

25<sup>th</sup> October, 2019

**BSE Limited**  
1<sup>st</sup> Floor, New Trading Wing,  
Rotunda Bldg, P.J Towers,  
Dalal Street,  
Mumbai- 400 001

**National Stock Exchange of India Ltd.**  
Plot No. C-1, G Block, Exchange Plaza,  
4<sup>th</sup> Floor, Bandra- Kurla Complex,  
Mumbai- 400 051

Dear Sir/Madam,

**Ref: BSE Security Code: 500302**  
**NSE Symbol: PEL**

**Sub: Presentation on Capital Raise**

Please find enclosed presentation on Capital Raise.

Request you to please take the above on record and oblige.

Thanking you,

Yours truly,

For **Piramal Enterprises Limited**

  
**Bipin Singh**  
Company Secretary

Encl: as above

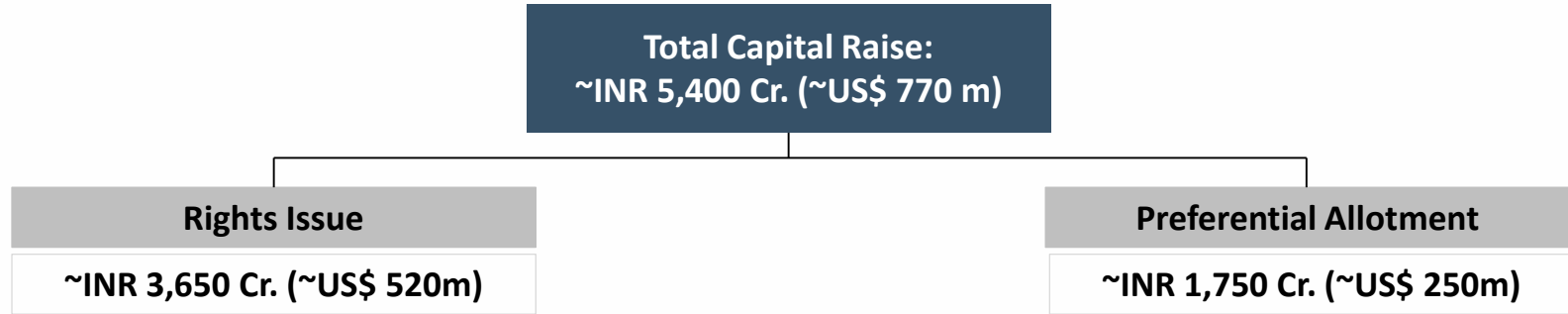
# Piramal Enterprises Limited

## Capital Raise

25 October 2019



# Capital Raise – Overview



Raising ~INR 5,400 Cr. (~US\$ 770m) of fresh capital through Rights Issue and Preferential Allotment

Of the total capital raise, ~INR 3,650 Cr. will be raised through Rights Issue

Promoters are committed to the success of the Rights Issue

~INR 1,750 Cr. of Preferential Allotment of Compulsory Convertible Debentures (CCDs) to Canadian institutional investor, Caisse de dépôt et placement du Québec (CDPQ)

# Rights Issue

- **Rights Issue of ~INR 3,650 Cr. (~US\$ 520 million)**
- **Opportunity for existing shareholders to participate in the Rights Issue at an attractive price of INR 1,300 per share**
- **Promoter strongly believes in the fundamentals of the business model and long-term growth trajectory of the Company**
  - Since 1988, Promoters have increased their holding in the Company
  - Current Promoter holding at 46%
  - Largest effective promoter holding amongst major Financial Institutions in India
  - Promoter will participate in the Rights Issue
- **Promoters are committed to the success of the Rights Issue**

Transaction details	
<b>Instrument / Issuance type</b>	Rights Issue
<b>Investor</b>	Existing shareholders
<b>Issue Size</b>	~INR 3,650 Cr. (~US\$ 520 million)
<b>Issue Price</b>	INR 1,300 per share
<b>Timeline of completion<sup>1</sup></b>	By Feb-2020

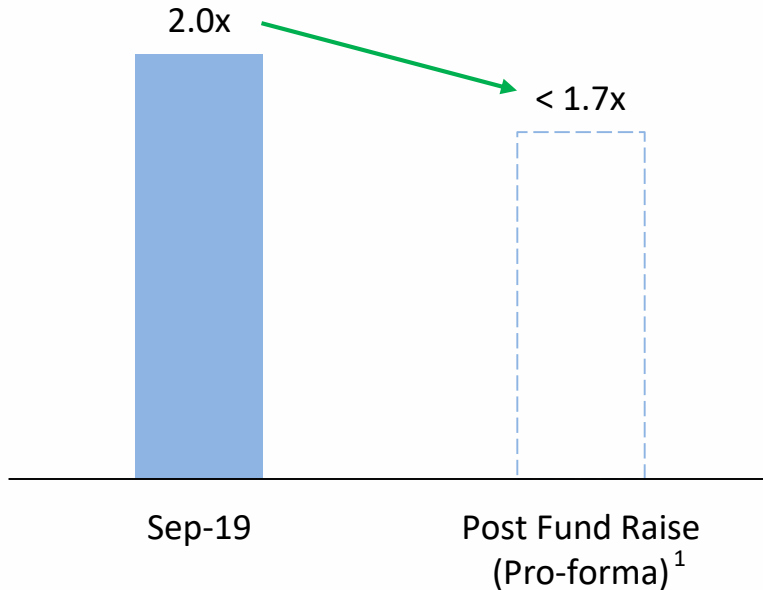
# Preferential Allotment

- **~INR 1,750 Cr. (US\$ 250 million) of Compulsory Convertible Debentures (CCDs) to be allotted to CDPQ on a preferential basis**
- **Piramal Group’s long-standing partnership with CDPQ:**
  - Participated as the anchor investor during PEL’s previous CCD issuance, investing US\$ 175 million (out of US\$750 million of CCD issuance)
  - Additionally, CDPQ’s real estate subsidiary, Ivanhoé Cambridge, has committed US\$ 250 million towards a co-investment platform with PEL to provide long-term equity to blue-chip residential developers
- **Conversion at INR 1,510 per share**

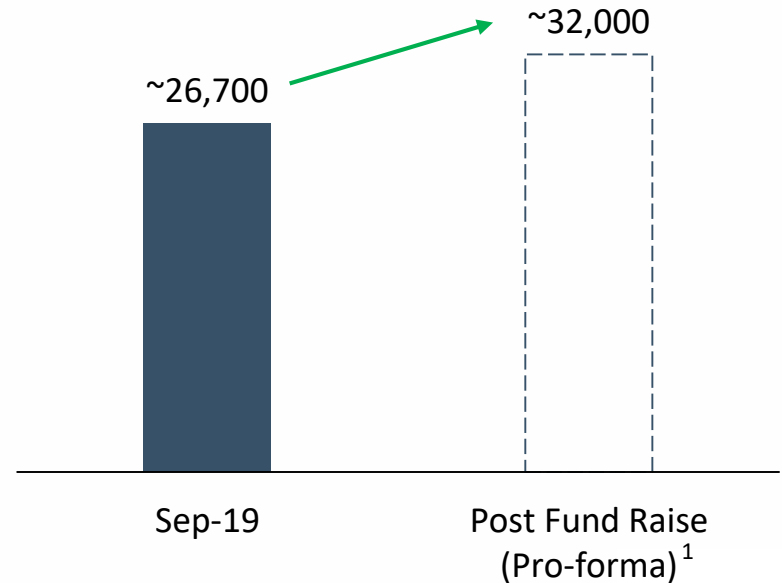
Transaction details	
<b>Instrument</b>	Compulsory Convertible Debenture (CCD)
<b>Investor</b>	Caisse de dépôt et placement du Québec (CDPQ)
<b>Issue Size</b>	~INR 1,750 Cr. (US\$ 250 million)
<b>Month of issuance</b>	Nov-2019
<b>Coupon</b>	9.28% p.a.
<b>Conversion Price</b>	INR 1,510 per share
<b>Maturity Period</b>	18 months <i>(from date of allotment)</i>

# Strengthening our balance sheet

**PEL's Debt-to-Equity**



**Equity Capital  
(in INR Cr.)**



Note: (1) Pro-forma based on Sep 30, 2019 reported numbers



# Current Market Environment

# Current market environment

- **The NBFC and Real Estate sectors are undergoing consolidation**, amidst system-wide liquidity tightening and a prolonged economic slowdown
- Real estate **developers with well-established execution capabilities and a strong brand continue to grow**. We have been **partnering with such Tier-1 developers**
- Reduced competition is offering **several organic and inorganic growth opportunities for well-capitalized NBFCs**, particularly in the retail financing space across both housing finance and consumer lending
- **India's long-term growth trajectory remains intact** and **consumer demand is expected to grow significantly** in the coming years driven by demographic dividend, increasing urbanization and rising digital connectivity
- **Next wave of growth** in consumer finance will be led by **leveraging digital technologies and fintech revolution**

**PEL is well-positioned to take advantage of the potential organic as well as inorganic growth opportunities, arising from the present environment across businesses**



# Key growth drivers

# Financial Services

## A Expand retail financing – enter consumer lending and scale-up housing finance

- **Enter consumer lending**, driven by technology at its core
- **Further increase share of Housing Finance** in overall loan book and achieve scale through:
  - **Targeting self-employed customers** for higher yields
  - **Tap newer markets** (Tier 2/3 cities)

## B Selectively tap superior ‘risk-reward’ opportunities in wholesale lending

- **Co-origination with banks** to reduce single-borrower exposure and participate in selective deals with superior risk-reward profile
  - Leverage our expertise in loan origination, underwriting, monitoring & servicing
- **Last-mile funding to developers**: Potentially higher yields and low-risk lending to late stage projects which have the necessary clearances, but require last-mile funding

## C Inorganic growth through opportunistic bets

- **Explore inorganic growth in retail financing**, as current environment is offering significant consolidation opportunities
- **Managing wholesale loan portfolios** of distressed entities and earn fee income

# Pharma

## A Grow organically and inorganically in Global Pharma

- Add new products (through in-licensing and acquisitions) for **leveraging the strong global sales & distribution platform** across 118 countries
- Investing in **development as well as manufacturing services** across the drug life-cycle
- Organically develop a **niche portfolio of specialised generics** to be marketed by partners

## B Grow organically and through acquisitions in India Consumer Products

- Adding products organically & inorganically to **leverage our India-wide distribution platform** of 2,80,000+ outlets across 2,000+ towns
- Building **power brands** as well as **launching new products** through in-licensing
- Operational improvements through **increasing efficiency of sales force and building alternative distribution channels (e-commerce, etc.)**

Target to grow revenues of existing Pharma business by 15% in FY2021; Targeting EBITDA Margin of ~25%

## C Exploring re-entry into Domestic Formulations

- **Generate synergies** between Consumer Product Division and India branded generics business
  - Leveraging **common distribution** (pharmacies, doctors) & existing **supply chain**
  - Increased sales force **productivity**

# Track record

# Financial Services

## Inflows

- **Total inflows of ~INR 45,000 Cr. in the last one year – equivalent to ~85% of the loan book**
  - Raised ~INR 24,000 Cr. of long-term funds since Oct-2018
  - Received ~INR 19,000 Cr. of repayments / pre-payments from borrowers in the last one year

## Reduced CP exposure and improved borrowing mix

- **Reduced exposure to CPs to ~INR 1,480 Cr. as of Sep-2019 from ~INR 18,000 Cr. in Sep-2018**
  - CPs from Mutual Funds have now reduced to merely INR 615 Cr.
- Bank borrowings now constitute 69% of overall borrowings (vs. 49% in Sep-2018)

## Diversified loan book; increasing share of retail

- **Share of Wholesale Residential Real Estate loans** reduced from 79% in Mar-15 to 48% currently
- **Housing Finance loans** grew ~3x times to ~INR 6,400 Cr. during the year; now 12% of book vs. 4% a year ago

## Maintained healthy asset quality

- **GNPA ratio below 1%** for the last 14 quarters; **conservative provisioning** nearly twice of GNPA

## Low leverage

- **Amongst the least leveraged NBFCs/HFCs in India** – debt-to-equity (D/E) multiple for the lending business has already reduced to 2.9x times from 4.4x times a year ago

# Pharma & Healthcare Insights

## Long-term consistent track record

- Revenue **CAGR of 16% over last 9 years** for the Pharma business
- H1 Global Pharma **EBITDA Margins at 24%** - growing consistently from 4% in H1 FY2011

## Current Revenue growth

- Pharma **revenues grew by 19%** to Rs. 1,316 Cr. during Q2 FY2020
  - **Strong recovery** in India Consumer Products – Q2 revenues grew by 39% YoY to INR 112 Cr.
- Healthcare Insights & Analytics revenues in Q2 **grew 14% YoY** to INR 333 Cr.

## EBITDA margins

- H1 Global Pharma EBITDA margins grew at 3 year CAGR of 31%
- Healthcare Insights & Analytics EBITDA margins improved to **24% during Q2**

## Strong focus on Quality & Compliance

- Successfully **cleared 3 USFDA inspections**, 8 other regulatory inspections, and 75 customer audits during H1
- Successfully **cleared 36 USFDA inspections**, 151 other regulatory inspections, and 1,064 customer audits since FY2011

## Differentiated Business Model

- With over 90% of revenues derived from **niche businesses of specialty products and CDMO**, our pharma business is **not subject to major pricing pressures**
- Regulated Markets (U.S., Europe and Japan) comprise 77% of Global Pharma revenues



## For Investors:

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