

4th February, 2020

BSE Limited

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

National Stock Exchange of India Ltd.,

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

Dear Sir/Madam,

Ref: BSE Security Code: 500302, 912460

NSE Symbol: PEL

Sub: Press Release and presentation to the investors

Further to our letter dated 4th February, 2020 whereby we had submitted the Unaudited Financial Results (Consolidated & Standalone) of the Company for the quarter and nine months ended 31st December, 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

Enc.: as above

Piramal Enterprises Limited Announces Consolidated Results for Q3 & 9M FY2020 ended December 31, 2019

- Resilient Performance during the Quarter -

Mumbai, India, February 4, 2020: Piramal Enterprises Limited ('PEL', NSE: PEL, BSE: 500302, 912460) today announced its consolidated results for the Third Quarter (Q3) and Nine Months (9M) FY2020 ended 31st December 2019.

Financial Highlights

Revenue:

- Up 9% to INR 3,806 Crores during Q3 FY2020 vs INR 3,489 Crores in Q3 FY2019
- Up 14% to INR 10,915 Crores during 9M FY2020 vs INR 9,536 Crores in 9M FY2019

Net Profit¹:

- Up 20% to INR 724 Crores during Q3 FY2020 vs. INR 602 Crores in Q3 FY2019
- Up 20% to INR 1,749 Crores during 9M FY2020 vs INR 1,462 Crores in 9M FY2019

Note: 1) Net Profit excludes exceptional gain/loss for the period 2) Previous year figures are restated for accounting impact of Piramal Phytocare Merger

Mr. Ajay Piramal, Chairman, Piramal Enterprises Ltd. said, "We are pleased to announce consistent performance demonstrated by 14% YoY revenue growth to INR 10,915 Crores and net profit growth by 20% YoY to INR 1,749 Crores for nine months FY2020, especially given the sectoral volatility in the markets that we operate in.

By end of FY2020, we will have exceeded our earlier stated commitment of bringing in INR 8,000 – 10,000 Crores of equity in the Company, with inflows of up to ~INR 14,500 Crores, through various initiatives including Preferential Allotment to CDPQ, sale of DRG and our Rights Issue that witnessed active participation from most existing large investors including the promoters. Our repeated partnerships with marquee global and domestic investors are an affirmation of the robustness of our business model and future growth trajectory.

With this capital infusion, our Company is well-capitalized to tap both organic and inorganic opportunities arising from industry consolidation and effectively transform our Financial Services business from a largely wholesale business into a well-diversified financial services business. In our Pharma business, that is consistently delivering robust performance quarter after quarter, we plan to further raise additional equity capital for its future growth. Infusion of additional capital in Pharma is the next step towards unlocking value of the Company."

Strengthening of balance sheet

- **The Company has exceeded its commitment of bringing in INR 8,000-10,000 Crores of equity during the year, with inflows to the extent of ~INR 14,500 Crores through several major milestone transactions.**
 - **INR 1,750 Crores** from preferential allotment to **CDPQ, an existing long-term investor**, is a validation of the strength of the business model and the future growth prospects of the Company
 - **~INR 3,650 Crores from the Rights Issue – oversubscribed more than 1.15x times**, with participation from most large existing investors, including Promoters, who increased their commitment to the Company
 - **~INR 6,750 Crores from sale of the Healthcare Insights & Analytics business**, realizing 2.3x returns on the initial equity investment in INR terms, at a valuation of ~5x EV/ trailing sales and ~20x EV/ trailing adj. EBITDA
 - **~INR 2,300 Crores** from stake sale in Shriram Transport Finance (announced earlier in the year)

- **Debt-to-equity at 1.2x times as of Dec-2019** (on a pro-forma basis), with equity capital of ~INR 34,000 Crores as of Dec-2019. Also, the Company deleveraged the balance sheet with debt reduction of ~INR 15,000 Crores since Mar-2019.

** Pro forma based on Dec 31, 2019 reported numbers, adjusted for fund raise from Rights issue and sale proceeds received from DRG*

Business & Operational Highlights

Financial Services:

- The Company is **transforming the Financial Services business** into a well-diversified model across both wholesale and retail financing
- **Loan Book** of INR 51,429 Crores vs. INR 53,055 Crores as of Sep-2019, amid reduction of large single borrower exposures
 - As of Dec-2019, **only one exposure is higher than the threshold of 15% of net worth**, whereas all other exposures are below 12% of the net worth of the Financial Services business

Wholesale Financing:

- In Wholesale financing, the Company is **selectively tapping superior 'risk-reward' & last-mile funding** opportunities
- **Wholesale lending yields** have improved ~150bps vs. Q2 FY19, as the Company was able to pass on rates to customers

Retail Financing:

- **Housing Finance** forms 12% of the overall loan book (vs. 7% a year ago) with 56% YoY growth
- The Company is building and scaling-up a **retail consumer financing business**

Asset quality:

- **GNPA** ratio of 1.8% as of Dec-2019 vs. 0.9% as of Sep-2019, as few accounts moved from Stage-2 to Stage-3
- **'Stage 2 & 3' loans as a % of overall loan book increased only 30bps QoQ** to 2.1% (vs. 1.8% as of Sep-2019)
- The Company has witnessed **no major 'loss given default' since Sep-2018**, as a result of the strong risk management & governance framework and healthy security cover

Liabilities-side:

- **Long-term funds** of INR 4,276 Crores was raised in Q3 FY2020
- **Cost of funds continue to gradually decline**, as the Company raised INR 1,900 Crores at or below 9% recently
- **Significantly deleveraged the business**, with debt-to-equity at 2.8x times as of Dec-2019 vs. 4.6x times a year ago

Pharma:

- **Consistent growth:** PEL's 9M Pharma revenue grew at a CAGR of 16% over last 9 years
- **Profitability:** EBITDA margins are at 23% for 9M FY2020 with consistent improvement in margin over last few years

Global Pharma

- **Quality & Compliance: Successfully cleared 3 USFDA inspections** for key facilities at Bethlehem, Lexington and Pithampur, 19 other regulatory inspections, and 108 customer audits during 9M FY2020. PEL never had any 'Official Action Indicated (OAI)' for any of our USFDA audits

India Consumer Healthcare

- **YoY topline growth** of 37% with revenues at INR 336 Crore for 9M FY20

Plans for infusing growth capital into the Pharma businesses

- Plan to bring Pharma businesses under a subsidiary and raise funds by **issuing a minority stake (<20%)** to potential financial investors
- This fund raise will not just **provide capital for growth**, but will also **enable value discovery** for our pharma business
- To target both organic and inorganic growth opportunities across businesses we operate in.
- Evaluating re-entry in domestic formulations

Business-wise Revenue Performance

(INR Crores or as stated)

Net Sales break-up	Quarter III ended				9 Month ended			
	31-Dec-19	31-Dec-18	% Change	% Sales	31-Dec-19	31-Dec-18	% Change	% Sales
Financial Services	1,963	1,840	7%	52%	5,931	5,131	16%	54%
Pharma ¹	1,307	1,156	13%	34%	3,796	3,309	15%	35%
Global Pharma	1,193	1,056	13%	31%	3,460	3,063	13%	32%
India Consumer Products	114	100	14%	3%	336	245	37%	3%
Healthcare Insights & Analytics	536	492	9%	14%	1,188	1,062	12%	11%
Others	-	1	-	-	-	34	-	-
Total	3,806	3,489	9%	100%	10,915	9,536	14%	100%

1. Pharma revenue includes revenues from Global Pharma and India Consumer Products
2. Foreign Currency denominated revenue in Q3 FY20 was INR 1,599 Cr. (42% of total revenue) and in 9M FY20 was INR 4,268 Cr. (39% of the total revenue)
3. Previous year figures are restated for accounting impact of Piramal Phytocare Merger

Consolidated Financial Performance

Particulars (INR Crores or as stated)	Quarter III Ended			9 Months Ended		
	31-Dec-19	31-Dec-18	% Change	31-Dec-19	31-Dec-18	% Change
Net Sales	3,806	3,489	9%	10,915	9,536	14%
Non-operating other income	141	103	37%	271	228	19%
Total income	3,947	3,592	10%	11,186	9,763	15%
Other Operating Expenses	1,510	1,463	3%	4,264	4,387	-3%
OPBIDTA	2,437	2,129	14%	6,923	5,377	29%
Interest Expenses	1,442	1,169	23%	4,269	3,094	38%
Depreciation	166	133	26%	491	385	28%
Profit before tax & exceptional items	829	827	-	2,162	1,897	14%
Exceptional items (Expenses)/Income	-	-	-	(25)	(452)	-
Income tax						
Current Tax and Deferred Tax	231	293	-21%	708	637	11%
Profit after tax (before MI & Prior Period items)	598	534	12%	1,429	808	77%
Minority interest	-	-	-	-	-	-
Share of Associates ¹	126	68	86%	295	201	47%
Net Profit after Tax	724	602	20%	1,724	1,009	71%
Net Profit Margin %	18%	17%	-	15%	10%	-
Net Profit (excluding Exceptional item)	724	602	20%	1,749	1,462	20%
Net Profit Margin % ²	18%	17%	-	16%	15%	-
EPS (Rs./share)	35.30	29.67	19%	84.50	49.80	70%
Normalised EPS (Rs./share) ²	35.30	29.67	19%	85.74	72.06	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
3. Previous year figures are restated for accounting impact of Piramal Phytocare Merger

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

About the Piramal Group

The Piramal Group, led by Ajay Piramal, is one of India's leading 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, glass packaging and real estate.

Driven by its core values, the Group steadfastly pursues inclusive growth, while adhering to ethical and value driven practices. Piramal Foundation (a Section 8 Company), the Group's philanthropic arm, has initiatives in primary healthcare and nutrition, water, education leadership and women empowerment across 25 states of India.

About Piramal Enterprises Ltd:

Piramal Enterprises Limited (PEL) is one of India's leading diversified companies, with a presence in Financial Services and Pharmaceuticals. 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 is listed on the BSE Limited and the National Stock Exchange of India Limited in India. For more information visit: www.piramal.com [Facebook](#), [Twitter](#), [LinkedIn](#)

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