

## PRESS RELEASE

**Piramal Enterprises Limited Announces Consolidated Results for Q1 FY2023**

- On-track to complete the Pharma demerger and simplification of the corporate structure by Q3 FY23, subject to various approvals
  - PEL received the license from the Reserve Bank of India (RBI) to commence business as a non-banking finance institution (NBFC)
- Q1 FY23 Revenues grew 22% YoY to INR 3,548 Cr.; Q1 FY23 PAT at INR 486 Cr.
- Overall AUM grew +37 % YoY to INR 64,590 Cr.; retail loan book grew 332% YoY to INR 22,267 Cr.
- Pharma business revenues grew 9% YoY to INR 1,485 Cr for Q1 FY23
- India Consumer Healthcare grew 17% YoY and Complex Hospital Generics business grew 10% YoY during the quarter
- Strengthened Piramal Pharma Board by inducting three new board members

**Mumbai, India | July 29, 2022:** Piramal Enterprises Limited ('PEL', NSE: PEL, BSE: 500302) today announced its consolidated results for the First Quarter (Q1) FY2023 ended 30<sup>th</sup> June 2022.

**Consolidated Highlights****Overall Performance:**

- Q1 FY23 revenue growth of 22 % YoY to INR 3,548 Cr. Vs INR 2,909 Cr. in Q1 FY22
- Net Profit at INR 486 Cr. Vs. INR 534 Cr. in Q1 FY22

**Financial Services (FS lending):**

- Overall AUM grew +37 % YoY to INR 64,590 Cr. Retail loan book grew 4x YoY to INR 22,267 Cr.
- Retail loan disbursements increased 66% QoQ and ~13x YoY in Q1 FY23 to INR 2,459 Cr.
- FS business Pre-provision Operating Profit of INR 621 Cr. in Q1 FY23 vs. INR 378 Cr. in Q1 FY22
- Cost of borrowings declined 130bps YoY and 40bps QoQ to 8.8%
- Launched Microfinance business in May-2022
- Focus on talent, technology and governance structure for wholesale 2.0 on track

**Pharma Business:**

- Pharma business revenues grew 9% YoY to INR 1,485 Cr for Q1 FY23
- India Consumer Healthcare grew 17% YoY and Complex Hospital Generics business grew 10% YoY
- Planned capacity expansion in niche capabilities for the CDMO business at Aurora (Canada), Pithampur (India) and Digwal (India) completed
- Appointment of Mr. Herve Berdou as Chief Operating Officer, CDMO
- Strong growth in inhaled anaesthesia sales in the US. Intrathecal portfolio continues to command market share in the US
- Launched 7 new products in the India Consumer Healthcare business in Q1 FY23. Power brands showing strong growth

**Ajay Piramal, Chairman, Piramal Enterprises Ltd.** said, “We had a steady first quarter delivering revenues of INR 3,548 Cr. and net profits of INR 486 Cr.

In financial services, we achieved significant growth in retail disbursements through our branches as well as by leveraging digital lending capabilities. We remain ahead on our target to achieve disbursement levels of INR 2,500-3,500 Cr. by the third quarter of this financial year. This is in line with our endeavor to better serve the customers in the tier 2 and tier 3 cities of Bharat. In wholesale, we continue to focus on making our existing loan book more granular as well as building a healthy deal pipeline across real estate and corporate lending, as part of the ‘Wholesale Lending 2.0’ strategy. We expect to double our loan book in the next 5 years, thereby achieving significant growth and making our overall loan book more retail-oriented.

In pharmaceuticals, we have been making both organic and inorganic investments across all our businesses. We have also demonstrated consistent execution against key strategic priorities. Our global footprint with a diversified revenue base, presence in attractive segments with high entry barriers, capability to meet a wide range of customer requirements across multiple geographies and best-in-class quality track record, provides greater stability from a long-term investment perspective.

We remain firmly on track to complete the demerger of the pharmaceuticals business by Q3 FY23 and unlock significant value for our stakeholders.”

## Key Business Highlights

### Financial Services

- **Significant AUM growth and diversification**
  - AUM increased 37% YoY to INR 64,590 Cr. as of Jun-2022
  - Retail loan book increased over 4x YoY to INR 22,267 Cr., primarily through the DHFL acquisition in Sep-2021
  - Share of retail in the overall loan book increased from 12% in Jun-2021 to 37% in Jun-2022
  
- **Retail loan disbursements increased 66% QoQ to INR 2,459 Cr. in Q1 FY23**
  - Disbursement growth driven by customer acquisition (~203,000 in Q1 FY23), re-activation of DHFL branches / expansion of branch network and scale-up of digital lending
    - Digital Embedded Finance disbursements at INR 556 Cr. in Q1 FY23, contributing 23% to overall retail disbursements and 93% to customers acquisition
  - Launched the microfinance (MFI) business through the Business Correspondent (BC) model; with 21 active MFI branches across 2 states – Rajasthan and Bihar
  - Disbursement yields continued to improve to 12.6% in Q1 vs. 11.3% in Q1 FY22, driven by shift in product mix of disbursements
  - On-track to achieve guidance of INR 2,500-3,500 Cr. of disbursements in Q3 FY23 (i.e. 5-7x of pre-merger levels)
  
- **Consolidating the wholesale portfolio:**
  - We continue to make the wholesale book more granular - no exposure (net of provisioning) is >10% of net worth; or contributes >5% to wholesale AUM
  - Wholesale portfolio reduced by 1,310 Cr. in Q1 FY23, in line with our stated strategy of making our wholesale book more granular and building a retail focused financial services company.
  - **'Wholesale Lending 2.0'**: Adopting a calibrated approach, with focus on smaller loans and cash flow-backed lending; healthy deal pipeline across both real estate and corporate lending
    - Top talent infusion through a new CEO and Credit Head for the wholesale lending business
    - In Real Estate, focusing on mid-market residential projects in tier-1 cities, as well as expanding into top 15-20 tier 2/3 cities by lending to strong local developers
    - In Corporate Mid-Market Lending (CMML), focusing on smaller ticket, corporate non-RE loans at the OpCo-level; built a book of INR 669 Cr. as of Jun-2022
  
- **Asset quality remained broadly stable**
  - Marginal QoQ increase in GNPA and NNPA ratios vs. Mar-2022, primarily due to movement of one wholesale account from Stage-2 to Stage-3
  - Total provisions increased to 6.2% of overall AUM from 5.7% as of Mar-2022, on account of:
    - Progressing towards monetization of few wholesale exposures, in line with our strategy to make our book more retail-oriented
    - Increase in regular expected credit loss (ECL) provisioning in line with retail book growth
  
- **Robust Liability Management:**
  - Average cost of borrowings fell 130 bps YoY and 40 bps QoQ to 8.8% in Q1 FY23

- Well-positioned to navigate the current rising interest rate environment, as 79% of borrowings are on a fixed-rate basis
- **Adequate capital available for value accretive acquisitions, as well as for organic growth**, given capital adequacy ratio of 25.4% and net debt-to-equity of 2.5x

## Pharma

- **Revenue grew by 9% YoY to INR 1,485 Cr. for Q1 FY2023:**
  - India Consumer Healthcare Revenues were up 17% YoY
  - Complex Hospital Generics Revenues were up 10% YoY
  - CDMO revenues were up 8% YoY
- Delivered EBITDA of INR 158 Cr. for Q1 FY23, EBITDA margin at 11%
- Strengthened Piramal Pharma Board by inducting three new board members
- 16 regulatory inspections and 55 customer audits carried out during Q1 FY23. There were no critical observations in any of the regulatory inspections

### CDMO:

- Appointed Mr. Herve Berdou as Chief Operating Officer, CDMO

### Investments / capacity expansion in niche capabilities:

- Completed planned capacity expansion in niche capabilities for the CDMO business at Aurora (Canada), Pithampur (India) and Digwal (India)
- Announced \$74 Mn expansion for Antibody Drug Conjugates and API at Grangemouth and Morpeth facilities

### Complex Hospital Generics:

- Won multiple tenders for Sevoflurane in EU and across other geographies
- Strong inhaled anesthesia and intrathecal sales in the US
- Launched 2 SKUs (injectables) of first to market generic opportunity in the US

### India Consumer Healthcare:

- Strong performance in power brands in the India Consumer Products business
- Reinvestment of profits to grow key brands
- Launched 7 new products in Q1 FY23; New products launched since April 2020 contribute to 15% of sales

**Consolidated Profit & Loss:**
*(In INR Crores or as stated)*

| Particulars  | Quarter ended |           |              |           |              |
|--|---------------|-----------|--------------|-----------|--------------|
|  | 30-Jun-22     | 31-Mar-22 | QoQ % Change | 30-Jun-21 | YoY % Change |
| Net Sales  | 3,548         | 4,163     | -15%         | 2,909     | 22%          |
| Non-operating other income                               | 178           | 238       | -25%         | 103       | 73%          |
| Total income   | 3,726         | 4,401     | -15%         | 3,012     | 24%          |
| Other Operating Expenses                                 | 1,792         | 2,169     | -17%         | 1,408     | 27%          |
| Impairment on financial assets                           | 161           | 817       | -80%         | -49       | <i>n.m.</i>  |
| OPBIDTA  | 1,774         | 1,414     | 25%          | 1,653     | 7%           |
| Interest Expenses  | 1,114         | 1,237     | -10%         | 985       | 13%          |
| Depreciation   | 185           | 190       | -3%          | 149       | 24%          |
| Profit before tax & exceptional items                    | 474           | -14       | <i>n.m.</i>  | 519       | -9%          |
| Exceptional items (Expenses)/Income                      | -             | -         | -            | -15       | <i>n.m.</i>  |
| Income tax – Current tax                                 | 158           | 24        | <i>n.m.</i>  | 135       | 17%          |
| DTA reversal / other one-time tax adjustments            | -             | -         | -            | -         | -            |
| Profit / (Loss) after tax (before Prior Period items)    | 317           | -37       | <i>n.m.</i>  | 368       | -14%         |
| Share of Associates <sup>1</sup>                         | 169           | 188       | -10%         | 165       | 2%           |
| Net Profit / (Loss) after Tax from continuing operations | 486           | 151       | 223%         | 534       | -9%          |
| Profit / (Loss) from Discontinued operations             | -             | -         | -            | -         | -            |
| Net Profit after Tax                                     | 486           | 151       | 223%         | 534       | -9%          |

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

**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\$ 1.9 Billion in FY 2022, with ~39 % 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 (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 India 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](http://www.piramal.com), [Facebook](#), [Twitter](#), [LinkedIn](#)

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