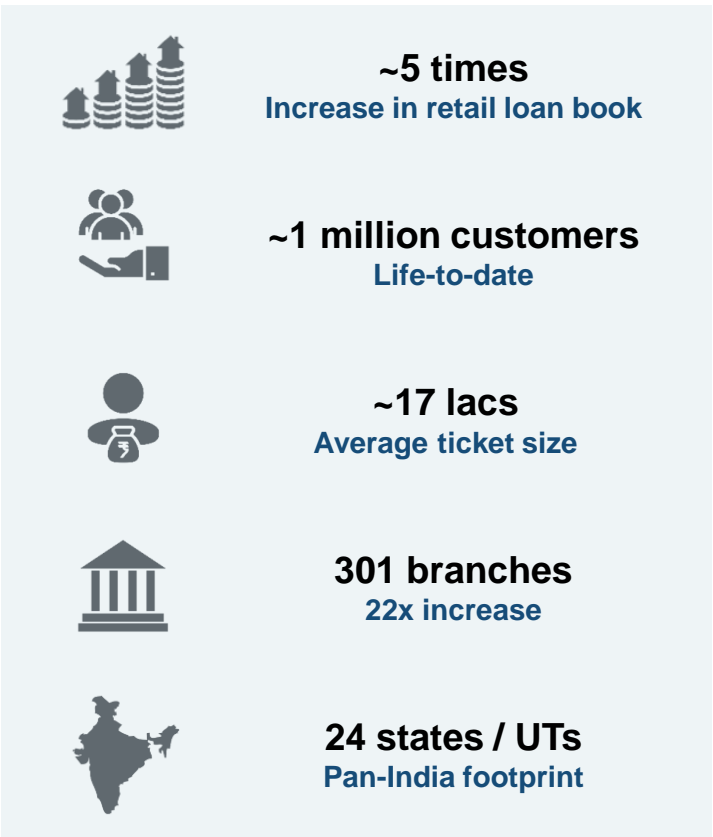
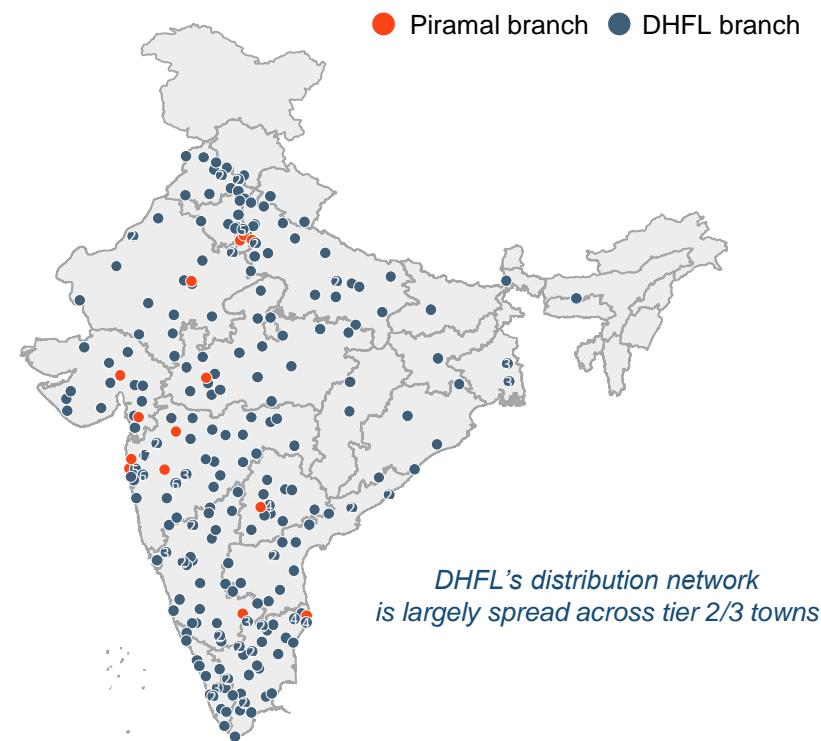
(2) Launched in partnership with leading FinTech and Consumer Tech firms

DHFL acquisition: Transforming into a well-diversified lender, with significant increase in retail AUM and pan-India presence

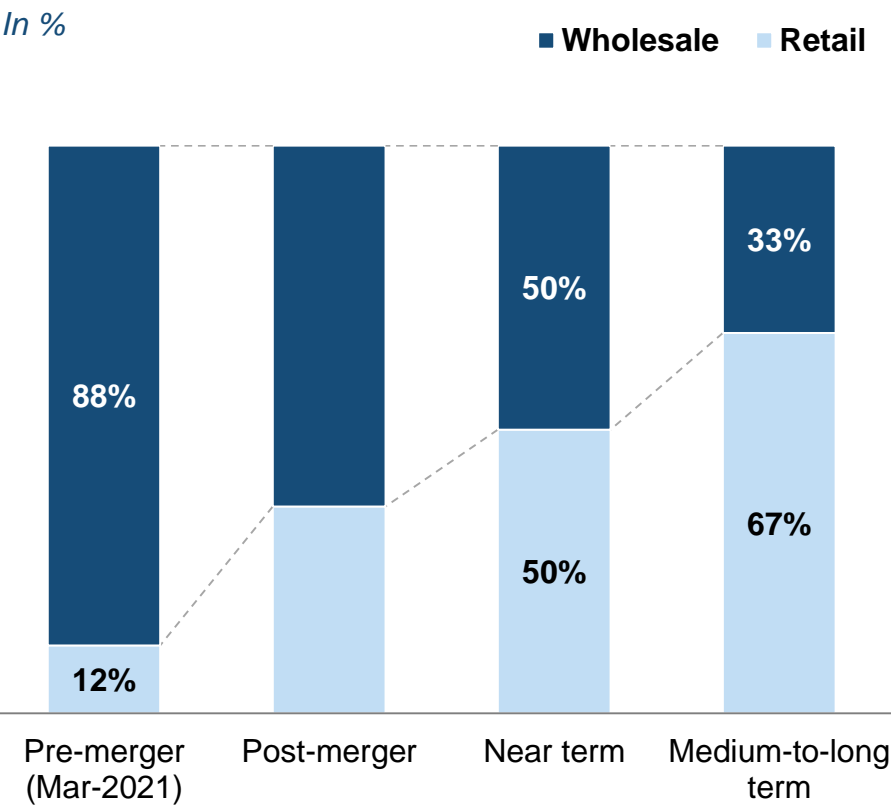


Significant increase in size and scale post the DHFL merger

Distribution network post DHFL merger¹



PEL Financial Services: Loan Book Mix



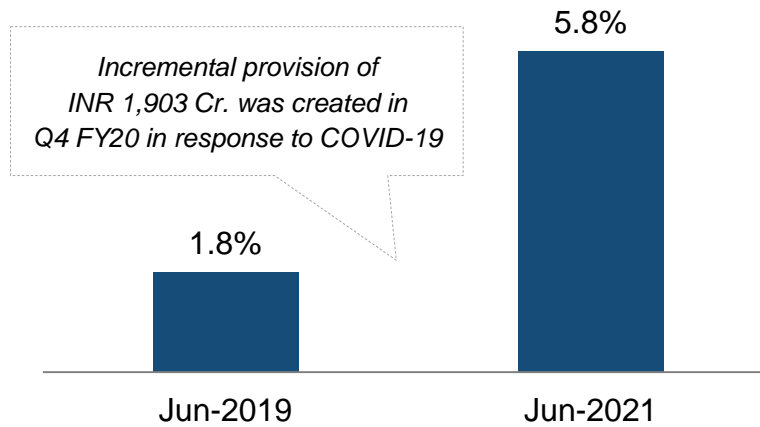
DHFL acquisition creates one of the leading NBFCs in India, focused on affordable housing, with total loan book of ~INR 65,000 Cr.

Note: (1) Map not to scale

Building business resilience

Significantly improved provision coverage

Provisioning as a % of total AUM

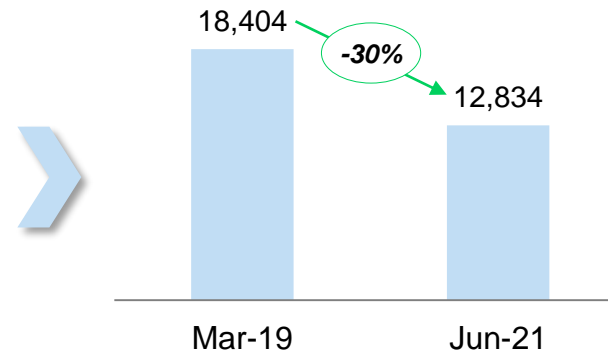


- Adopted a conservative & prudent approach to provisioning, at the onset of the COVID-19 pandemic
- Total provisions stood at INR 2,748 Cr. as of Jun-2021
- Provisions against wholesale assets are even higher at 6.3%

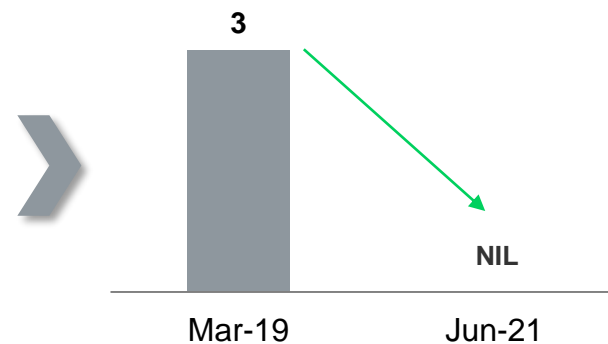
Conservative provisioning to take care of any contingencies

Increasing granularity of wholesale loan book

Top-10 Exposures
(In INR Crores)



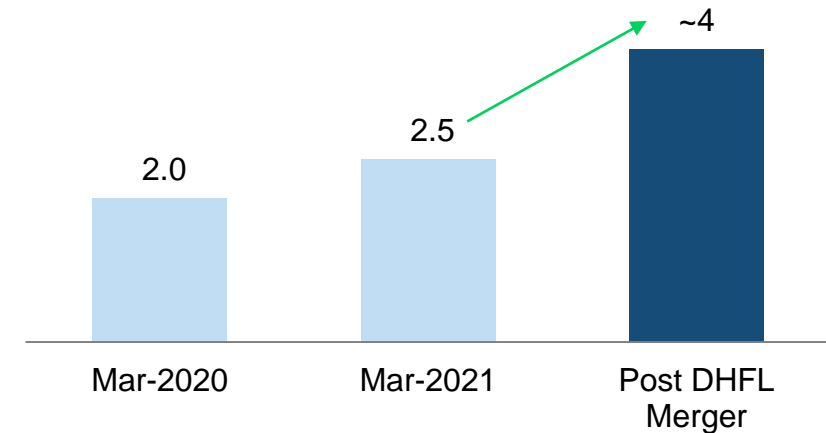
No. of accounts
>15% of net worth



Progressing in line with our stated strategy to make the book more granular

Strengthening the liabilities side

Weighted average maturity of borrowings, in years, on a residual basis



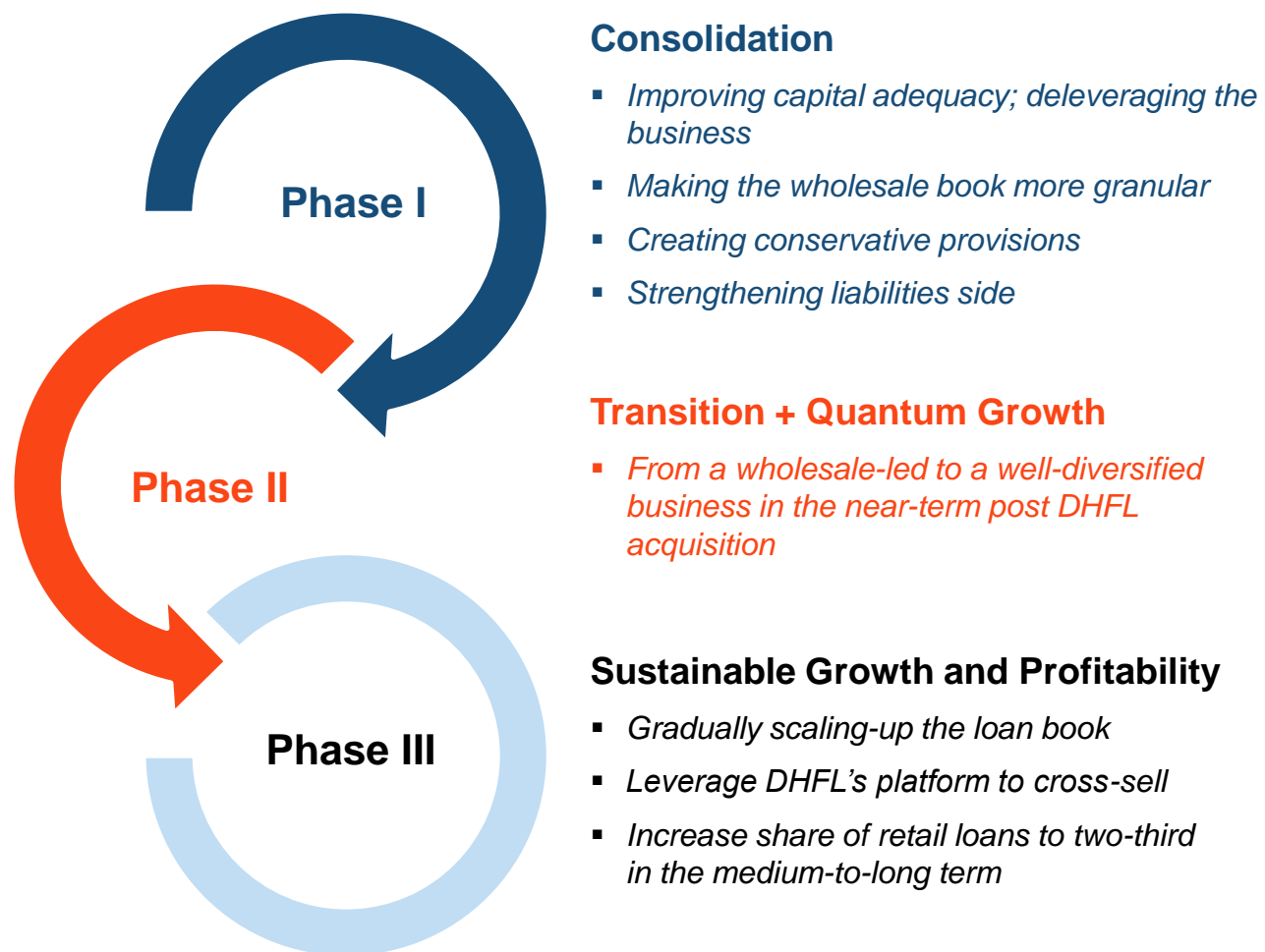
- ✓ DHFL acquisition partly funded by long-term borrowings
- ✓ NCDs with back-ended outflows
- ✓ Acquired retail portfolio with regular cash inflows

DHFL acquisition lowers cost of borrowings and further improves ALM¹ profile

Note: (1) Asset Liability Management

Focusing on sustainable growth and profitability

Strategic roadmap: Progressing on transformation agenda



Key growth and ROE drivers (medium-to-long term)

- ✓ **Immediate reduction in average cost of borrowings**
~9.5% (pro forma, post DHFL merger) vs. 10.8% (actual) for FY2021
- ✓ **Potential decline in incremental cost of funds**
Driven by loan book growth and diversification, with an increase in the share of retail loans
- ✓ **Improved capital utilization**
Increase in Financial Services net debt-to-equity from 1.6x (Jun-2021) to 3.5x (in near term)
- ✓ **Change in retail product mix**
Expansion of product portfolio with differentiated, customized products
- ✓ **Future growth engine**
Leverage platform of 301 branches and ~1 million customers (life-to-date) to cross-sell
- ✓ **Recovery from retail NPA accounts in acquired portfolio**
Deployment of recovery tools (collection models, recovery prioritization, invoking SARFAESI, etc.)



2. Piramal Pharma Limited

*Will be a large India listed Pharma company
focused on CDMO, Complex Hospital Generics
and India Consumer Healthcare*

Pharma business with global operations and footprint

Pharma				
FY21 Revenue: INR 5,776 Crs ¹ EBITDA: INR 1,283 Crs; EBITDA Margin: 22%				
	CDMO	Complex Hospital Generics	India Consumer Healthcare	JV with Allergan
Target Market ⁴	US\$55-70bn ⁵ (Global)	Over US\$50bn (Global)	US\$6-10bn (India)	US\$350m (India)
Market Position ⁴	Among top 3 in India and 13th largest CDMO globally	4th largest inhaled anesthesia player globally, and US market leader in intrathecal products	#11 rank in OTC segment in India	#1 in ophthalmology segment in India
FY21 Revenue	INR 3,616 Cr	INR 1,669 Crs	INR 501 Crs	INR 365 Crs

- Focused on patient and customer centricity
- EHS initiatives designed to create long term sustainability and value for its stakeholders
- Excellent regulatory and compliance track record

Key Highlights: Piramal Pharma

 <p>14% Revenue 10 year CAGR^{1,2} 28% EBITDA 10 year CAGR^{1,2}</p>	 <p>76% Revenue from North America, Europe and Japan</p>	 <p>100+ countries with commercial presence</p>
 <p>15 Development & manufacturing sites (North America, Europe and India)</p>	 <p>Nil Official Action Indicated (OAI)s issued</p>	 <p>~15 acquisitions successfully executed and integrated³</p>

Notes: (1) Excludes financials corresponding to JV with Allergan (Piramal has 49% stake in this JV); Pharma revenue includes foreign exchange gains/losses
(4) Management estimates, industry articles (5) Estimated market size for small molecules within the CDMO segment

(2) CAGR from FY11 to FY21

(3) Since 2011

Targeting attractive, large, and growing markets with high entry barriers

Pharma CDMO

End-to-end Integrated model with niche capabilities



- ✓ **3x increase in phase III molecules** from 10 in FY17 to 30 in FY21
- ✓ Significant **growth in commercial products under patent** from 11 in FY19 to 19 in FY21
- ✓ **Expertise in niche, complex and high margin areas** like HPAPI¹, ADCs², sterile injectables, hormones & peptide API³
- ✓ **Over 500 customers** including Big Pharma, emerging biopharma and generics companies

Complex Hospital Generics (CHG)

Differentiated product portfolio with global distribution



- ✓ **High entry barriers** across multiple complex products
- ✓ **Distribution to >100 countries** & >5,500 hospitals in US
- ✓ Caters to hospitals, surgical centers, and veterinary centers
- ✓ Pipeline of 30+ products
- ✓ **Vertically integration enabling high margin through own manufacturing / global network of CMO partners**

India Consumer Healthcare (ICH)

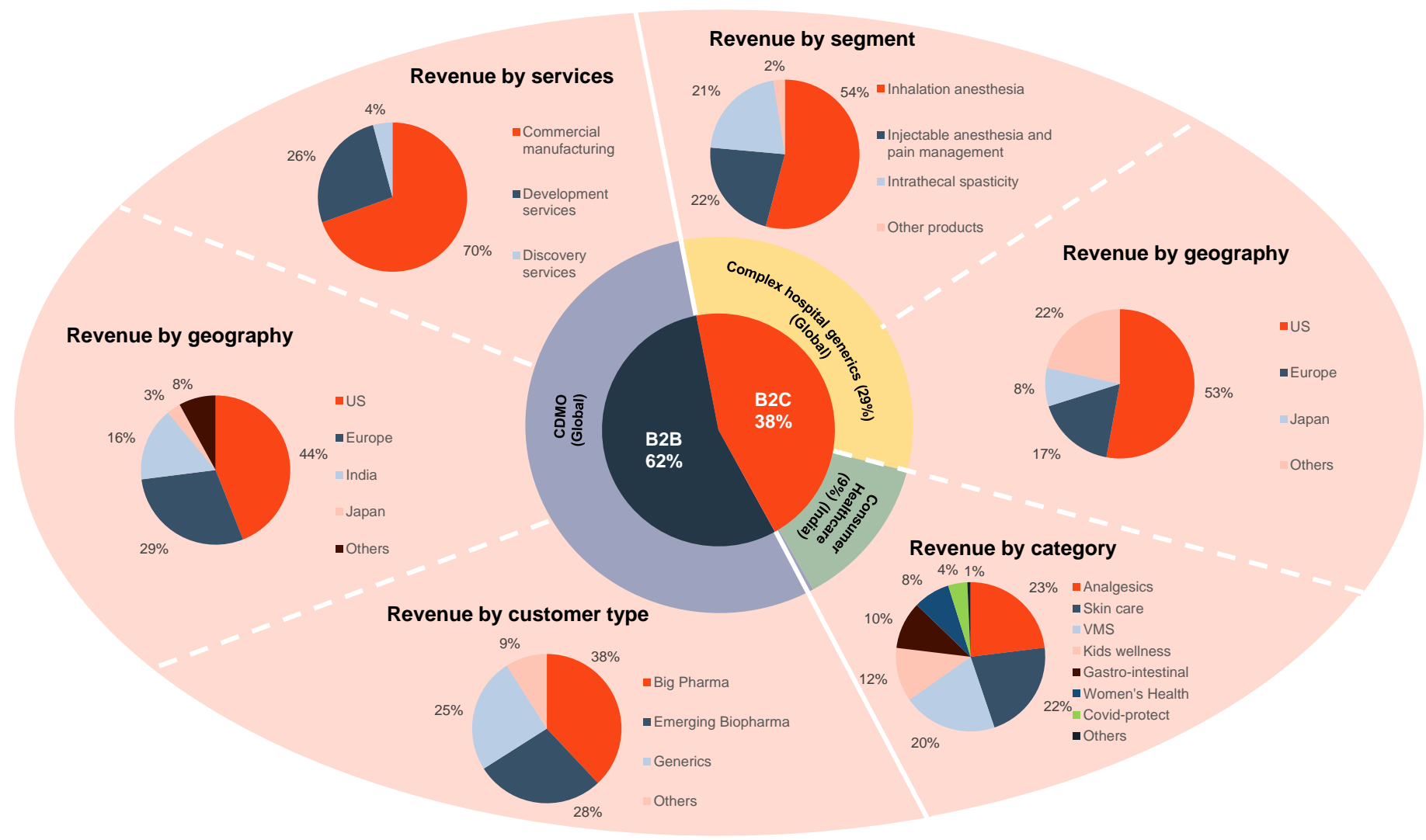
Strong brands with India-wide distribution



- ✓ **Portfolio of 21 brands** across multiple categories
- ✓ Despite pandemic, launched **~20 products and ~40 SKUs**
- ✓ Network covers **direct reach to 250,000+ outlets**
- ✓ **Leveraging e-commerce; 7 products ranked #1** in the respective category on Amazon

Notes: (1) High Potency Active Pharmaceutical Ingredient; (2) Antibody Drug Conjugates; (3) Active Pharmaceutical Ingredient

Diversified presence across regions, capabilities & customer categories

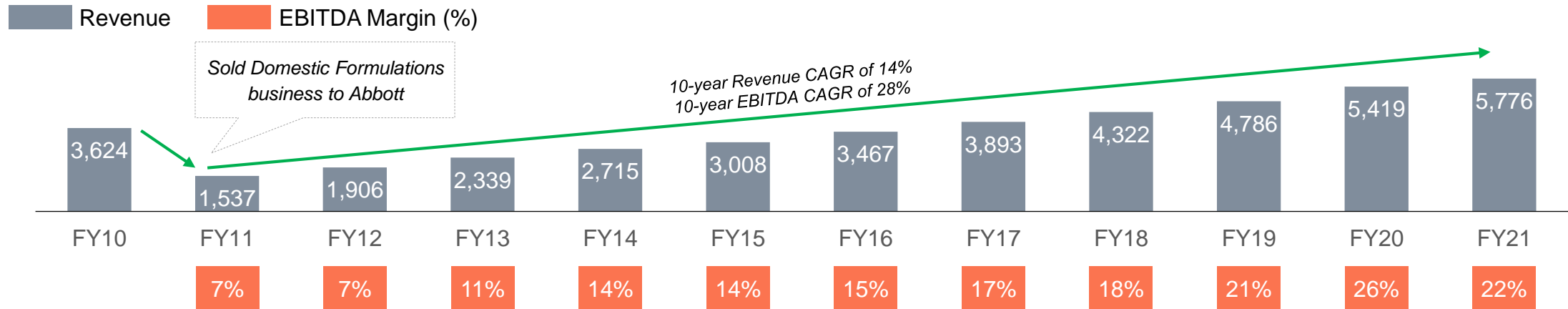


Notes: (1) FY21 revenues

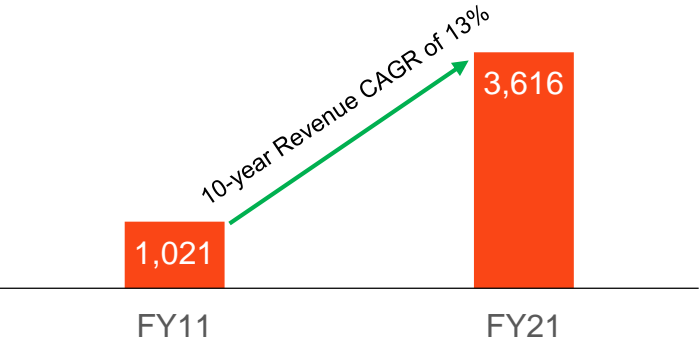
Consistent long-term track-record of revenue growth

(In INR Crs)

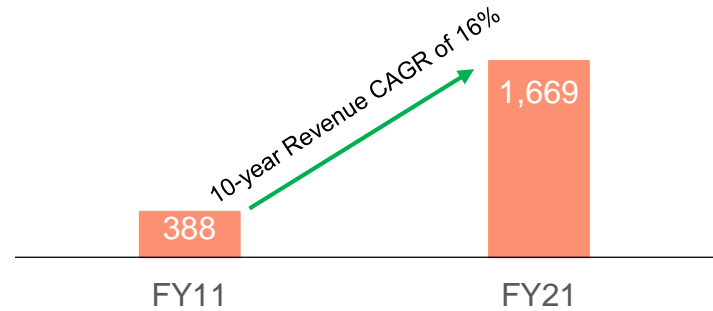
Consolidated revenue and EBITDA margin



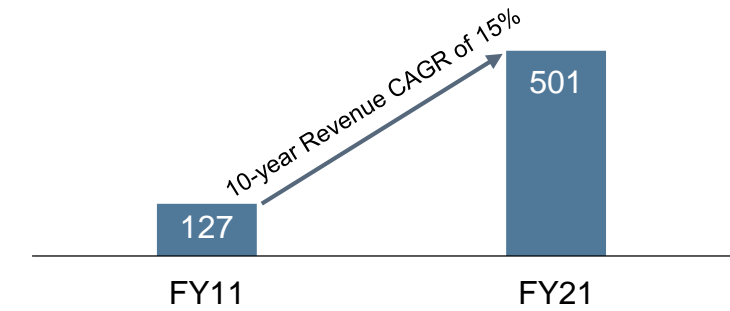
CDMO



Complex Hospital Generics



India Consumer Healthcare



Notes: (1) Consolidated Revenue includes CDMO, Complex Hospital Generics and India Consumer Healthcare and certain Foreign exchange income/loss (2) FY2016-21 results prepared based on IND AS, prior periods are IGAAP

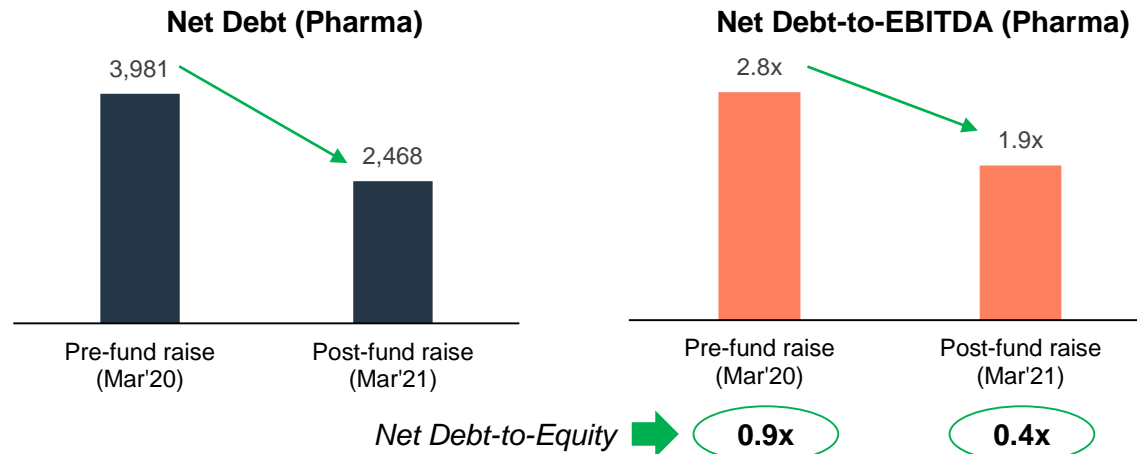
Capital Raise and Growth & Profitability Levers

Capital raise and balance sheet strengthening

(In INR Crs)

USD 490m raised as fresh equity for a 20% stake in the Pharma business

Balance Sheet Strengthening post fund raise



Investing organically and inorganically across all our Pharma businesses



CDMO: Acquired Hemmo Pharma, a peptide API manufacturer



CDMO: Acquired solid oral dosage facility in Sellersville, Pennsylvania



CDMO: Announced investment of \$35 Mn in Riverview facility



CHG: Acquired 49% remaining stake in Convergence Chemicals



ICH: Brand building of key products



ICH: Using E-commerce to pilot launches and drive growth

Growth & Profitability Levers

1

Delivering consistent revenue growth and improving profitability

2

Pursuing organic and inorganic growth opportunities leveraging fresh capital

- ✓ Capacity expansion across multiple sites
- ✓ Acquisitions of niche manufacturing capabilities for CDMO
- ✓ 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

Dial-in details for the Investor Call



Event	Location & Time	Telephone Number
Conference call on 7 th October, 2021	India – 6:00 PM IST	+91 22 6280 1264 / +91 22 7115 8165 (Primary Number)
		1800 120 1221 (Toll free number)
	USA – 8:30 AM (Eastern Time – New York)	Toll free number 18667462133
	UK – 1:30 PM (London Time)	Toll free number 08081011573
	Singapore – 8:30 PM (Singapore Time)	Toll free number 8001012045
	Hong Kong – 8:30 PM (Hong Kong Time)	Toll free number 800964448
For online registration	Please use this link for prior registration to reduce wait time at the time of joining the call – https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=6738114&linkSecurityString=198331038c	



For Investors :

Hitesh Dhaddha

Chief Investor Relations Officer

Email : hitesh.dhaddha@piramal.com

Phone : +91 22 3046 6306

Aditya Sharma

Investor Relations – Financial Services

Email : investor.relations@piramal.com

Phone : +91 22 3046 6305

Mayank Kumar

Investor Relations - Pharma

Email : investor.relations@piramal.com

Phone : +91 22 3046 6416