

21<sup>st</sup> October, 2019

**BSE Limited**

1<sup>st</sup> Floor, New Trading Wing,  
Rotunda Building, P.J.Towers,  
Dalal Street, Fort,  
Mumbai- 400001

**National Stock Exchange of India Ltd.,**

Exchange Plaza, 5<sup>th</sup> Floor,  
Plot No.C/1, G.Block  
Bandra-Kurla Complex, Bandra (E)  
Mumbai- 400 051

Dear Sir/Madam,

**Ref: BSE Security Code: 500302**

**NSE Symbol: PEL**

**Sub: Press Release and presentation to the investors**

Further to our letter dated 21<sup>st</sup> October, 2019 whereby we had submitted the Unaudited Financial Results (Consolidated & Standalone) of the Company for the quarter and half year ended 30<sup>th</sup> September, 2019, we hereby enclose the Press Release & Presentation to the investors on the Unaudited Financial Results.

Thanking you,

Yours truly,

For **Piramal Enterprises Limited**



**Bipin Singh**  
Company Secretary

Encl: as above

**Piramal Enterprises Limited**

CIN : L24110MH1947PLC005719

Registered Office: Piramal Ananta, Agastya Corporate Park, Opp Fire Brigade, Kamani Junction, LBS Mag, Kurla (West), Mumbai 400 070 India  
Secretarial Dept : Ground Floor, B Block, Agastya Corporate Park, Opp. Fire Brigade, Kamani Junction, LBS Marg, Kurla (West), Mumbai, Maharashtra 400070, India

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[piramal.com](http://piramal.com)



## Piramal Enterprises Limited Announces Consolidated Results for the Second Quarter & Half Year ended September 30, 2019

- Resilient performance during the quarter -

**Mumbai, India, October 21, 2019:** Piramal Enterprises Limited ('PEL', NSE: PEL, BSE: 500302) today announced its consolidated results for the Second Quarter (Q2) and Half Year (H1) ended 30<sup>th</sup> September 2019.

### Financial Highlights

- **Revenue:**
  - Up 15% at INR 3,604 Crores during Q2 FY2020 vs INR 3,144 Crores in Q2 FY2019
  - Up 18% at INR 7,110 Crores during H1 FY2020 Vs INR 6,047 Crores in H1 FY2019
- **Profit before Tax & Exceptional items**
  - Up 29% to INR 733 Crores in Q2 FY2020 vs. INR 570 Crores in Q2 FY2019
  - Up 25% to INR 1,338 Crores in H1 FY2020 vs. INR 1,073 Crores in H1 FY2019
- **Net Profit<sup>1</sup>:**
  - Up 18% to INR 569 Crores in Q2 FY2020 vs. INR 480 Crores in Q2 FY2019
  - Up 19% at INR 1,029 Crores during H1 FY2020 vs INR 863 Crores in H1 FY2019

Note: 1) Net Profit excludes exceptional gain/loss for the period

**Mr. Ajay Piramal, Chairman, Piramal Enterprises Ltd. said,** *"Our diversified business model has enabled us to deliver resilient performance during this quarter, despite continued liquidity tightening in the NBFC sector. The strong fundamentals of the Company are reflected in our H1 and Q2 results:*

- *H1 FY2020 revenues grew by 18% YoY to INR 7,110 Crores and net profit by 19% YoY to INR 1,029 Crores*
- *Q2 FY2020 revenues grew by 15% YoY to INR 3,604 Crores and net profit by 18% to INR 569 Crores*

*Our Financial Services business received inflows of ~INR 45,000 Crores over the past year and brought down CP borrowings by 92% to ~INR 1,480 Crores, reflecting the quality of our underwriting, client selection and risk management practices.*

*Pharma and Healthcare Insights businesses continue to consistently deliver strong performance quarter on quarter, acting as a natural hedge and bringing stability to the company's performance, even in the most volatile market environment. Our Pharma revenues grew 19% YoY to INR 1,316 Crores in Q2:*

- *The Global Pharma business delivered strong EBITDA margins of 24%*
- *India Consumer Products business sustained its strong recovery with YoY revenue growth of 39% in Q2*
- *Healthcare Insights & Analytics business also grew by 14% to INR 333 Crores, delivering an EBITDA margin of 24% in Q2*

*We remain committed to bring in additional equity in the company in the near future, which will further bolster our plans to tap both organic and inorganic opportunities across our businesses."*

## Operational Highlights

Financial Services	Pharma and Healthcare Insights & Analytics
<ul style="list-style-type: none"> <li><b>Loan book</b> at INR 53,055 Cr. as of Sep-2019</li> <li><b>Total inflows of ~INR 45,000 Crores</b> in the past one year (including fresh borrowings, repayments &amp; prepayments) – equivalent to ~85% of the loan book</li> </ul> <p><b>Assets-side:</b></p> <ul style="list-style-type: none"> <li><b>Housing Finance</b> loan book grew ~3x times YoY to INR 6,393 Crores as of Sep-2019</li> <li><b>Share of retail loans</b> at 12% of overall loan book (vs. only 4% a year ago)</li> <li><b>Share of wholesale residential RE</b> at merely 48% of the overall loan book as of Sep-2019, with ~66% of loans towards mid/late stage or completed projects</li> <li><b>Repayments of ~INR 19,400 Crores in the past year</b> in the wholesale book, reflecting quality of underwriting</li> <li><b>Gross NPA ratio</b> remains stable QoQ at 0.9%; <b>provisioning</b> at 194% of GNPA's</li> </ul> <p><b>Liabilities-side:</b></p> <ul style="list-style-type: none"> <li><b>Raised ~INR 24,000 Crores of long-term funds</b> since Oct-2018, through bank term-loans, NCDs and ECBs</li> <li><b>Exposure to CPs has reduced 92% YoY</b> to INR 1,483 Crores from INR 18,017 Crores</li> </ul>	<ul style="list-style-type: none"> <li>Overall Pharma<sup>1</sup> Revenue grew 19% YoY during Q2 FY2020 to INR 1,316 Crore</li> </ul> <p><b>Global Pharma:</b></p> <ul style="list-style-type: none"> <li><b>Consistent growth in Global Pharma:</b> Revenue growth of 17% YoY during Q2 FY2020</li> <li><b>Robust H1 EBITDA margins</b> of 24% for Global Pharma</li> <li><b>Quality &amp; Compliance:</b> Successfully cleared 11 regulatory inspections (including 3 USFDA inspections) and 75 customer audits during H1</li> <li><b>Successfully made 3 new launches</b> in key markets in Q2 taking the total number of launches in H1 to 7</li> <li>With <b>addition of 30 new clients</b> to the Global Pharma Services business in H1, the order book sustained the strong advancement seen last year</li> </ul> <p><b>Consumer Products:</b></p> <ul style="list-style-type: none"> <li><b>Strong recovery in India Consumer Products –</b> Revenue growth of 53% YoY during H1 FY2020</li> </ul> <p><b>Healthcare Insights &amp; Analytics</b></p> <ul style="list-style-type: none"> <li><b>Healthcare Insights &amp; Analytics</b> revenue grew 14% YoY during Q2 &amp; H1 FY2020 with an improved EBITDA margins of 24% in Q2 through streamlining operating processes and leveraging India presence</li> </ul>

## Business-wise Revenue Performance

(INR Crores or as stated)

Net Sales break-up	Quarter II ended				Half year ended			
	30-Sept-19	30-Sept-18	% Change	% Sales	30-Sept-19	30-Sept-18	% Change	% Sales
Financial Services	1,954	1,732	13%	54%	3,968	3,290	21%	56%
Pharma <sup>1</sup>	1,316	1,109	19%	37%	2,489	2,153	16%	35%
Global Pharma	1,204	1,029	17%	33%	2,267	2,007	13%	32%
India Consumer Products	112	81	39%	3%	222	145	53%	3%
Healthcare Insights & Analytics	333	292	14%	9%	652	570	14%	9%
Others	-	11	-	-	-	34	-	-
<b>Total</b>	<b>3,604</b>	<b>3,144</b>	<b>15%</b>	<b>100%</b>	<b>7,110</b>	<b>6,047</b>	<b>18%</b>	<b>100%</b>

1. Pharma revenue unless specified, includes revenues from Global Pharma Services, Global Pharma Products, and India Consumer Products
2. Foreign Currency denominated revenue in Q2 FY2020 was INR 1,398 Crores (39% of total revenue) and in H1 FY2020 was INR 2,671 Crores (38% of the total revenue)

## Consolidated Financial Performance

(INR Crores or as stated)

Particulars	Quarter II Ended			Half Year Ended		
	30-Sep-19	30-Sep-18	% Change	30-Sep-19	30-Sep-18	% Change
Net Sales	3,604	3,144	15%	7,110	6,047	18%
Non-operating other income	62	56	11%	130	125	4%
Total income	3,666	3,200	15%	7,239	6,171	17%
Other Operating Expenses	1,349	1,491	-10%	2,750	2,921	-6%
OPBIDTA	2,317	1,709	36%	4,489	3,250	38%
Interest Expenses	1,418	1,016	40%	2,827	1,925	47%
Depreciation	166	123	35%	325	252	29%
Profit before tax & exceptional items	733	570	29%	1,338	1,073	25%
Exceptional items (Expenses)/Income	(14)	-	-	(25)	(452)	-
<b>Income tax</b>						
Current Tax and Deferred Tax	260	163	60%	477	344	39%
Profit after tax (before MI & Prior Period items)	459	407	13%	835	277	201%
Minority interest	-	-		-	-	
Share of Associates <sup>1</sup>	96	73	31%	169	134	26%
Net Profit after Tax	555	480	15%	1,004	411	145%
Net Profit Margin %	15%	15%		14%	7%	
Net Profit (excluding Exceptional item)	569	480	18%	1,029	863	19%
Net Profit Margin % <sup>2</sup>	16%	15%		14%	14%	
EPS (Rs./share)	27.90	24.23	15%	50.59	20.76	144%
Normalised EPS (Rs./share) <sup>2</sup>	28.61	24.23	18%	51.87	43.52	19%

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

2. Net Profit excludes Exceptional gain/loss for the period

### Consolidated Revenues:

Consolidated revenues increased by 15% YoY to INR 3,604 Crores for Q2 FY2020 and 18% YoY to 7,110 Crores for H1 FY 2020. 38% of our revenues were earned in foreign currency for H1 FY2020.

### Profit before Tax and Exceptional Items:

Profit before tax and exceptional items increased by 29% YoY to INR 733 Crores for Q2 FY2020 and it increased by 25% YoY to INR 1,338 Crores for H1 FY2020.

### Net Profit (excluding exceptional item):

Net Profit (excluding item) increased by 18% YoY to INR 569 Crores for Q2 FY2020 and it increased by 19% YoY to INR 1,029 Crores for H1 FY2020.

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

To download the results presentation and for further information on our financials, please visit our website: [www.piramal.com](http://www.piramal.com)

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## **About the Piramal Group**

The Piramal Group, led by Ajay Piramal, is one of India's foremost business conglomerates with a global footprint. With operations in 30 countries and brand presence in over 100 countries, the Group's turnover is ~\$2.2 billion in FY2019. The Group's diversified portfolio includes presence in industries like healthcare, financial services, healthcare information management, glass packaging and real estate.

Driven by the core values of knowledge, action, care and impact, the Group steadfastly pursues inclusive growth, while adhering to ethical and value driven practices. Piramal Foundation (a section 8 company effective Mar-2018), the philanthropic arm, has initiatives running across healthcare, water, education and women empowerment in 25 states of India.

## **About Piramal Enterprises Ltd:**

Piramal Enterprises Limited (PEL) is one of India's largest diversified companies, with a presence in Financial Services, Pharmaceuticals and Healthcare Insights & Analytics. PEL's consolidated revenues were ~US\$1.9 billion in FY2019, with around ~40% of revenues generated from outside India.

In Financial Services, Piramal Capital & Housing Finance Limited (PCHFL), wholly owned subsidiary of Piramal Enterprises Limited (the flagship company of Piramal Group), is registered as a housing finance company with National Housing Bank (NHB) and engaged in various financial services businesses. It provides both wholesale and retail funding opportunities across sectors. In real estate, the platform provides housing finance and other financing solutions across the entire capital stack such as structured debt, construction finance, flexi lease rental discounting etc. The wholesale business in non-real estate sector includes separate verticals- Corporate Finance (CFG) and Emerging Corporate Lending (ECL). CFG provides customized funding solutions to companies across sectors such as infrastructure, renewable energy, roads, industrials, auto components etc. while ECL focuses on lending towards, Small and Medium Enterprises (SMEs). PCHFL's group companies provides customized strategies for institutional and retail investors such as Mumbai Redevelopment Fund and Apartment Fund (through Piramal Fund Management) and strategic partnerships with leading global pension funds such as CPPIB, APG and Ivanhoe Cambridge. The division has also launched a Distressed Asset Investing platform with Bain Capital Credit - IndiaRF that will invest in equity and/or debt in assets across sectors (other than real estate) to drive restructuring with active participation in turnaround. PEL also has equity investments in Shriram Group, a leading financial conglomerate in India.

In Pharma, through end-to-end manufacturing capabilities across 13 global facilities and a large global distribution network to over 100 countries, PEL sells a portfolio of niche differentiated pharma products and provides an entire pool of pharma services (including in the areas of injectable, HPAPI etc.). The Company is also strengthening its presence in the Consumer Products segment in India.

PEL's Healthcare Insights & Analytics business is a premier provider of healthcare analytics, data & insight products and consulting services to the world's leading pharma, biotech and medical technology companies, enabling them to make informed business decisions.

PEL is listed on the BSE Limited and the National Stock Exchange of India Limited in India.

Thanks and Regards,

### **For Investors:**

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[investor.relations@piramal.com](mailto:investor.relations@piramal.com)

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# Piramal Enterprises Limited

## Q2 & H1 FY2020 Results

21 October 2019



## Key Financial Highlights

<p>15% growth in Revenues during Q2 FY2020</p> <p><b>INR 3,604 Crores</b></p>	<p>29% growth in Profit before Tax &amp; Exceptional items during Q2 FY2020</p> <p><b>INR 733 Crores</b></p>	<p>18% growth in Net profit<sup>1</sup> during Q2 FY2020</p> <p><b>INR 569 Crores</b></p>
<p>18% growth in Revenues during H1 FY2020</p> <p><b>INR 7,110 Crores</b></p>	<p>25% growth in Profit before Tax &amp; Exceptional items during H1 FY2020</p> <p><b>INR 1,338 Crores</b></p>	<p>19% growth in Net profit<sup>1</sup> during H1 FY2020</p> <p><b>INR 1,029 Crores</b></p>

Note:

1) Net Profit excludes exceptional gain/loss for the period

# Operational highlights for the quarter

## Financial Services

Loan Book of INR 53,055 Crores;  
Gross NPAs ratio at 0.9%;  
ROE of 17.3%<sup>1</sup>

## Overall Pharma

Revenue<sup>2</sup> grew 19% YoY in Q2; Global  
Pharma delivered strong EBITDA  
margins of 24%

## Housing Finance

Loan book grew ~3x times YoY to  
INR 6,393 Crores; constitutes 12% of  
overall loan book vs. 4% a year ago

## Consumer Products

Strong recovery in India Consumer  
Products – YoY revenue growth of  
53% in H1

## Quality & Compliance

Successfully cleared 11 regulatory  
inspections (including 3 USFDA  
inspections) and 75 customer audits  
during H1

## Healthcare Insights & Analytics

YoY revenue growth of 14% during Q2  
& H1 FY2020

Note:

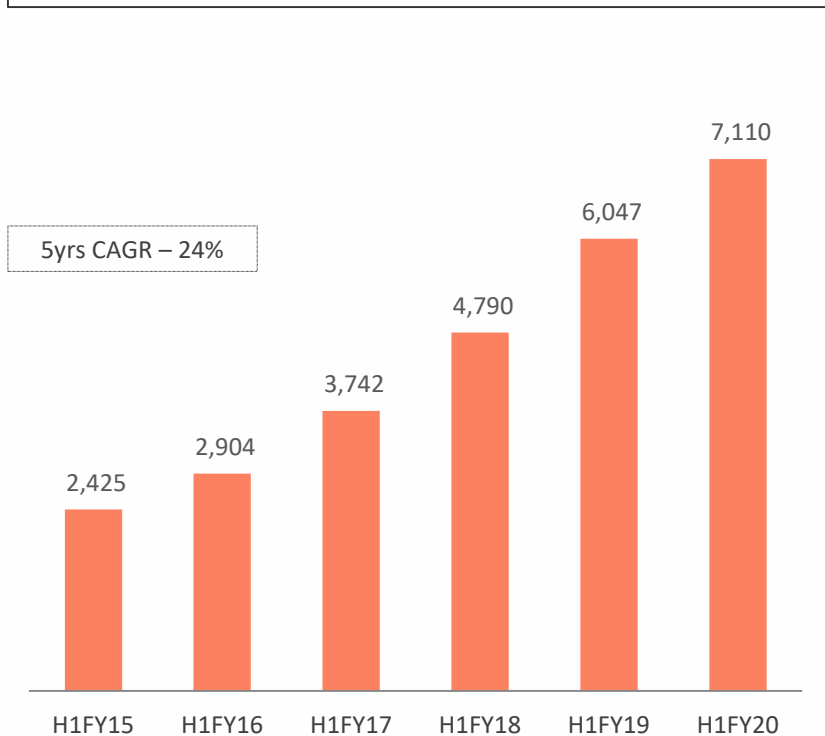
- 1) ROE for current reported period is considering Cash Tax and other synergies from reverse merger
- 2) Pharma includes Global Pharma Services, Global Pharma Products and India Consumer Products



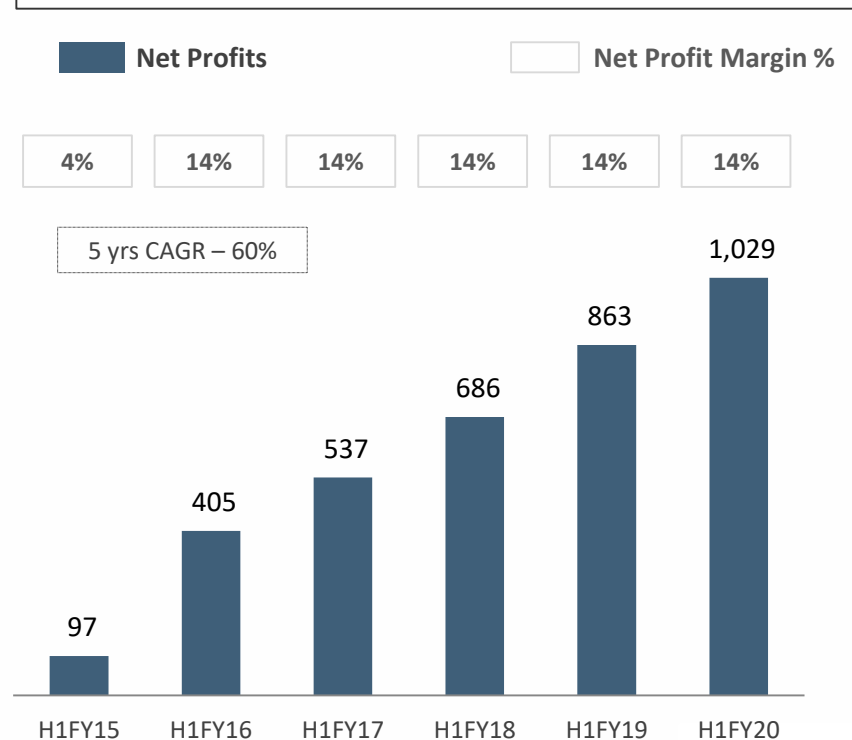
# Delivering robust growth - track record

(In INR Crores)

Total Revenues<sup>1</sup>



Net Profit<sup>1,2</sup>

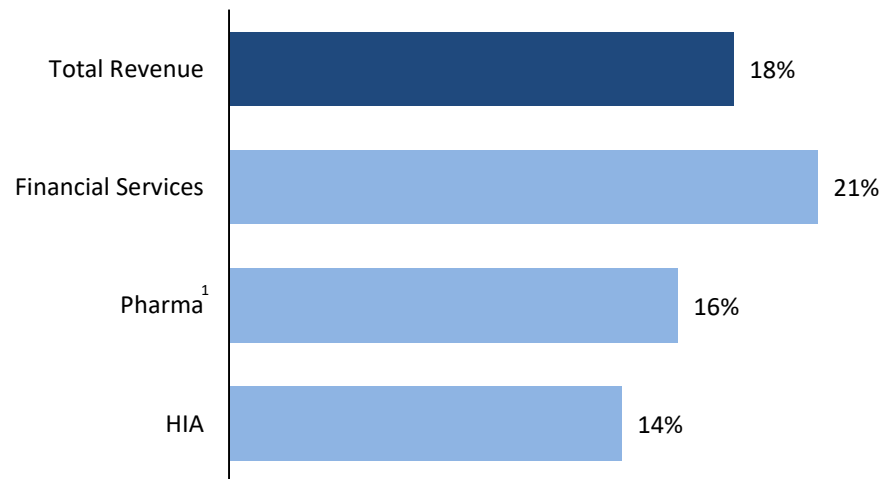


Note:

- 1) FY2015 results have been prepared based on IND GAAP and FY2016 onwards on IndAS basis
- 2) Net Profit excludes exceptional gain/loss for the specified period

# Superior revenue growth across business segments

## Revenues: H1 FY2020 vs. H1 FY2019

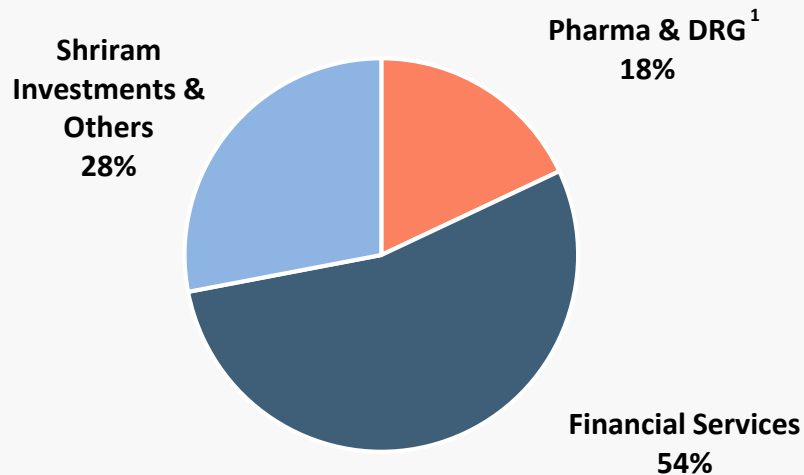


## Revenues: Q2 FY2020 vs. Q2 FY2019



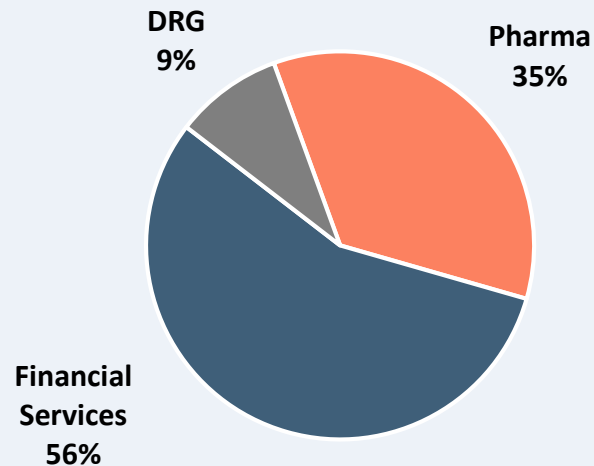
# Net worth & Revenue Split

Equity breakdown as of Sep-2019



**Total Equity as of Sept'19 – INR 26,655 Crores**

Revenue breakdown for H1 FY20

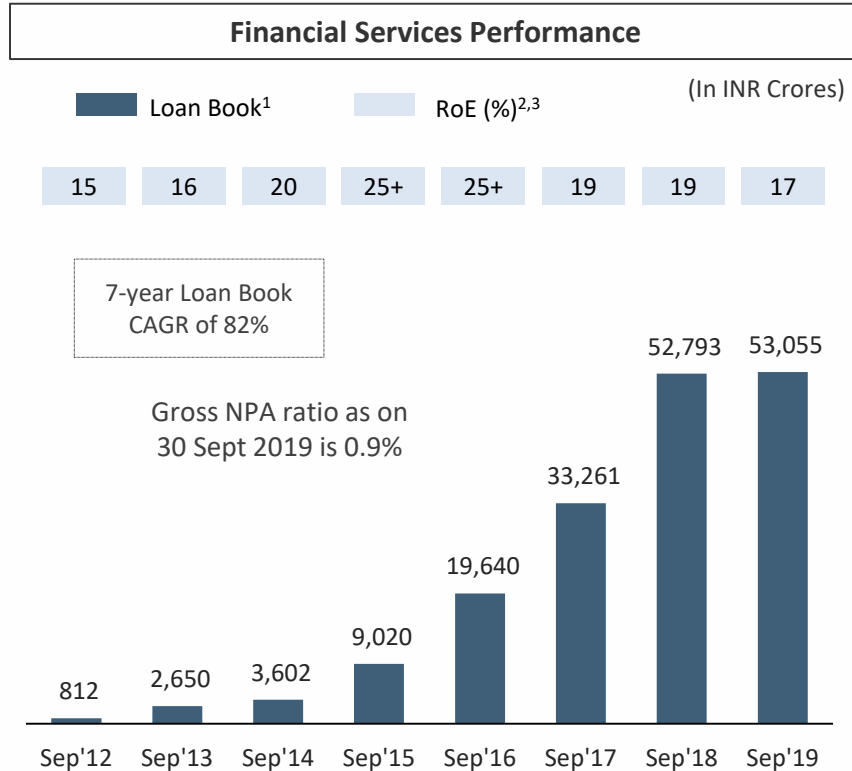


**Total Revenue for H1 FY2020 – INR 7,110 Crores**

**Well-capitalized businesses with a diversified revenue mix**

Note: (1) Includes Equity from unallocated business

# Performance trend in Financial Services



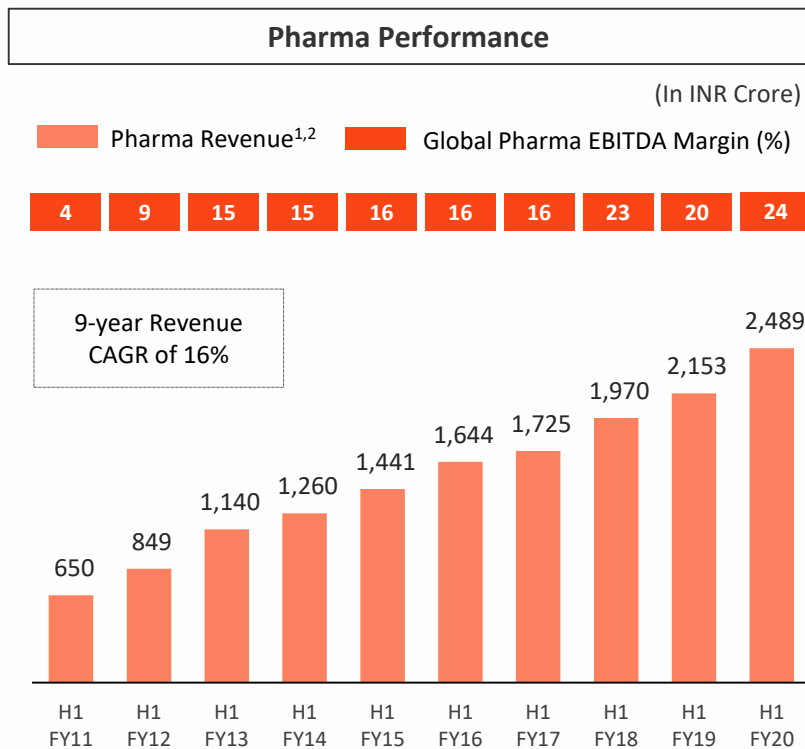
- **Asset Quality:** Consistently maintaining a healthy asset quality
  - GNPA ratio below 1% since last 14 quarters
- **Loan book diversification:** Housing finance loan book grew ~3x times YoY to INR 6,393 Crores
  - Housing Finance constitutes 12% of overall loan book as of Sep-2019 vs. 4% as of Sep-2018
- **Improving borrowing mix:** Shifting borrowing mix towards long-term sources of funds
  - Raised ~INR 24,000 Crores of long-term funds in the last one year
  - CP exposure reduced to ~INR 1,480 Crores from ~INR 18,000 Crores as of Sep-2018
- **Returns:** Continue to deliver strong ROE of 17.3% in H1 FY2020

Note: (1) FY2016 - FY2020 results have been prepared based on IND AS, prior periods are IGAAP considering Cash Tax and other synergies from reverse merger

(2) ROE for past period are reported for full year

(3) ROE for current reported period and FY2019 is

# Consistent performance trend in Pharma



- **Growth:** PEL’s H1 Pharma revenue has grown at a CAGR of 16% over last 9 years
- Pharma business contributed 35% to overall revenue mix in H1 FY20
- **Profitability:** Global Pharma (accounts for 91% of Pharma revenues) has delivered a strong growth in EBITDA margins from 4% in H1 FY2011 to 24% in H1 FY2020
- **Differentiated Model:** Our differentiated business model with focus on providing integrated pharma services and specialty pharma products has enabled us to perform better than most of the other Indian Pharma companies
- **Quality & Compliance:** Since FY2011, PEL has successfully cleared 36 USFDA inspections, 151 other regulatory audits and 1,064 customer audits

Note: (1) Pharma Revenue includes Global Pharma Services, Global Pharma Products, and India Consumer Products Revenue

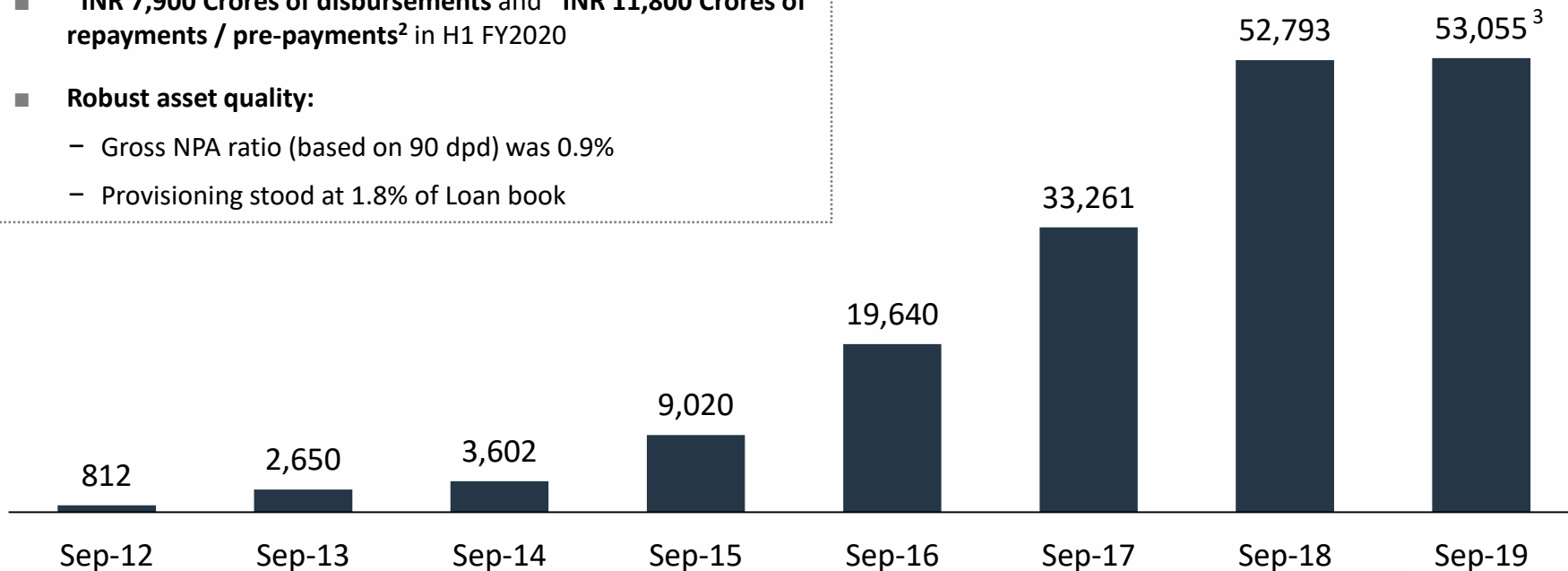
(2) FY2016 - FY2020 results have been prepared based on IND AS, prior periods are IGAAP

# Financial Services

# Loan Book

■ Outstanding loan book<sup>1</sup> (INR Crores)

- Total Loan Book of INR 53,055 Crores (flat YoY)
- ~INR 7,900 Crores of disbursements and ~INR 11,800 Crores of repayments / pre-payments<sup>2</sup> in H1 FY2020
- Robust asset quality:
  - Gross NPA ratio (based on 90 dpd) was 0.9%
  - Provisioning stood at 1.8% of Loan book



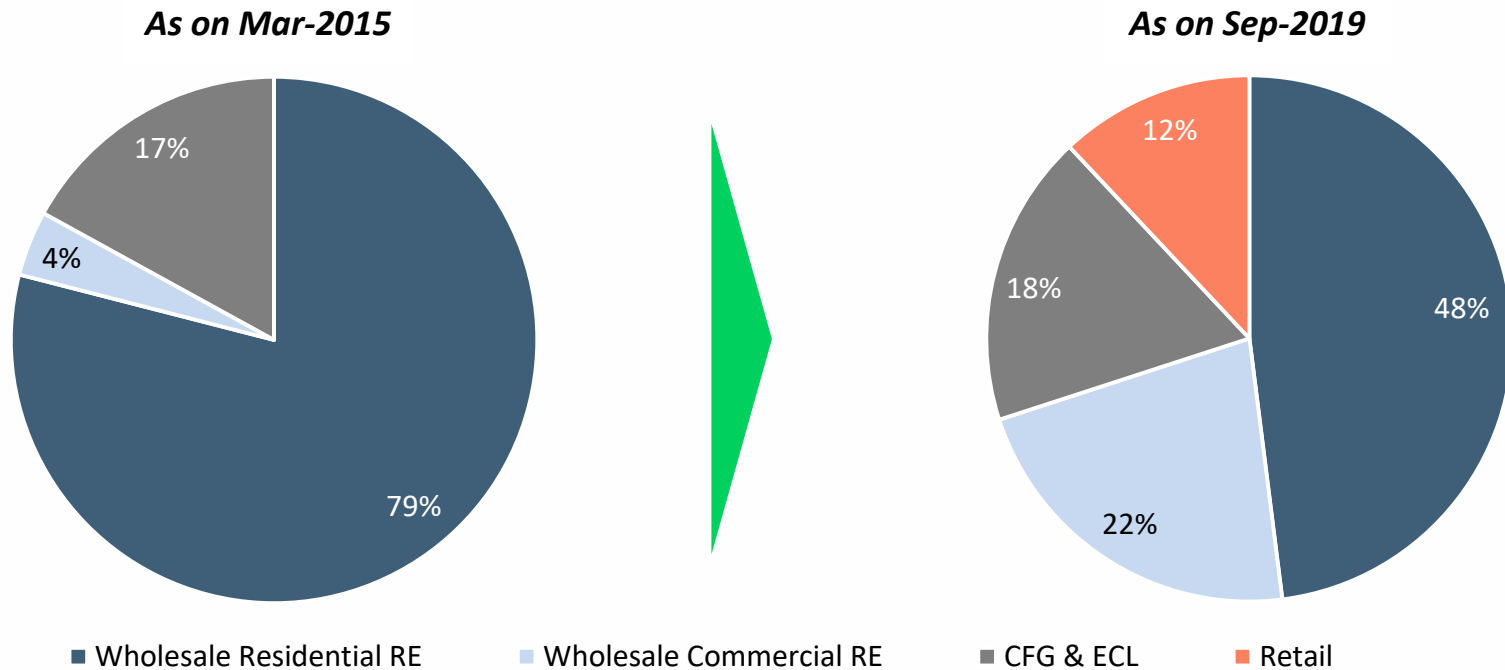
Notes: (1) Carrying value till Dec'15 and amortised cost thereafter

(2) Includes refinancing

(3) Includes securitized assets through pass-through certificates (PTCs)

# Loan book diversification

## Breakdown of overall loan book



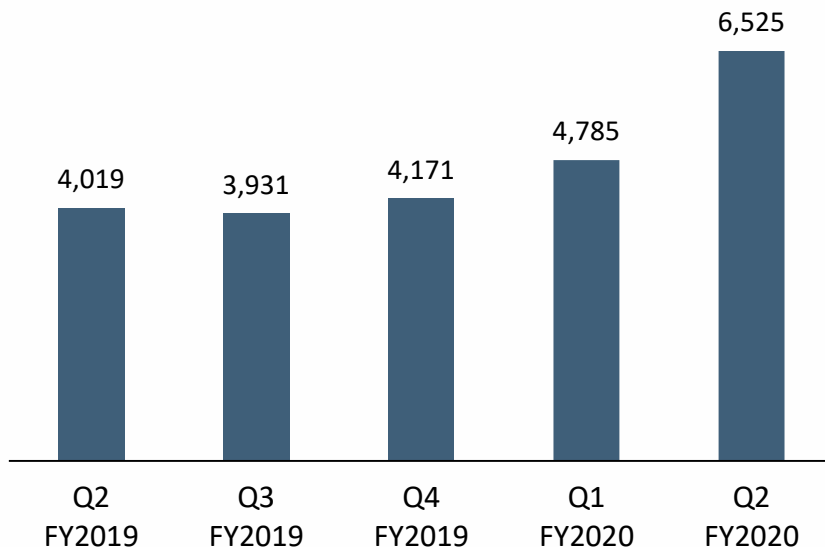
**Merely 48% of the loan book is towards wholesale residential RE, with ~66% of the lending exposure towards mid/late stage or completed projects**



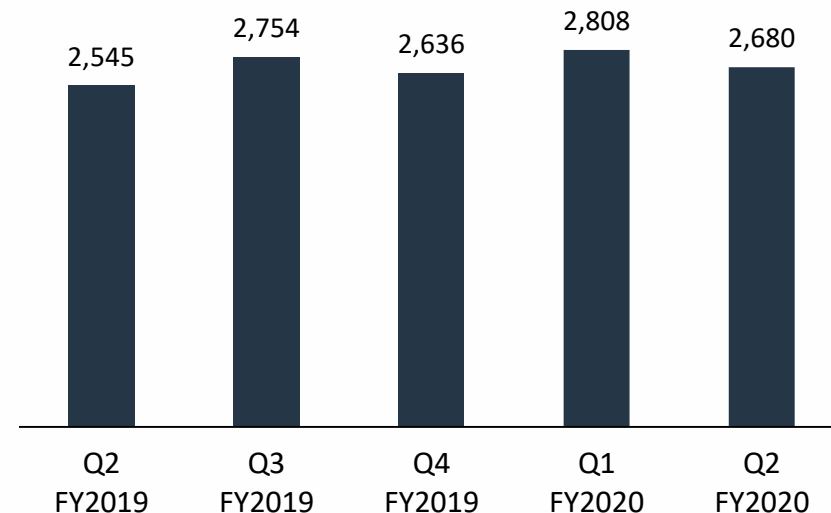
# Asset-side

# Repayments and developer sales

**Wholesale loan portfolio: Repayments / pre-payments<sup>1</sup>**  
(INR Crores)



**Developer Sales<sup>2</sup>**  
(No. of units sold)



**Repayments of ~INR 19,400 Crores in the past year, reflecting the quality of underwriting**

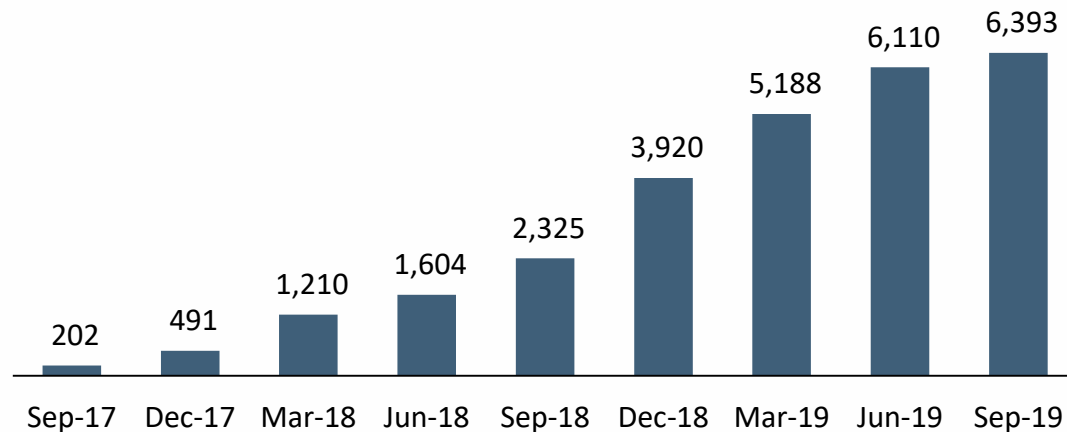
Note: (1) Includes refinancing (based on carrying value)

(2) Developer sales pertaining to projects as part of PEL's loan book

# Increasing share of retail loans

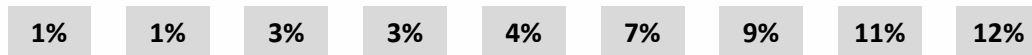
## Retail housing loans outstanding

(INR Crores)



- **Loan book** of INR 6,393 Crores, ~3x times as compared to Sep-2018
- **Presence:** 15 cities, 17 branches
- **Average ticket size:** ~INR 70 lakhs
- **Customer mix:** Salaried (62%) vs. self-employed customers (38%)

## Share of retail housing loans in overall loan book



Share of retail loans to increased to 12% as of Sep-2019 compared to 4% a year ago



# Asset Quality

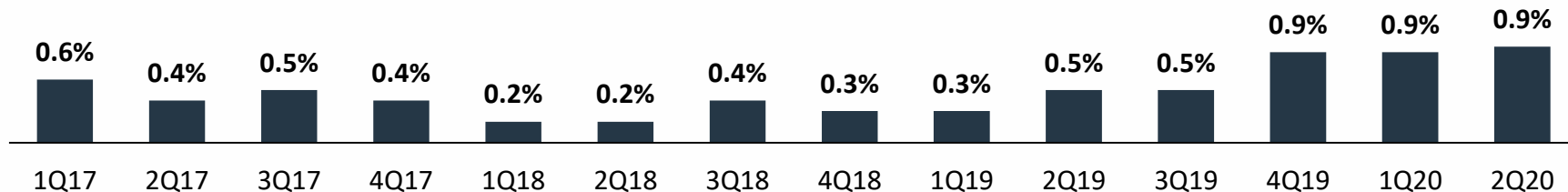
# GNPA ratio and provisioning

## Gross NPA Ratio (in %)

GNPA ratio below 1%  
for the last 14 quarters

Conservative provisioning  
at 1.8% of loan book

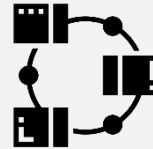
Provision coverage  
of 194% as of Sep-2019



## Factors enabling healthy asset quality



**100%** of wholesale real estate lending is secured, with a **security cover of 1.5x-2x**



**100%** deals with **escrow accounts**, enabling complete visibility on developer's cash flows



**97%** of developer loans are in **Tier-1 cities**



**100%** of developer sales **MIS monitored every month**



**Independent risk and legal teams**, directly reporting to Board Members



**100%** of transactions are covered as part of **'Early Warning Signal'** meetings



**100%** deals based on **conservative underwriting** assumptions



**~66%** of wholesale RE exposure towards **mid / late-stage or completed projects**



## Liabilities-side

## Continue to further diversify funding mix

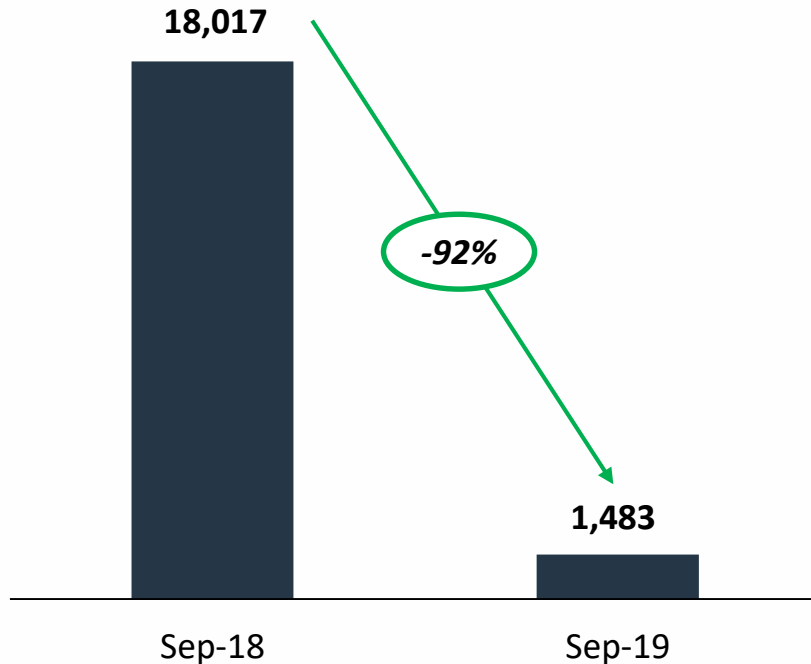
- **Raised ~INR 24,000 Crores of long-term funds** (1-year & above) during the last one year from several banks and financial institutions, which includes:
  - **~INR 8,400 Crores** raised via bank term-loans
  - **~INR 14,700 Crores** raised through NCD issuances from diversified investors, including banks, FIs, insurance companies, mutual funds, etc.
- PTCs amounting to ~INR 2,400 Crores were the first rated securitization instrument of a wholesale loan book in the Indian market – received the 2<sup>nd</sup> highest rating from CRISIL



# Significant reduction in exposure to CPs

## Commercial Paper (CP) borrowings<sup>1</sup>

(INR Crores)

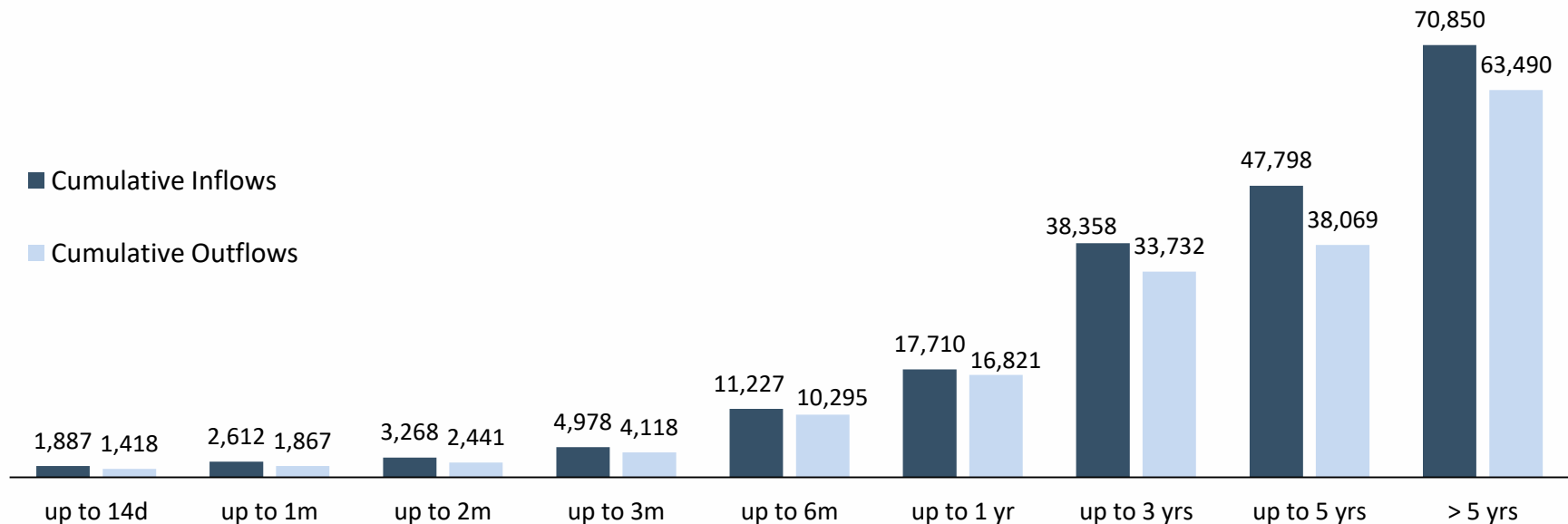


- **Reduced exposure to CPs by 92% YoY**
  - **CPs outstanding with Mutual Funds** amount to merely INR 615 Crores currently as compared to ~INR 15,600 Crores as of Sep-2018
- **Reduction of ~INR 7,900 Crores in CPs during Q2 FY2020**

# Asset-liability Profile

(in INR crores)

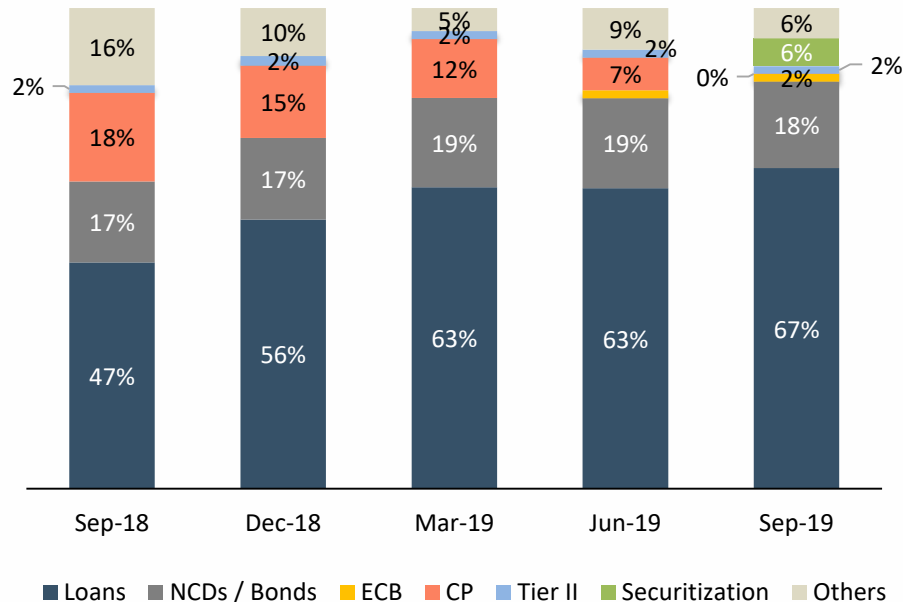
As on Sep 30, 2019



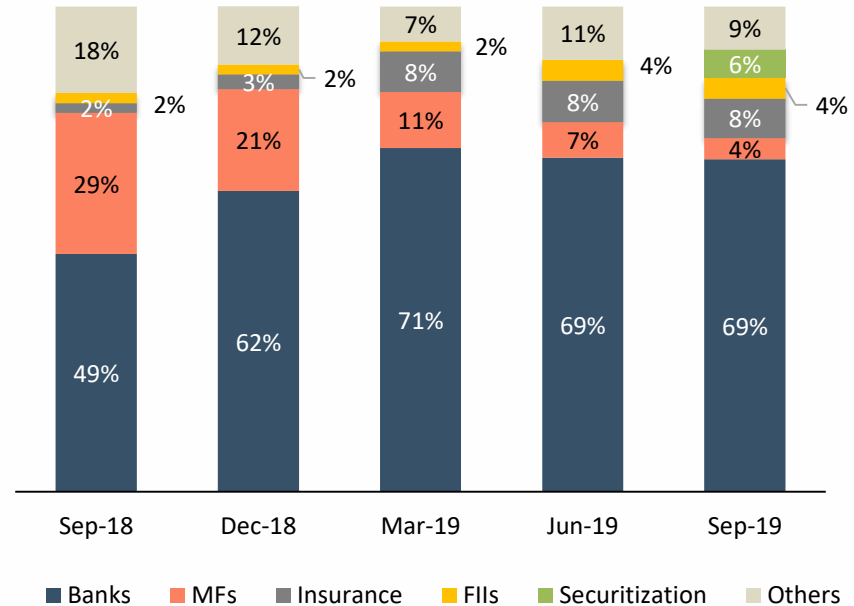
**Positive gap across all maturity buckets**

# Borrowing mix

Borrowing mix by type of instrument



Borrowing mix by investor



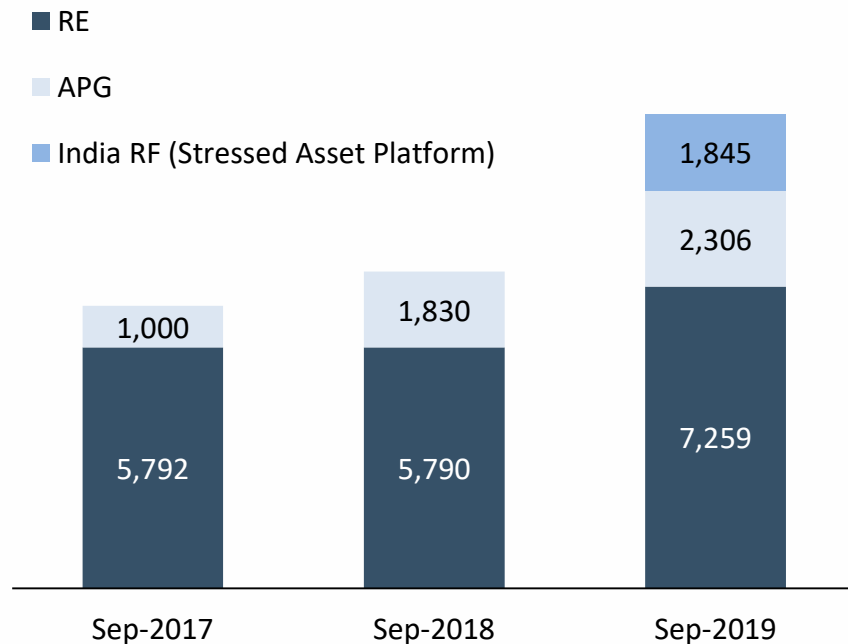
- Share of bank borrowings increased from 49% as of Sep-2018 to 69% as of Sep-2019
- Share of MFs in overall borrowings declined from 29% in Sep-2018 to 4% in Sep-2019



# Alternative Assets Under Management

# Alternative Assets Under Management

## Alternative Assets Under Management (in INR Crores)



### India RF Platform (JV with Bain Capital Credit):

- Concluded three investments so far:
  - USD 156m<sup>1</sup> invested in marine chemicals business in Nov-2018
  - USD 144m<sup>1</sup> invested in pharmaceutical & vaccines player in Apr-2019
  - USD 51m in debt purchase of downstream steel player

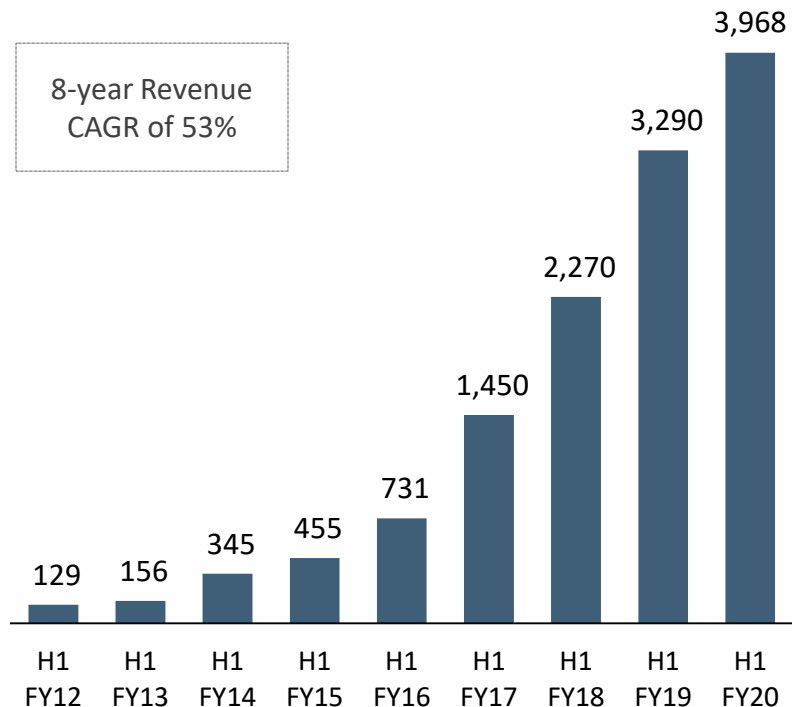
### Real Estate:

- The change in AUM for RE includes investments under the co-investment platform with Ivanhoé Cambridge, a real estate subsidiary of CDPQ

# Performance metrics

## Income from Financial Services

(in INR Crores)



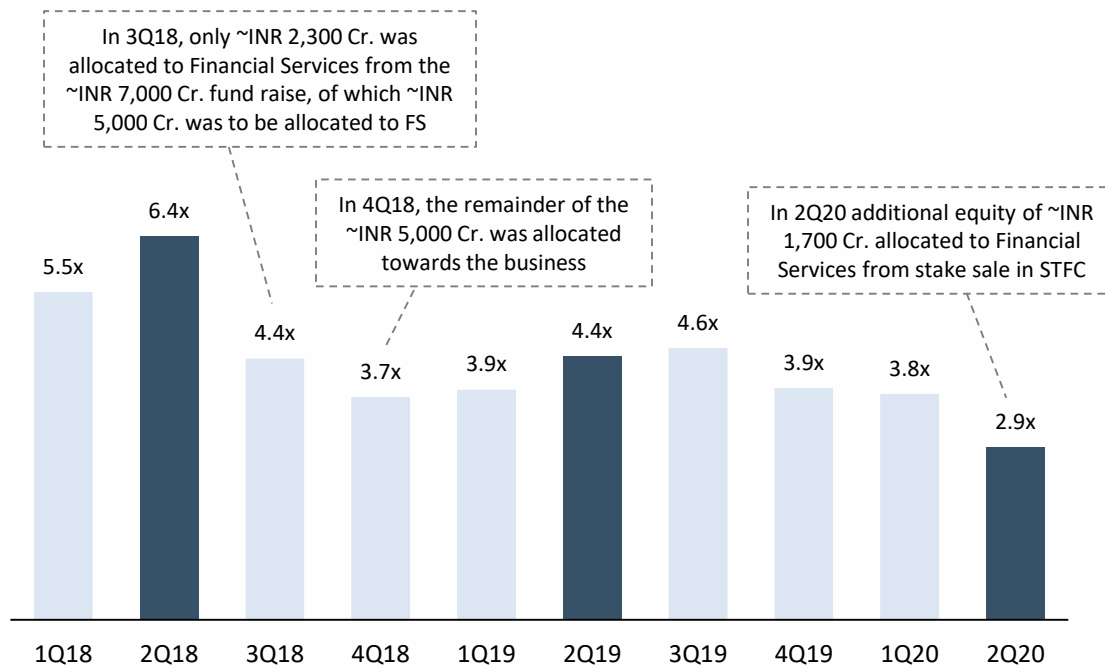
## Key Performance Indicators: PEL Financial Services (excl. Shriram)

Particulars	H1 FY2020
Total Loan Book size	INR 53,055 Cr.
Total Equity on Lending (utilized synergies from reverse merger)	INR 14,274 Cr.
Debt-to-Equity (for Lending business)	2.9x
Average Yield on Loans	14%
Average Cost of Borrowings	11%
Net Interest Margin	5.4%
Cost to Income Ratio	19.7%
Total Provisioning as on Sept 30, 2019	1.8%
Gross NPA ratio (based on 90 dpd)	0.9%
ROA	3.4%
ROA (considering Cash Tax and other synergies from merger)	4.0%
ROE	14.9%
ROE (considering Cash Tax and other synergies from merger)	17.3%

Note: FY2016 - FY2020 figures have been prepared based on IND AS, prior periods are IGAAP

# Leverage and Capital Adequacy

## Debt-to-Equity



- Capital adequacy ratio<sup>1</sup> of 30% as of Sep-2019
- Debt-to-equity (incl. investments in Shriram) at 2.3x as of Sep-2019

Note: (1) Capital Adequacy Ratio for PCHFL



## Future Outlook for Financial Services



# Financial Services: Key areas of growth & profitability

## Wholesale Lending

- **'Last-mile' funding to developers**
  - Senior secured lending
  - Superior risk-reward opportunities
- **Co-lending / co-origination with banks**
  - To reduce single borrower exposure
  - Jointly underwrite loans
  - Generate fee income

## Retail Lending

- **Expand target customer segment and geographic reach**
  - Targeting self-employed customers for higher yields and better fee income
  - Tap newer markets (Tier 2/3 cities)
- **Leverage technology to reduce costs**
  - Centralizing operating model
  - Analytics-driven underwriting, based on behavior-driven models
- **Exploring inorganic growth opportunities**
- **Enter consumer lending, driven by technology at its core**

## Asset Management

- **Extending our fiduciary franchise**
  - Partnerships across both asset aggregation, as well as lending opportunities
- **USD 1bn InvIT platform with CPPIB, 1<sup>st</sup> renewables focused InvIT in India**
- **Potential lending platform with large institutional investors for non-real estate and non-infra sectors**

## Financial Services: Key Strategic Priorities

- 
- A** Further diversification of the loan book
  - B** Explore inorganic growth opportunities in retail financing
  - C** Entering into consumer lending
  - D** Reduce single-borrower exposure in the wholesale loan portfolio
  - E** Tap superior 'risk-reward' opportunities in wholesale lending, e.g. last-mile funding, co-lending
  - F** Further diversify borrowing mix towards long-term sources of funds
  - G** Leverage technology to reduce costs and drive operational efficiency in retail lending



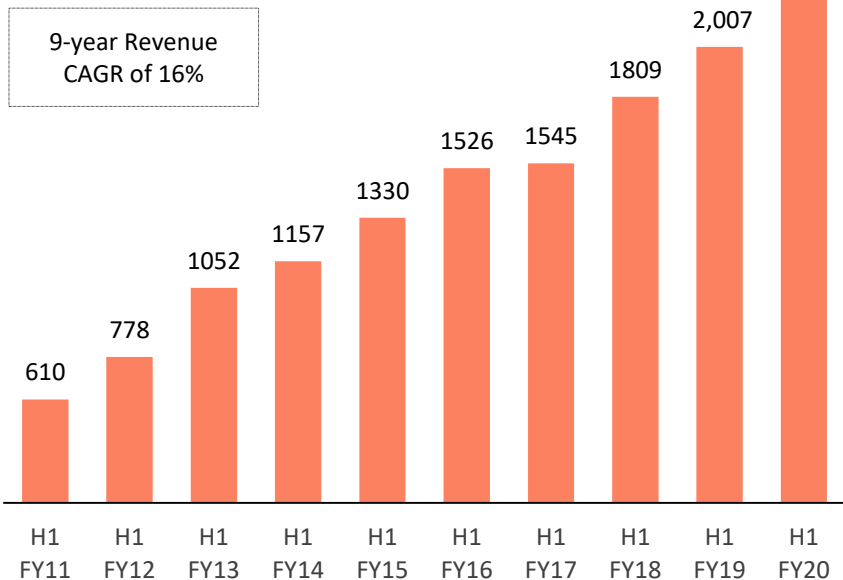
# Global Pharma

# Consistent performance in Global Pharma

## Global Pharma Performance

(In INR Crores)

Global Pharma Revenue



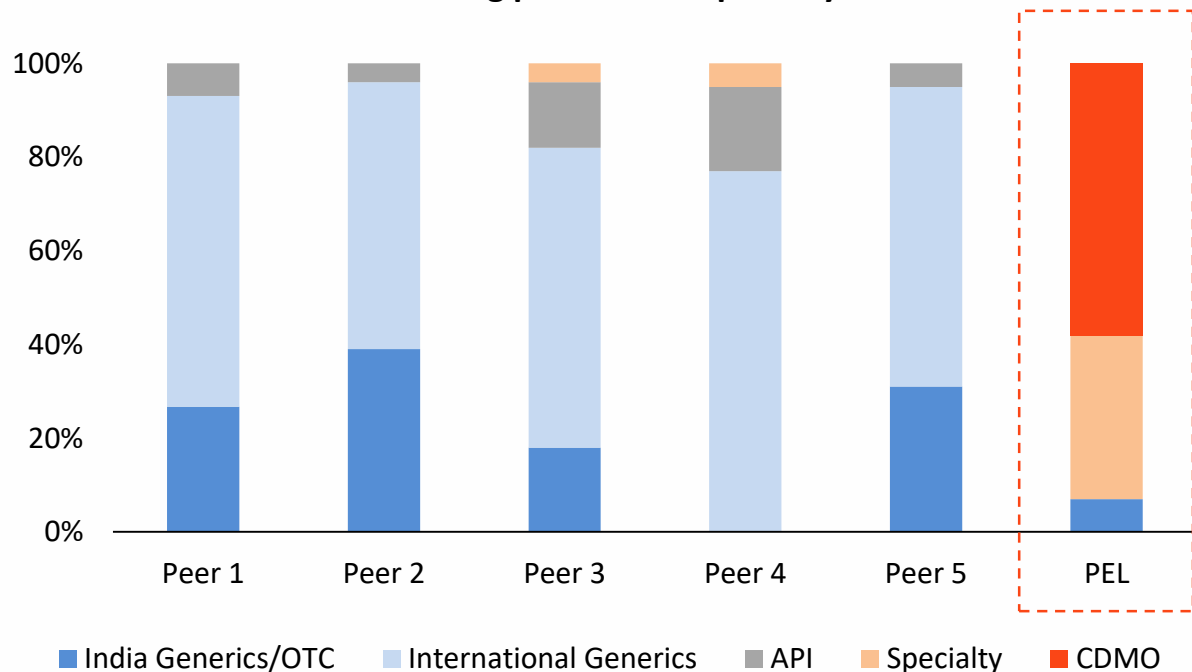
Note: FY2016 - FY2020 results have been prepared based on IND AS, prior periods are IGAAP

## Performance Highlights

- **Global Pharma Revenues grew 17% YoY** to INR 1,204 Crore in Q2 FY20
  - Global Pharma contributes 91% of total Pharma revenues
- **Regulated Markets** comprise 77% of Global Pharma revenues
- **H1 Global Pharma EBITDA Margins** at 24% - growing consistently from 4% in H1 FY11
- **Key factors fuelling growth:**
  - Global Pharma Services: Strong order book and Integrated offerings with niche capabilities
  - Global Pharma Products: New key launches and realizing synergies from acquisitions

# Differentiated business model

PEL's Strong presence in Specialty and CDMO



- **Our differentiated business model** has enabled us to perform better than most other Indian Pharma companies
- **Over 90% of revenues derived from niche businesses** of complex generics and CDMO, as compared with less than 5% for most large Indian Pharma companies
- **Positioned ourselves as partner of choice** for large Global Pharma and virtual Biotech companies
- **Built strong Capabilities** in Highly Potent APIs and Antibody Drug Conjugates (ADCs)

Note: 1) Pharma peer set includes (not necessarily in the same order): Aurobindo Pharma, Cipla, Dr. Reddy's Lab, Lupin and Sun Pharma

2) Data set for the period ending March 31, 2019 Source : Companies reported numbers, Stock Exchange Filings, Bloomberg

# Strong focus on Quality and Compliance

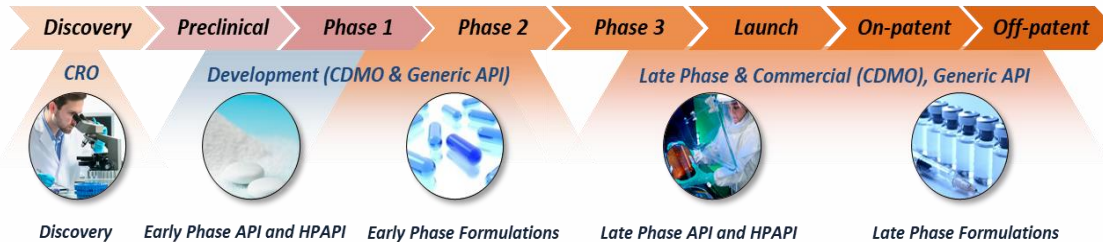
## Multi-year track record of successful inspections

Year	USFDA	Total Regulatory Inspections (incl. USFDA)	Customers
FY 2012	5	13	60
FY 2013	2	10	71
FY 2014	4	14	116
FY 2015	7	17	115
FY 2016	5	26	140
FY 2017	5	25	157
FY 2018	3	27	167
FY 2019	2	44	163
<b>H1 FY20</b>	<b>3</b>	<b>11</b>	<b>75</b>
<b>Total</b>	<b>36</b>	<b>187</b>	<b>1,064</b>

- **Successfully cleared 3 USFDA inspections** for a key facilities at Bethlehem, Lexington and Pithampur, 8 other regulatory inspections, and 75 customer audits during H1 FY 2020
- **Successfully cleared 36 USFDA inspections**, 151 other regulatory inspections, and 1,064 customer audits since FY2011
- **A strong quality governance model**, with the Quality function reporting to a Board Member
- **Effective continuous improvement strategy** to ensure world class standards

# Integrated business model in services business

## Capabilities across entire drug life-cycle



### Leveraging multiple sites across the globe to offer integrated solutions

Type of Project	Route Scouting – Intermediate dev. ~API supply	Formulation and Supply	Dev	Formulation: Dev, Mfg and Supply	API and FDF: Dev and Supply	API dev, Clinical Supply and Commercial Supply	API and FDF: Dev to Mfg to NDA filing	ADC Fill Finish
Ahmedabad (PDS)	✓							
Ahmedabad		✓		✓	✓			
Ennore	✓				✓	✓	✓	
Digwal							✓	
Pithampur		✓					✓	
Riverview	✓							
Lexington					✓			✓
Aurora					✓	✓		
Morpeth				✓	✓			
Grangemouth								✓

Note: Representative Integrated Projects

- **Integrated model of services** spanning across the entire drug life-cycle
- **Leveraging development capabilities** to form a niche portfolio to be marketed by partners
- **Riverview HPAPI expansion** was successfully completed
  - Further expansion plans are being evaluated at Riverview and Grangemouth

# Established relationships with Big Pharma as well as leading Biotechs

## Well-diversified base of Pharma partners

- Global Pharma Services business serves a diversified customer base (served >500 customers in FY19)
- We supply globally with ~80% of revenue generated from customers in US & Europe
- Order Book for Development services sustained the strong advancement seen in FY 2019
  - 30 new customers have been added in Global Pharma Services during H1 FY20; Over 50 new customers were added in FY19
- We aim to expand our share of outsourcing from large Pharma customers by offering integrated services and building deeper relationships

## Our Biotech partnerships

- Biotechs & virtual pharma, that are looking for integrated solutions across drug substance and product development and manufacturing, are key drivers for growth
- Million dollar biotech customers: 15+
- Partnering with 5 biotechs featured in-

*“Fierce 15 -*

**Scientific Disruptors, Highest Levels of Funding**

**(\$50M+ Series A)”**



# Differentiated product portfolio of complex products

Acquired from Janssen  
Pharmaceutical  
in 2016

Acquired from  
Mallinckrodt LLC  
in 2017

Acquired  
in Jan 2018

Acquired  
in Jun 2018

Inhalation Anaesthesia	Injectable Anaesthesia / Pain Management	Plasma Volume Expander	Intrathecal Spasticity Pain Mgmt	Injectable for Myxedema Coma	Capsule for type I Gaucher & Niemann-Pick disease	Selected Anti-infectives	Other Products
<b>Sojourn®</b> Sevoflurane USP	<b>Sublimaze®</b> ● Fentanyl citrate	<b>Haemaccel#</b> Polygeline	<b>Gablofen®</b> Baclofen	<b>Levothyroxine Sodium</b>	<b>Yargesa</b> Miglustat	<b>Ampicillin-Sulbactam</b>	<b>Generic APIs, Vitamins and Premixes, Established Products</b>
<b>Terrell®</b> Isoflurane USP	<b>Sufenta®</b> ● Sufentanil citrate		<b>Mitigo™</b> ● Morphine Sulfate			<b>Cefepime</b>	
<b>Fluothane®</b> Halothane USP	<b>Rapifen®</b> ● Alfentanil hydrochloride					<b>Ceftriaxone</b>	
<b>Torrane™</b> Desflurane USP#	<b>Dipidor®</b> ● Piritramide					<b>Oxacillin</b>	
	<b>Hypnomidate®</b> Etomidate						
	<b>Glycopyrrolate**</b>						

# In select markets

● Controlled substances

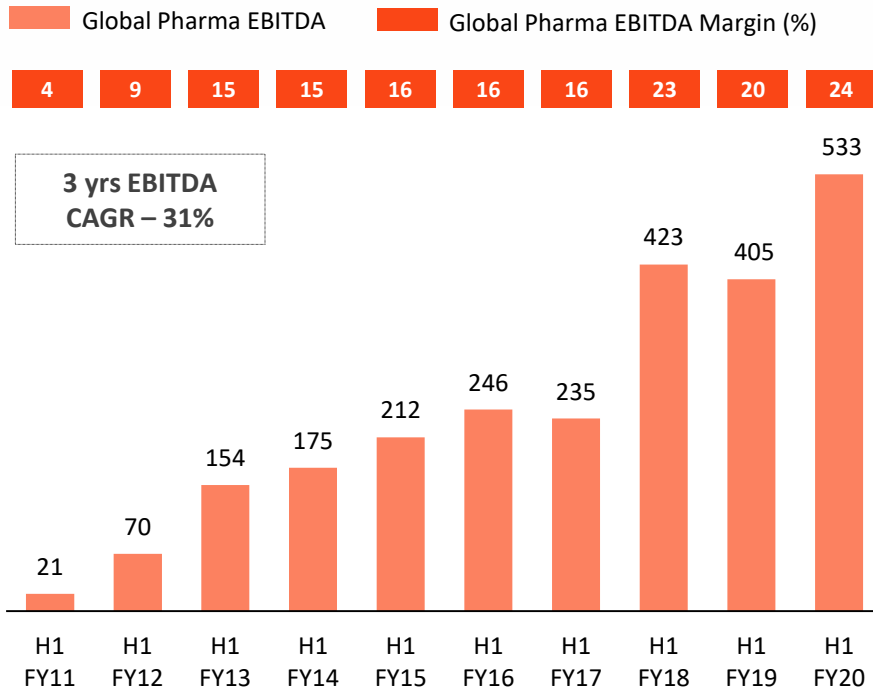
\*\* Developed in-house

- Growth in all major product families and geographies in Global Pharma Products business
- Total 7 key launches in H1 FY20
  - 3 launches in Q2 FY20
- **Built niche capabilities** in injectable anesthesia, inhalation anesthesia, intrathecal spasticity and pain management
- **Synergies from integration of key acquired products** from Janssen and Mallinckrodt getting reflected in the segment's performance

# Continued improvement in the profitability and return profile

## Significant improvement in EBITDA over the last few years

(In INR Crore)



## Performance Highlights

- **EBITDA margins at 24% in H1 FY20** as compared to 4% in H1 FY11
  - Consistent improvement in margin over last few years
  
- **Margin expansion driven by:**
  - Synergies from acquisitions
  - Growth of high margin products
  - Integrated offerings with niche capabilities
  - Higher capacity utilization
  - Backward integration of Raw Material
  - Leveraging Global Distribution
  - Process optimizations
  - Cost improvement initiatives

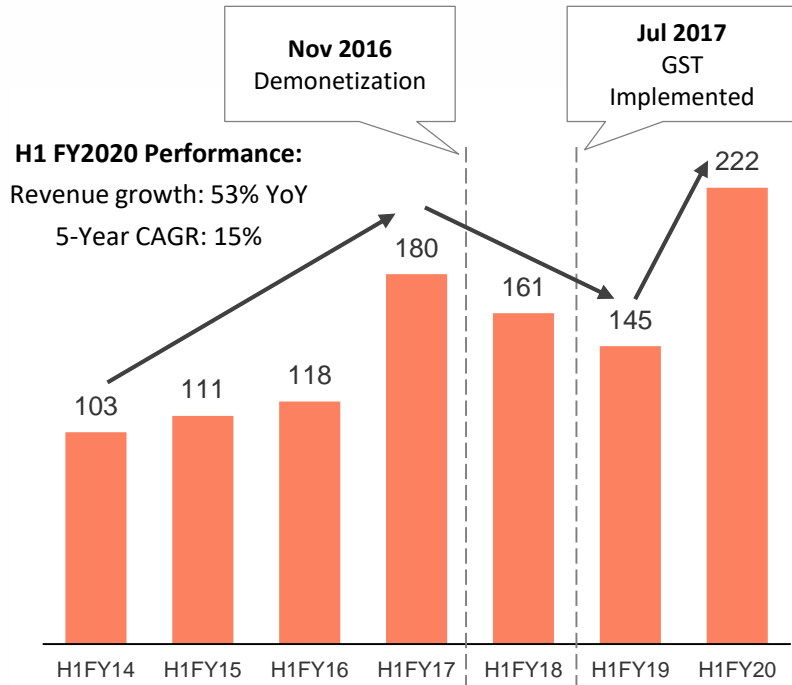


# Consumer Products

# Strong recovery in the India Consumer Products business

## Revenue performance

(In INR Crore)



External disruptions such as GST and demonetization had impacted Indian OTC and pharma industry through down-stocking by distributors and retailers

### PEL's took following measures:

- Use of customized growth strategies for consumer and trade brands
- Investments in digital assets to increase awareness amongst consumers
- Use of technology and analytics to bring in operational efficiencies
- Established e-commerce channel

### Record sales achieved during the first half of this FY:

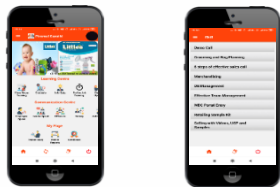
- Revenue grew 53% YoY to INR 222 Crore as compared with INR 145 Crore in H1 FY2019
- The trend continues from improved performance seen in H2 FY2019, when revenues were up 30% as against H1 FY2019

# Using e-commerce, technology and media to grow the business

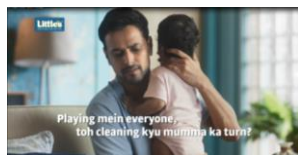
## Partnerships with leading E-commerce players



## Leveraging technology across operations



## Re-initiation of TV commercials for Saridon, Polycrol and Little's



- **Focus on e-commerce channel for growing trade brands:**
  - Significant upswing in Little's toys and wipes, i-can, i-know and LactoCalamine volumes
  - Entire OTC product range has now been listed on e-pharmacies
  
- **Using analytics and technology tools to improve productivity:**
  - Insights gained by analytics are being used to drive business decisions on distributor credit limits, product distribution, scale, etc.
  - Use of technology continues to monitor real-time sales movement
  
- **Branding activities for leading consumer brands:**
  - Q2FY20 saw business re-focussing on TV commercials in selective target markets for key brands such as Saridon, Polycrol and Little's
    - Initial results of these launches are quite positive



## Future Outlook for Pharma

# Trends and Opportunities shaping the various Pharma Segments of PEL

	1 Global Pharma Services	2 Global Pharma Products	3 Consumer Products Division
Market Scenario	<ul style="list-style-type: none"> <li>Market size \$100bn expected to grow @ 8% CAGR<sup>1</sup></li> <li><b>Fragmented market with opportunities for consolidation</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Niche branded generics</b> for hospitals</li> <li>Addressable market of ~\$58bn<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>Estimated OTC market size of ~\$5bn<sup>3</sup> in India</li> <li>Price and volume driven growth with select categories (e.g. chronic) growing in double digits</li> </ul>
PEL remains well-positioned to capitalize on market opportunities	<ul style="list-style-type: none"> <li><b>Niche capabilities</b> across entire drug life-cycle</li> <li>Multiple sites across globe offering <b>integrated solutions</b></li> <li>Focusing on US <b>Emerging BioPharma</b></li> </ul>	<ul style="list-style-type: none"> <li>Strong portfolio of <b>complex products</b></li> <li><b>Entry barrier</b> – Complex to manufacture, sell, distribute and administer, resulting in limited competition</li> <li>Targeting to add, organically or inorganically, hospital generic products</li> </ul>	<ul style="list-style-type: none"> <li>Strong product portfolio with <b>most brands among the ‘Top-2’</b> in their respective representative market</li> <li><b>Large India-wide distribution network</b> - chemist coverage comparable with top OTC players</li> <li>Tapping ecommerce, exports and institutional sales for growth</li> </ul>

1. Vision Gain Report- June 2018 & Report by Evaluate, 2018; CDMO market size is different in different reports, so have assumed it to fall in a range of \$70-100b

2. IQVIA – CY 2018

3. Statista, August 2019

# Opportunities for future growth in pharma

## 1 Global Pharma Services

- **Deepen customer stickiness** through co-investment model, integrated projects etc.
- **Develop niche products** to be marketed by partners
- **Inorganic growth** by investing in adjacencies, capabilities and capacities. E.g. Solid Oral Oncology, pre-filled syringes, unique/ niche technologies, etc.

## 2 Global Pharma Products

- **Maximizing value** of and adding new products to **existing inhalation anesthesia portfolio**
- **Maximizing value of acquired products** leveraging existing capabilities
- **Balanced portfolio building approach** between organic development, in-licensing and acquisitions

## 3 Consumer Products

- **Building power brands** as well as launching new products
- **Increasing sales force productivity** and building **talent capability**
- **Extract synergy** between Consumer Product Division and India branded generics business in future
- **Acquiring brands** that can be marketed through existing distribution channel

## 4 Opportunistic bets

- Acquisition of **portfolios/ capabilities adjacent to our current businesses**
- **Re-entry into domestic formulations**

**Target to grow revenues of overall Pharma business by 15% in FY2021; EBITDA Margin target of ~25%**



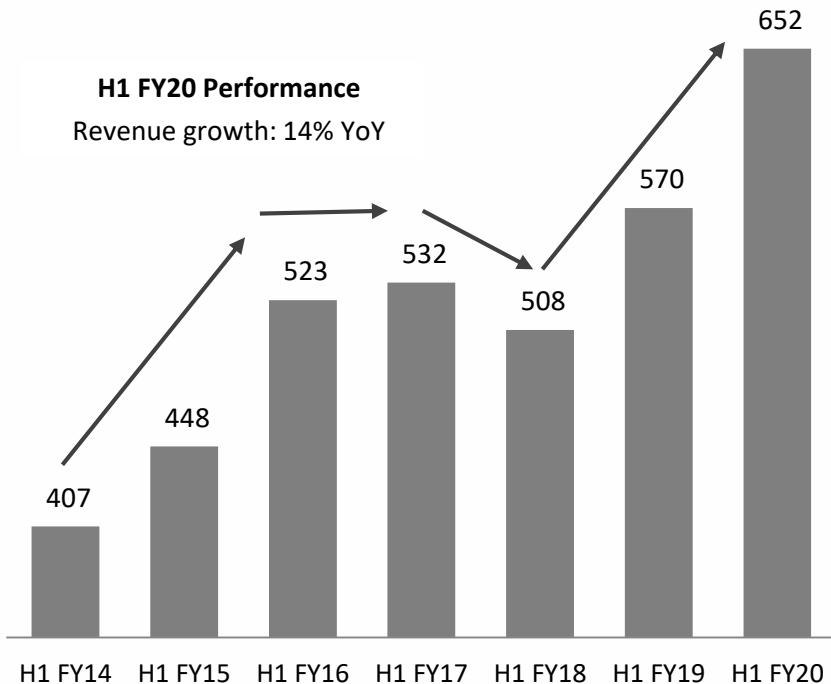


# Healthcare Insight and Analytics

# Healthcare Insights & Analytics: Transformative initiatives driving results

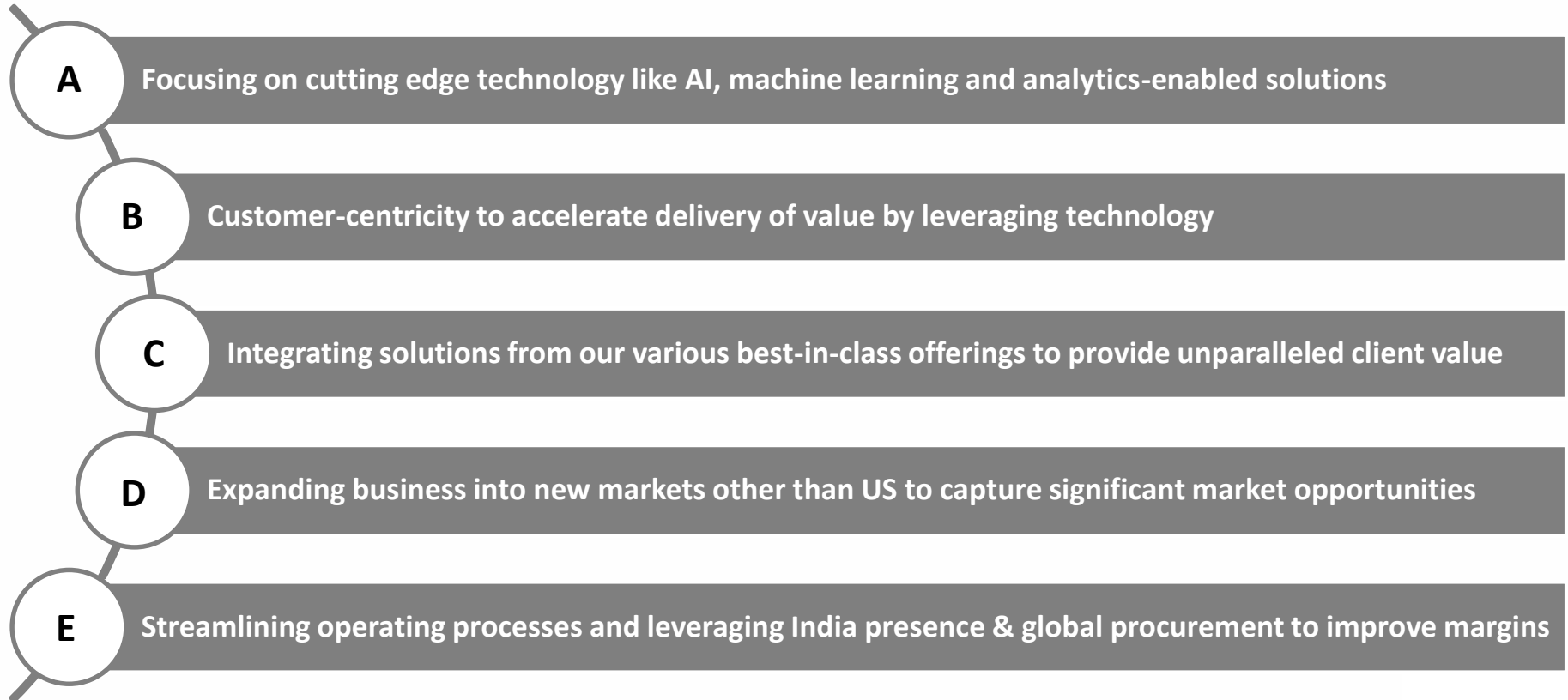
## Revenue performance

(in INR Crore)



- Revenue grew by 14% YoY to INR 652 Crore during H1 FY2020
- Key catalysts leading to improvement in performance:
  - Building a Comprehensive Product Suite across Data and Analytics, Research Products and Consulting services
  - Adding new clients by becoming a partner for healthcare commercial optimization
  - Increasingly embedding our products in workflows of our clients
- Improving EBITDA margins to 24% for Q2 FY2020 through:
  - Transforming global talent pool
  - India-based employees now accounting for ~35% of our total employees
- Our solutions are helping our clients to improve patient experience

## Key Strategic Priorities for Future Growth



# Financials

# Diversified Revenue Mix

(In INR Crores or as stated)

Net Sales break-up	Quarter II ended			% Sales	Half year ended			% Sales
	30-Sept-19	30-Sept-18	% Change		30-Sept-19	30-Sept-18	% Change	
Financial Services	1,954	1,732	13%	54%	3,968	3,290	21%	56%
Pharma <sup>1</sup>	1,316	1,109	19%	37%	2,489	2,153	16%	35%
Global Pharma	1,204	1,029	17%	33%	2,267	2,007	13%	32%
India Consumer Products	112	81	39%	3%	222	145	53%	3%
Healthcare Insight and Analytics	333	292	14%	9%	652	570	14%	9%
Others	-	11	-	-	-	34	-	-
<b>Total</b>	<b>3,604</b>	<b>3,144</b>	<b>15%</b>	<b>100%</b>	<b>7,110</b>	<b>6,047</b>	<b>18%</b>	<b>100%</b>

Notes:

1. Pharma revenue unless specified includes revenue from Global Pharma Services, Global Pharma Products, and India Consumer Product
2. Foreign Currency denominated revenue in Q2 FY2020 was INR 1,398 Crores (39% of total revenue) and in H1 FY2020 was INR 2,671 Crores (38% of the total revenue)

# Consolidated Profit & Loss

(In INR Crores or as stated)

Particulars	Quarter II Ended			Half Year Ended		
	30-Sep-19	30-Sep-18	% Change	30-Sep-19	30-Sep-18	% Change
Net Sales	3,604	3,144	15%	7,110	6,047	18%
Non-operating other income	62	56	11%	130	125	4%
Total income	3,666	3,200	15%	7,239	6,171	17%
Other Operating Expenses	1,349	1,491	-10%	2,750	2,921	-6%
OPBIDTA	2,317	1,709	36%	4,489	3,250	38%
Interest Expenses	1,418	1,016	40%	2,827	1,925	47%
Depreciation	166	123	35%	325	252	29%
Profit before tax & exceptional items	733	570	29%	1,338	1,073	25%
Exceptional items (Expenses)/Income	(14)	-	-	(25)	(452)	-
<b>Income tax</b>						
Current Tax and Deferred Tax	260	163	60%	477	344	39%
Profit after tax (before MI & Prior Period items)	459	407	13%	835	277	201%
Minority interest	-	-		-	-	
Share of Associates <sup>1</sup>	96	73	31%	169	134	26%
Net Profit after Tax	555	480	15%	1,004	411	145%
Net Profit Margin %	15%	15%		14%	7%	
Net Profit (excluding Exceptional item)	569	480	18%	1,029	863	19%
Net Profit Margin % <sup>2</sup>	16%	15%		14%	14%	
EPS (Rs./share)	27.90	24.23	15%	50.59	20.76	144%
Normalised EPS (Rs./share) <sup>2</sup>	28.61	24.23	18%	51.87	43.52	19%

## Notes:

- Income under share of associates primarily includes our share of profits at Shriram Capital and profit under JV with Allergan, as per the new accounting standards.
- Net Profit excludes Exceptional gain/loss for the period

# Consolidated Balance Sheet

(In INR Crores)

Particulars	30 Sept 2019
Equity Share Capital	40
Other Equity	26,615
Non Controlling Interests	8
Borrowings (Current & Non Current)	52,514
Deferred Tax Liabilities (Net)	26
Other Liabilities	2,477
Provisions	176
<b>Total</b>	<b>81,856</b>
PPE, Intangibles (Under Development), CWIP	6,121
Goodwill on Consolidation	6,070
Financial Assets	
Investment	18,625
Others	32,055
Other Non Current Assets	682
Deferred Tax Asset (Net)	3,990
Current Assets	
Inventories	996
Trade receivable	1,141
Cash & Cash Equivalents & Other Bank balances	3,551
Other Financial & Non Financial Assets	8,625
<b>Total</b>	<b>81,856</b>

Note : 1) The above numbers have been regrouped from IND AS Financial Statements for Presentation purposes only

# Appendix



## Stage-wise loan book and provisioning

Loan Book as on Sep 30, 2019		
Category	Loan Book (INR Crores)	% of Loan Book
Stage 1	52,107	98.2%
Stage 2	465	0.9%
Stage 3	484	0.9%
<b>Total Loan Book</b>	<b>53,055</b>	<b>100%</b>

**Gross NPA: 0.9%**

**Provision: 939 Cr.**

**Provision %: 1.8%**

Note: Stage 1 - Loans which are less than or equal to 30 days past due (dpd); Stage 2 – Loans which are 31-90 dpd; and Stage 3 – Loans which are 90+ dpd

## Dial-in details for Q2 FY2020 Earnings Conference Call

Event	Location & Time	Telephone Number
Conference call on 22 <sup>nd</sup> Oct 2019	India – 6:00 PM IST	+91 22 6280 1264 / +91 22 7115 8165 (Primary Number) +91 70456 71221 (Local Number)
		1800 120 1221 / 1800 266 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	<a href="https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=98821&amp;linkSecurityString=2db9bd9f">https://services.choruscall.in/DiamondPassRegistration/register?confirmationNumber=98821&amp;linkSecurityString=2db9bd9f</a>	



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