

PRESS RELEASE

Piramal Enterprises Announces Demerger and Simplification of Corporate Structure; To Create Two Separate Listed Entities in Financial Services and Pharmaceuticals

- The Board of Directors of Piramal Enterprises Limited ('PEL') today approved the demerger of the pharmaceuticals business and simplification of the corporate structure
- Shareholders[#] of PEL will get 4 (four) shares of PPL for every 1 (one) share in PEL, in addition to their existing holding in PEL
- The demerger is expected to unlock significant value for PEL shareholders
- Both listed entities to have a leadership position in their respective sectors
- The demerger is subject to shareholders, creditors and regulatory approvals

Highlights:

- **Pharmaceuticals**
 - The pharmaceuticals business will get vertically demerged from Piramal Enterprises Limited and consolidated under Piramal Pharma Limited ('PPL').
 - Post the demerger, Piramal Pharma Limited will become one of the large pharma companies listed on NSE and BSE.
 - Two operating subsidiaries (wholly-owned by Piramal Pharma Limited) will also be amalgamated with Piramal Pharma Limited, to further simplify the Pharma corporate structure.
- **Financial Services**
 - PHL Fininvest Private Limited, the non-banking financial company (NBFC) will be amalgamated with Piramal Enterprises Limited to create a large listed NBFC*.
 - The merged Housing Finance company, post the DHFL acquisition, will remain a wholly-owned subsidiary of Piramal Enterprises Limited.

PEL is transforming itself from a multi-sector conglomerate structure into two separate sector-focused listed entities in Financial Services and Pharmaceuticals.

- **Piramal Enterprises Limited** will be one of India's large listed diversified NBFCs*, with significant presence across both retail and wholesale financing, offering multiple retail products through a technology-driven platform. The Housing Finance company (HFC) merged with DHFL, a 100% subsidiary of PEL, will be amongst the leading HFCs in India, focused on affordable housing finance.
- **Piramal Pharma Limited** will be one of the large India-listed Pharma companies offering a portfolio of differentiated products and services through end-to-end manufacturing capabilities across 15 global facilities and a global distribution network of over 100 countries. PPL's Contract Development and Manufacturing (CDMO) business is one of the top three in India and the 13th largest globally. PPL's Complex Hospital Generics and India Consumer Healthcare businesses are well-positioned with differentiated products and business models. The JV with Allergan is the market leader in the fast-growing ophthalmology category in India.

Mumbai, India | October 07, 2021: The Board of Directors of Piramal Enterprises Limited ('PEL', NSE: PEL, BSE: 500302), in their meeting held today, approved a composite scheme of arrangement providing for the demerger of the pharmaceuticals business from PEL and simplification of the corporate structure to create two industry-focused listed entities in Financial Services and Pharmaceuticals.

Mr. Ajay Piramal, Chairman, Piramal Group, said, “Over the years, Piramal Enterprises has grown multi-fold with diverse businesses under one listed holding company structure. In line with our stated strategy, the Board has today approved the demerger and simplification of our corporate structure, to create two independent listed entities in Financial Services and Pharmaceuticals, with a leadership position across the business segments they operate in. It will firmly empower both entities to be future-ready and enable them to independently pursue their growth strategies with sharper focus and identity.

Piramal Enterprises Limited will get transformed into a large listed diversified NBFC, focused on retail and wholesale financing, with a consolidated loan book of ~INR 65,000 Crores. Our retail lending platform will be digitally-led, that will serve the financing needs of the under-served customers in the ‘Bharat’ market. With the recent acquisition of DHFL, the wholly-owned housing finance subsidiary has been significantly scaled to become one of the largest HFCs of our country, focused on affordable housing finance.

Piramal Pharma Limited will be a large India-listed pharma company with proven capabilities in Contract Development & Manufacturing, global distribution of complex hospital generics, and a large geographic footprint in the consumer products market in India. PPL’s Contract Development and Manufacturing (CDMO) business is one of the top three in India and the 13th largest globally. PPL’s Complex Hospital Generics and India Consumer Healthcare businesses are well positioned with differentiated products and business models.

Going forward, in line with our philosophy of ‘Doing Well and Doing Good’, both the listed entities will continue to work towards creating value for all our stakeholders.”

About the Demerger and Simplification of the Corporate Structure:

Pharma:

The pharmaceuticals business will get demerged from Piramal Enterprises Limited and consolidated in Piramal Pharma Limited (PPL). Hemmo Pharma Private Limited (focused on peptide APIs development and manufacturing capabilities) and Convergence Chemical Private Limited (setup for development, manufacturing and selling speciality fluorochemicals), will get amalgamated with PPL to create a consolidated listed Pharma entity.

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

Financial Services:

The amalgamation of PHL Fininvest Private Limited with PEL will create a listed Non-banking Financial Services (NBFC) entity. The merged Housing Finance company, (HFC) post DHFL acquisition, will remain a 100% subsidiary of PEL.

Through this demerger and simplification of the corporate structure, the shareholders of PEL will directly own shares in both the listed entities, without any cross-holdings and minority stakes.

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

Strategic Rationale:

The demerger and simplification of the corporate structure is expected to create synergies for both the companies and unlock significant value for both the companies and stakeholders.

- It will simplify the Piramal Enterprises' corporate structure with two separate pure-play entities in Pharmaceuticals and Financial Services.
- It will further strengthen governance architecture for the businesses with separate dedicated Boards and Management teams.
- It will create an optimal capital structure for each business.
- It will give both entities the ability to independently pursue growth plans organically and inorganically.
- It will enable a better understanding of each sector-focused listed entity by the investor and analyst community.

Outcome:

The demerger and simplification of the corporate structure will lead to the creation of separate sector-focused listed entities in Financial Services and Pharmaceuticals.

Piramal Enterprises Limited

- Pursuant to the amalgamation, PEL will become one of the leading diversified NBFCs* in India. The company offers a wide range of financial products and solutions across both retail and wholesale financing. Through its digital-led multi-product retail lending platform, the company will provide home loans, small business loans, loans for working capital to customers, used cars/two-wheeler loans, education loans, personal loans and loan against securities.
- PEL will continue to own 100% stake in the Housing Finance company (merged with DHFL) focused on affordable housing finance. The HFC will address the diverse financing needs of the under-served 'Bharat' market through its India-wide platform across 24 states through 301 branches and a reach to ~1 million customers.
- The DHFL acquisition has enabled the transformation of the financial services business from a largely wholesale led model to a well-diversified financial services player. The retail loan book has increased nearly five-fold, paving the way to achieve a balanced retail-wholesale mix in the near term and 67:33 in the medium-to-long term. The DHFL transaction will enhance capital efficiency (net debt-to-equity to increase from 1.6x as in June 2021 to 3.5x in the near term).
- Within wholesale lending, the company continues to provide financing to real estate developers, as well as corporate clients.
- Over the last two years, the company has significantly strengthened the balance sheet and reduced its debt-to-equity, thereby creating a headroom for growth in coming years.

- PEL has also formed strategic partnerships with leading financial institutions such as CPPIB, APG and Ivanhoe Cambridge, and others, across various investment platforms. Piramal Alternatives, the fund management business, provides customised financing solutions to high-quality corporates through – 'Piramal Credit Fund' and 'IndiaRF' (a distressed asset investing platform with Bain Capital Credit).
- PEL also has equity investments in Shriram Group, a leading financial conglomerate in India.

Piramal Pharma Limited

- PPL will be one of the large India listed Pharma companies focused on customer and patient centricity, with presence in the Contract Development and Manufacturing Organization (CDMO), Complex Hospital Generics (CHG), and India Consumer Healthcare markets. PPL operates in large, fragmented and growing markets and industry segments with high entry barriers, where it has a strong position.
- PPL offers a portfolio of unique services and products through development and end-to-end manufacturing capabilities across 15 global facilities and a distribution network in over 100 countries.
- PPL's Contract Development and Manufacturing (CDMO) business, one of the top three in India and the 13th largest globally, provides differentiated CDMO offerings across large, growing categories such as the development and manufacturing of highly potent active pharmaceutical ingredients, antibody drug conjugation, sterile fill/finish with and without containment, potent solid oral drug products, peptide API products and custom peptide synthesis.
- PPL's Complex Hospital Generics business caters to hospitals, surgical centers, and veterinary centers with a portfolio of inhalation anaesthetics (amongst top 4 globally), intrathecal therapies for spasticity and pain management (US market leader), injectable pain and anaesthetics, injectable anti-infectives and a growing pipeline of more than 30 products.
- PPL's Consumer Healthcare business has built a diverse and extensive portfolio of 21 brands across multiple categories and many of its brands such as Saridon, Littles, I-pill, Lacto, etc. feature in the top 100 OTC brands in India.
- The JV with Allergan is the market leader in the fast-growing ophthalmology category in India.
- Excellent US FDA compliance track record having successfully cleared all 36 USFDA inspections, 243 other regulatory inspections, and 1,261 customer audits, since the beginning of FY12.
- PPL has a track-record of building scalable and diversified pharma businesses with world-class talent in attractive markets. Pharma revenue has grown 3.8 times since the Abbott deal at a CAGR of 14% to INR 5,776 Crores in FY 2021, and EBITDA has gone up 13 times at a CAGR of 28% to INR 1,283 Crores in FY 2021, improving the EBITDA margin from 7% in FY2011 to 22% in FY 2021. It successfully closed and integrated nearly 15 M&A transactions over INR 4,000 Crores, since the Abbot deal in 2010.
- PPL raised growth equity from the Carlyle Group in October 2020, significantly strengthening the balance sheet that will accelerate its growth plans. Since FY21, PPL has completed three acquisitions.

*Subject to RBI approvals

Record date to be determined for PEL shareholders

About Piramal Enterprises Ltd:

Piramal Enterprises Limited (PEL) is one of the large companies in India, with a presence in Financial Services and Pharmaceuticals. PEL's consolidated revenues were US\$1.7 Billion in FY 2021, with ~37% of revenues generated from outside India.

In Financial Services, the company offers a wide range of financial products and solutions, with a presence across both retail and wholesale financing. Within retail lending, through its multi-product platform, the company offers home loans, loans for small businesses and loans for working capital to customers in affordable housing and mass affluent segments across Tier I, II and III cities. Within wholesale lending, the business provides financing to real estate developers, as well as corporate clients. The company has also formed strategic partnerships with leading financial institutions such as CPPIB, APG and Ivanhoe Cambridge, etc., across various investment platforms. Piramal Alternatives, the fund management business, provides customised financing solutions to high-quality corporates through – 'Piramal Credit Fund', a performing, sector-agnostic credit fund with capital commitment from CDPQ; and 'IndiaRF', a distressed asset investing platform with Bain Capital Credit, which invests in equity and/or debt across non-real estate sectors. PEL also has equity investments in the Shriram Group, a leading financial conglomerate in India.

Piramal Pharma Limited

Piramal Pharma Limited (PPL) offers a portfolio of differentiated products and services through end-to-end manufacturing capabilities across 15 global facilities and a global distribution network over 100 countries. PPL includes: Piramal Pharma Solutions (PPS), an integrated Contract Development and Manufacturing Organization; Piramal Critical Care (PCC), a Complex Hospital Generics business, and the India Consumer Healthcare business, selling over-the counter products. PPS offers end-to-end development and manufacturing solutions through a globally integrated network of facilities across the drug life cycle to innovator and generic companies. PCC's complex hospital product portfolio includes inhalation anaesthetics, intrathecal therapies for spasticity and pain management, injectable pain and anaesthetics, injectable anti-infectives, and other therapies. The Indian Consumer Healthcare business is among the leading players in India in the self-care space, with established brands in the Indian consumer healthcare market. In addition, PPL has a joint venture with Allergan, a leader in ophthalmology in the Indian formulations market. In October 2020, the company received growth equity investment from the Carlyle Group.

For more information, visit: www.piramal.com, [Facebook](#), [Twitter](#), [LinkedIn](#)

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