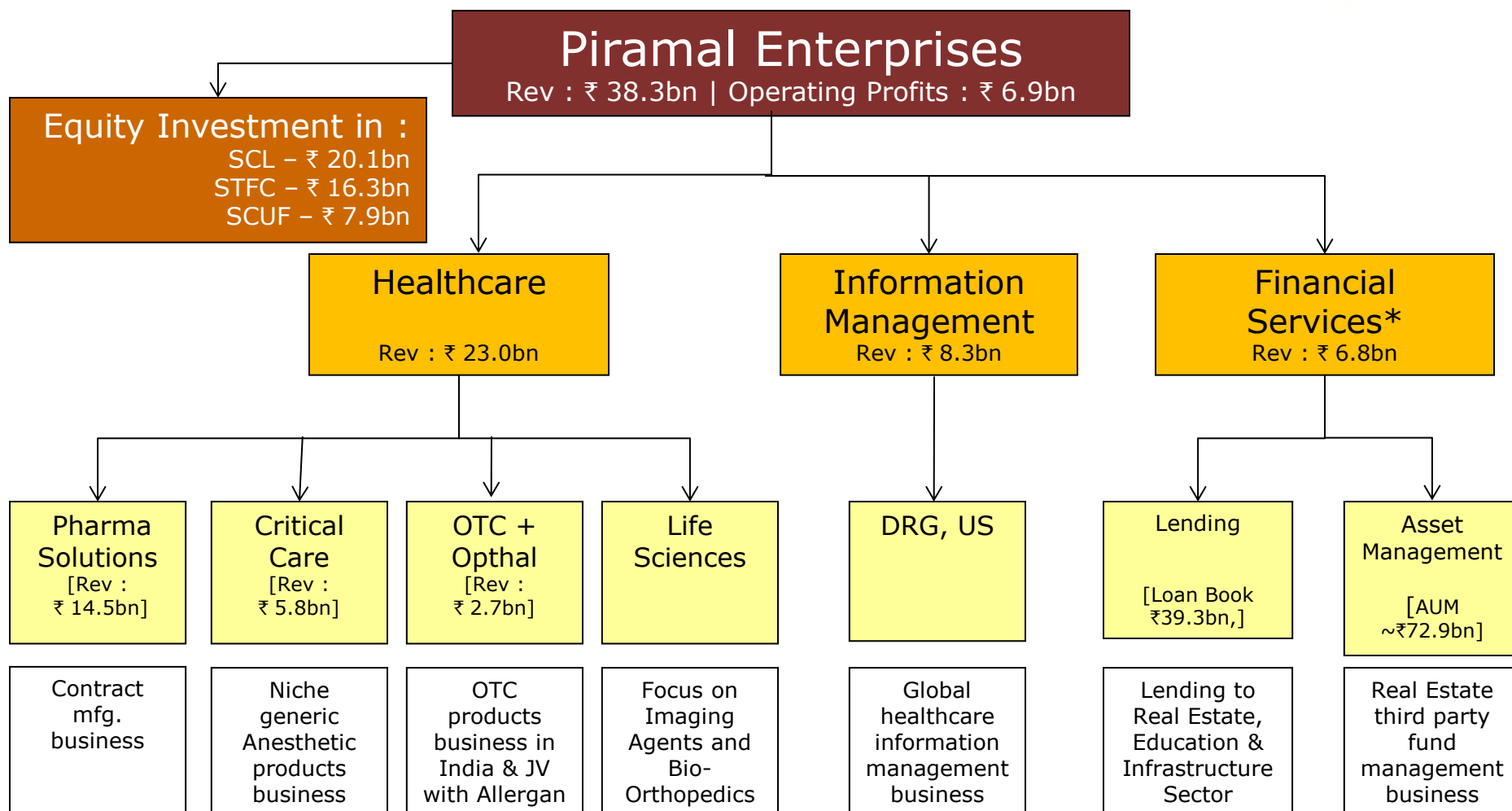




# Piramal Enterprises Limited

Investor Presentation  
February 2015

# Piramal Enterprises – An Overview:



All figures are for 9MFY2015  
\*Includes Investment Income

## Healthcare Segment

## Pharma Solutions

# Pharma Solutions - A full-service CMO across the drug life-cycle



**Medicinal Chemistry**

**Early Phase Custom Synthesis and Formulations Development**

**Full scale supplies**

## CLINICAL DEVELOPMENT

**Discovery Research**

Pre-clinical  
Dev.  
API

Pre-clinical  
Dev.  
Forms

Phase I  
API

Phase IIa  
API

Phase IIb

Phase III

Launch

Clinical Trials  
Formulations

Formulations  
development

**Medicinal & Synthetic Chemistry Services** – India - Ahmedabad

### API

- Canada – Torcan
- UK – Morpeth
- India – Ennore

### Formulations

- UK – Morpeth
- India - Ahmedabad

### API

- Canada - Torcan
- UK – Morpeth
- India – Ennore

### Formulations

- UK – Morpeth
- India – Ahmedabad

### API

- Canada - Torcan (niche APIs only)
- UK - Morpeth
- India - Digwal, Ennore

### Formulations

- UK - Morpeth
- India - Pithampur

Sales (₹ In crores)	Q3FY2015	YoY Growth	9MFY2014	YoY Growth
Pharma Solutions	487	3%	1,448	13%

# Entry into Sterile Injectable Space

- Coldstream Laboratories, a U.S. based CDMO acquired in January 2015 for ~USD 30 Mn
- Focused on development & manufacturing of sterile injectables
  - Offers clinical trial to commercial-scale manufacturing of sterile liquid and injectables
  - Capabilities include handling of high potency & cytotoxic compounds including ADCs
- Sterile injectable is one of the fastest growing segments within formulations manufacturing
- Significant synergies with existing business expected by uniting the strengths, competencies, expertise and portfolios
- Will expand our offerings, reach & access to new customers

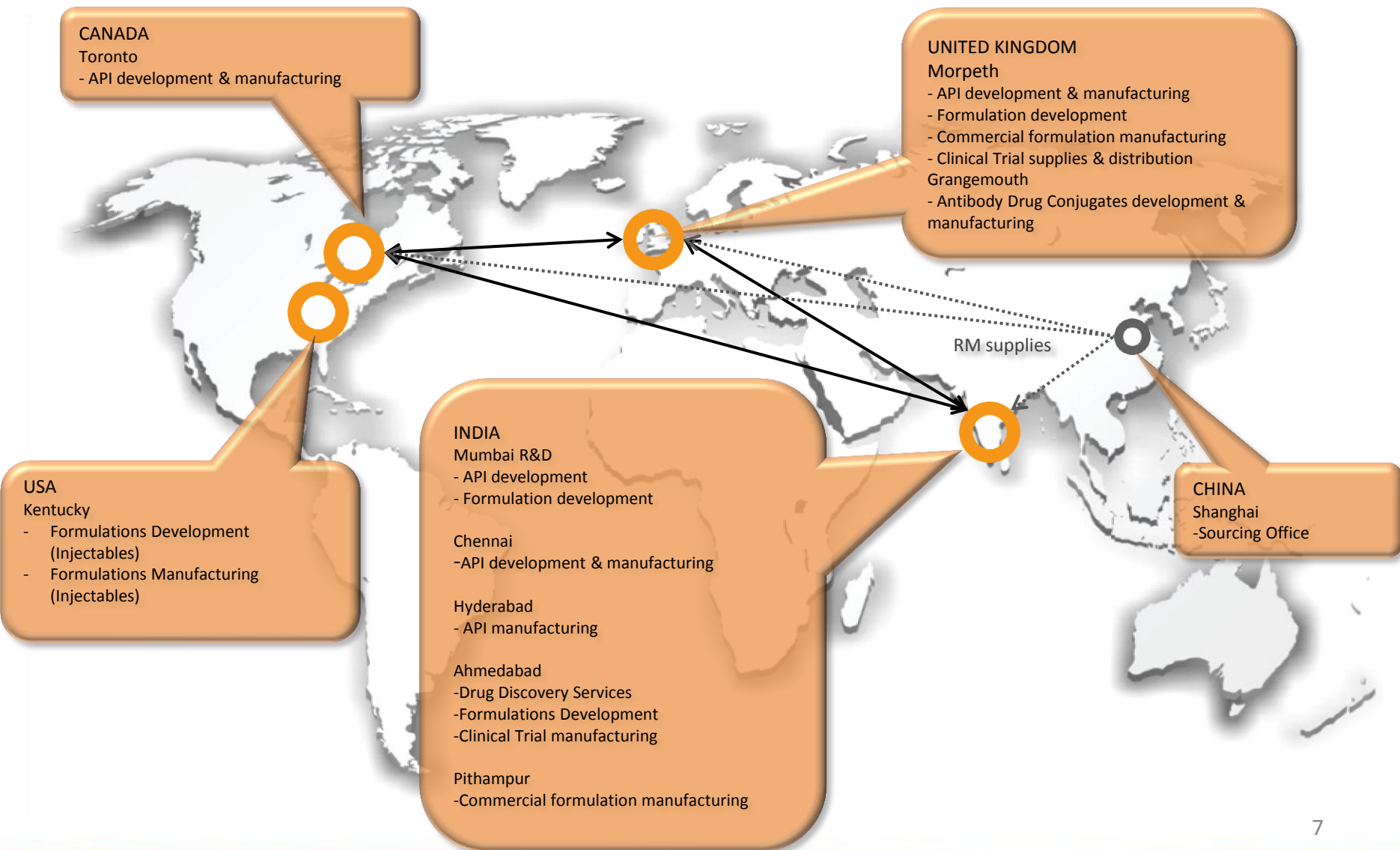


**View of Coldstream Laboratories facility**



**Coldstream Laboratories specializes in development & manufacture of cytotoxic & potent compounds**

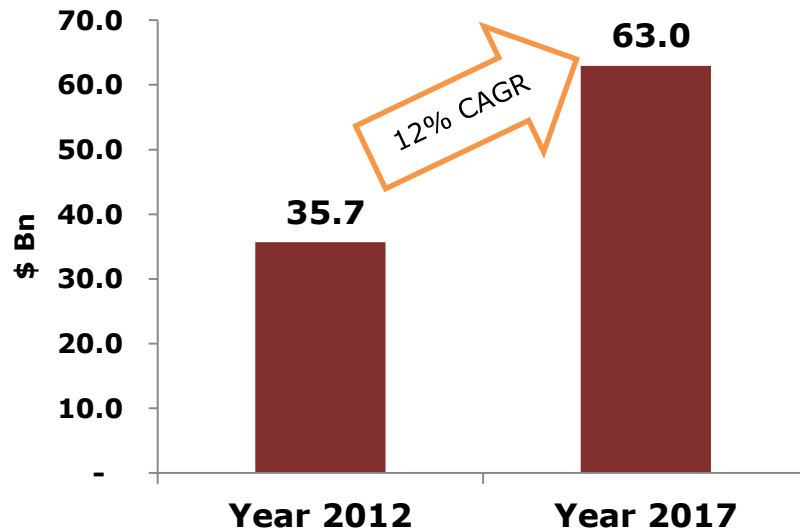
# Pharma Solutions – Global Footprint



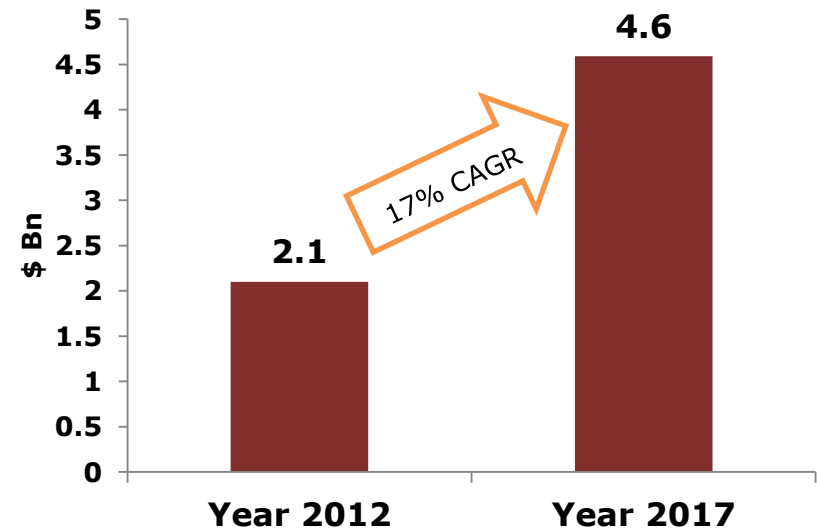
# Market Characteristics

- Global Outsourcing market estimated to be \$63 billion, growing at 12%
- Market share of India extremely low
- Lower costs and high quality manufacturing skill presents compelling rationale to shift manufacturing to India
- Cost pressures on big pharmaceuticals due to patent expiries leading to opportunities for Indian CMOs

**Global Outsourcing Market Size**



**India CMOs Size**





## Critical Care

# Critical Care – Strong presence in the Inhalation Anesthetic Market

Geographies /Key Products
Halothane
Isoflurane
Sevoflurane
Desflurane
Propofol

US	EU	RoW
✓	✓	✓
✓	✓	✓

US	EU	RoW
✓	✓	✓
✓	✓	✓
✓	✓	✓
		✓

US	EU	RoW
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓

2006

2013

2016

Addressable Market Opportunity ~ \$ Million

100

850

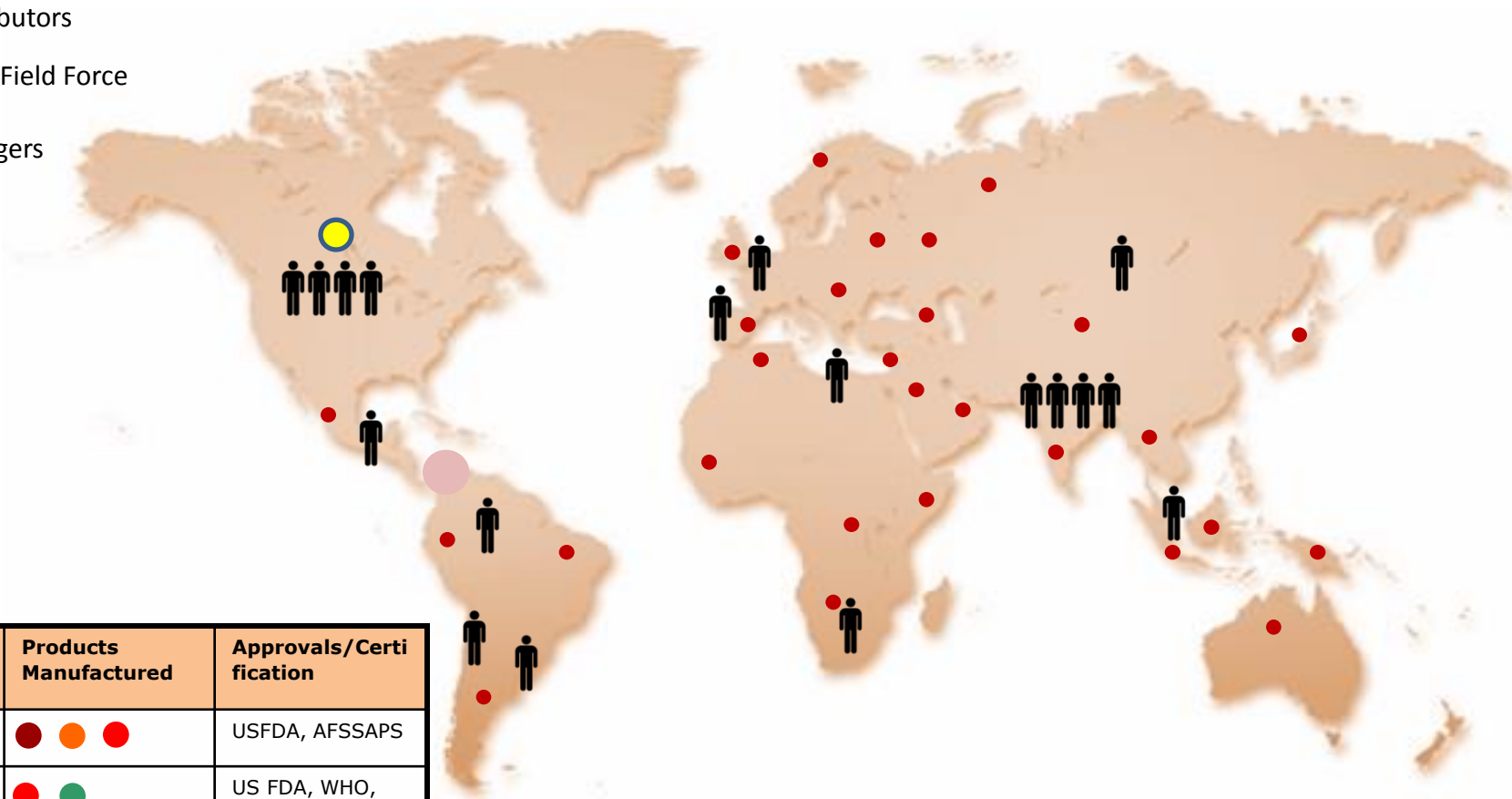
1,800

# Critical Care – Infrastructure in place for sustained rapid growth

● 84 Distributors

● 32 Sales Field Force

● 38 Managers



Products	Products Manufactured	Approvals/Certification
Bethlehem	● ● ●	USFDA, AFSSAPS
Digwal	● ●	US FDA, WHO, UKMHRA, MCC
Ambernath (BSV)	●	WHO
Baddi (Abbott)	●	UKMHRA

(₹ In crores)	Q3FY2015	YoY Growth	9MFY2015	Growth
<b>Critical Care Sales</b>	213	8%	582	7%

Desflurane ● Sevoflurane ● Isoflurane ● Halothane ● Propofol ● Haemaccel ● 11

## OTC Business

# OTC – Strong Track Record

- Strong brand portfolio across various high growth segments.
- Sales & Marketing network distributes to 2,30,000 lacs outlets which includes 1,40,000 lacs chemist stores & covers all 481 'one lakh+' towns
- Products launched through FY2013 showing traction – Lacto Calamine Reneu, Lacto Calamine Sun Screen, Polycrol+, Jungle Magic perfumes (extensions) & Jungle Magic Mosquito Bandtiz
- Acquired 'Caladryl' from Valeant Pharma in Oct 2013. In Mar 2014, entered into an exclusive sales & distribution partnership with Merisant India for its artificial table-top sweetener, Equal®.



(₹ In crores)	Q3FY2015	YoY Growth	9MFY2015	Growth
OTC + Opthal JV Sales	94	14%	273	12%

## Life Sciences

# Life Sciences - Status of PEL's drug pipeline

<b>Drug Candidate/ Products</b>	<b>Description &amp; Current Status</b>
Florbetaben	<p>Reliably detects Beta-Amyloid in the brain, which is the pathological hallmark of disease in probable Alzheimer's disease patients</p> <p>Status : Approval from USFDA and the European Commission received in March 2014 and February 2014 respectively. Registered first sales during Q2 in Europe &amp; US.</p>
BST – CarGel®	<p>Bio-orthopaedic product for cartilage repair</p> <p>Status : Received regulatory approval for and launched BST Cargel in Europe. Filed for insurance reimbursement in several countries by which patients have access to medical technologies through their health insurance payer.</p>

# Financial Services



# Lending

## **Financing to Real Estate & Education Sectors :**

- Currently lending to real estate developers & educational institutes in Mumbai, Pune, Bengaluru, Chennai, Coimbatore, Bhopal & NCR
- Loan Book as on December 31, 2014: ₹ 3,008 Cr.

## **Financing to Infrastructure Sector :**

- Making superior risk – adjusted returns through funding Infra Cos. with a mix of projects that already generate strong operating cash flows & projects requiring last mile funding.
- MOU with SBI Capital Markets for prospects in acquiring controlling stakes in road PPP assets.
- Entered into a strategic alliance with APG Asset Management for investing in rupee denominated mezzanine instruments issued by infrastructure companies in India. Target investment of \$ 1 bn over next 3 years. Initial commitment of \$375 mn from each party.
- Invested ₹ 925 Cr till date:
  - ₹ 425 Cr in Navayuga Road Projects Pvt. Ltd. in Mar, 2013 - 8 Road SPVs (mix of operational and under construction assets) for a tenor of 60 months
  - ₹ 500 Cr in Green Infra Limited in Apr, 2013 - 300 MW operational assets (wind and solar) for a tenor of 60 months

# Asset Management



- Provided through a Private Equity Fund with Rs. 7,286 Cr under management.
- Presence in Tier 1 cities, through 10 Local partners, in ~30 Projects.
- Closed Fund Scheme V at Rs. 1000 Cr & Domestic 3<sup>rd</sup> party advisory mandate-IIFL Income Opportunities Fund, at Rs. 750 Cr
- Entered into 50:50 alliance with CPPIB Credit Investments Inc. for providing rupee debt financing to urban residential projects. Initial commitment of \$ 250mn from each party.

# Information Management Segment

# Decision Resources Group - An Overview

- Subscription-based global decision support market leader and premium brand in the healthcare information services market (~\$5.7 billion <sup>1</sup>)
  - ~\$2.4 billion segment is addressable by the Company today
- Provides web-enabled insights and predictive analytics via proprietary databases, high-value analytical reports and tools
  - Enables customers to make fully-informed key investment and cost containment decisions in each phase of the life sciences lifecycle
- Proprietary content and data streams created in-house through a rigorous, highly-analytical, knowledge-driven process
  - Staff of approximately 290 analysts, including 100+ highly-credentialed PhDs, MDs, MPHs, Pharmacists, MBAs and key industry experts
- Global scale and reach with offices in Belgium, Canada, England, Japan and various locations across the U.S. (~500 full-time employees)

*1. Veronis Suhler Stevenson, 2011..*

# Decision Resources Group - An Overview



- Long-standing, strategic relationships with the top pharmaceutical, medical technology and managed care companies
  - Over 96% customer renewal rate in CY2014
  - 48 out of top-50 pharma companies are its clients
  - 10+ year relationships with top ten customers
  - Products and services are deeply imbedded in customers' work flow and decision making processes
- Continues to grow in new geographies and product categories.
  - Acquired Abacus International, a provider of evidence-based global market access solutions in early December 2012 in the UK.

# Decision Resources Group – Areas of Operation



BioPharma	Market Access	Medical Technology
Reports on therapeutic area and drug utilization trends, used by R&D and brand teams	Data services on payer share and drugs coverage by insurers	Therapeutic reports and sales audits covering major device categories
<ul style="list-style-type: none"><li>▪ <b>Decision Resources:</b> Therapeutic area assessment (e.g. epidemiology forecasts, market share projection physician/payer insight)</li><li>▪ <b>BioTrends:</b> Specialty therapeutic treatment algorithms, disease management patterns, assessment of new product launches</li><li>▪ <b>Manhattan Research:</b> Annual studies on eHealth trends and digital media adoption among healthcare professionals and consumers</li><li>▪ <b>AMR:</b> Hospital therapeutic audits and formulary insights</li></ul>	<ul style="list-style-type: none"><li>▪ <b>Health Leaders:</b> Managed care market intelligence (e.g. data on payer market share within specific geography)</li><li>▪ <b>Fingertip Formulary:</b> Data portal that provides information on formulary status for drugs within a specific geography</li><li>▪ <b>PharmaStrat:</b> Payer focused strategy consulting, market research and market monitoring</li><li>▪ <b>Pinsonault:</b> data and analytic tools , training, research and events targeting “managed markets sales and marketing</li></ul>	<ul style="list-style-type: none"><li>▪ <b>Millennium Research:</b> Medical technology market intelligence, including hospital data on product utilization, syndicated reports, and customer research</li><li>▪ <b>AMR:</b> Syndicated audit of hospital diagnostic imaging procedure volumes and contrast media usage</li></ul>

# Strategic Investments

# Equity investments

## **Shriram Group**

- In May 2013, PEL acquired ~9.96% stake in Shriram Transport Finance Company Limited, one of the listed NBFCs of the Shriram Group. Total investment of ₹ 16.4bn.
- In April 2014, PEL acquired a stake of effective 20% in Shriram Capital Limited, the holding company for the Financial Services & Insurance entities of the Shriram Group. Total investment of ₹ 20.1bn.
- In June 2014, PEL acquired a stake of 9.99% in Shriram City Union Finance, a retail finance focused NBFC of the Shriram Group. Total investment of ₹ 7.9bn.
- These investments are in line with PEL's long term strategy of building presence in the financial services sector.
- Mr. Ajay Piramal appointed as a Chairman of Shriram Capital.

## **Vodafone India**

- In April 2014, PEL monetized its 11% stake in Vodafone India for ₹ 89.0bn. Total investment was of ₹ 58.6bn.



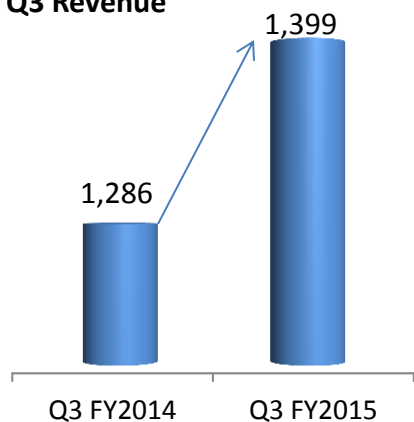
## Summary Financials Q3FY2015

# Financial Highlights

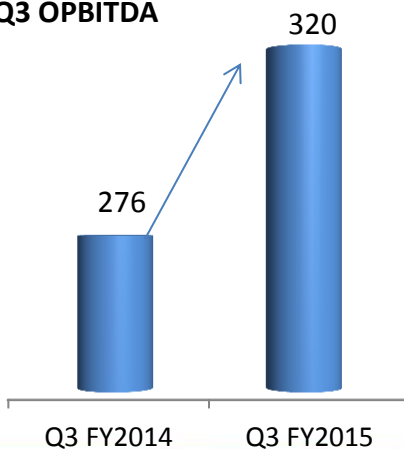
- Revenue growth across all business segments during both the quarter and nine-month periods
  - Up 9% at ₹ 1,399 Crores during Q3 FY2015
  - Up 13% at ₹ 3,826 Crores during 9M FY2015
- Operating profit :
  - 16% higher at ₹ 320 Crores during Q3 FY2015
  - 22% higher at ₹ 693 Crores during 9M FY2015
- Net profit :
  - Increased to ₹ 249 Crores for Q3 FY2015 vs. loss of ₹ 11 Crores for Q3 FY2014
  - Increased to ₹ 2,755 Crores for 9M FY2015 vs. loss of ₹ 190 Crores for 9M FY2014

(In ₹ Crore)

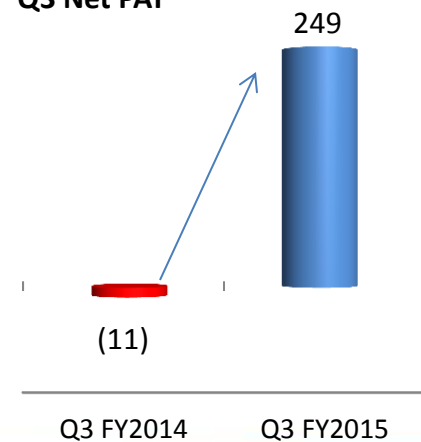
Q3 Revenue



Q3 OPBITDA

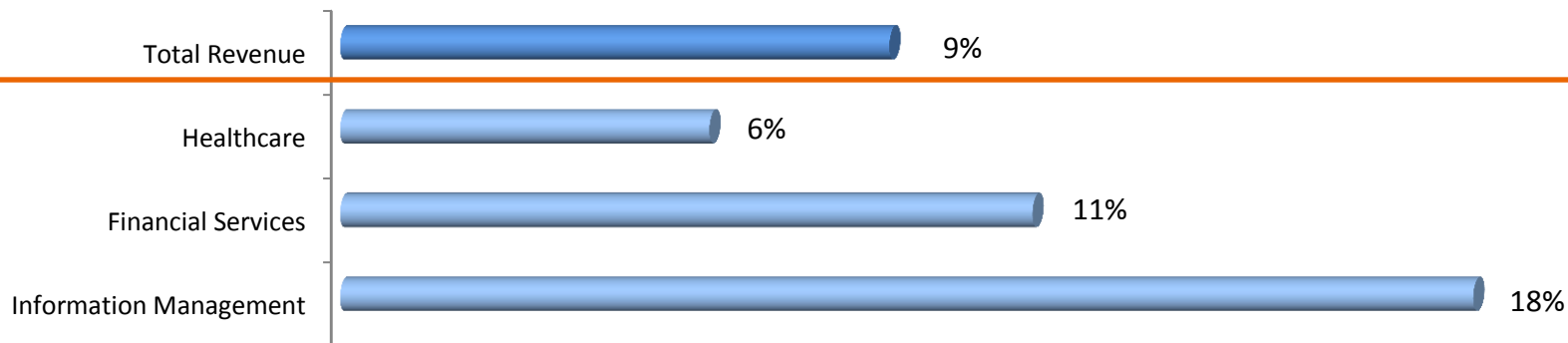


Q3 Net PAT

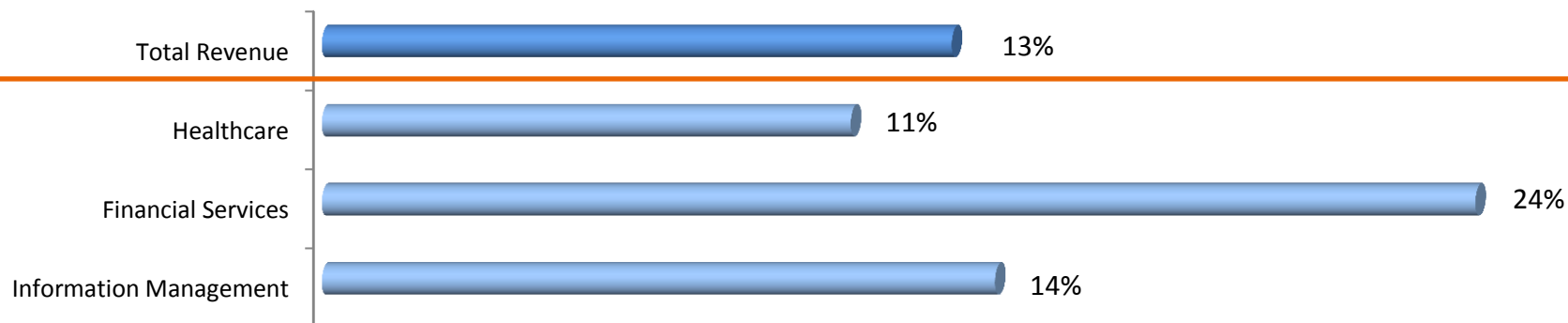


# Segment-wise Topline Performance

**% change - Q3 FY2015 Vs. Q3 FY2014 Revenues**



**% change - 9M FY2015 Vs. 9M FY2014 Revenues**



**Revenue growth across business segments during both the quarter and nine-month periods**

# Consolidated Financial Performance



(In ₹ Crores or as stated)

Particulars	Q3 FY2015	Q3 FY2014	9M FY2015	9M FY2014
OPBITDA	320	276	693	568
OPBITDA Margin (%)	23%	21%	18%	17%
PBT (Before Exceptional Items <sup>1</sup> )	207	2	262	-158
Net PAT <sup>2</sup> (Excluding Exceptional Items <sup>1</sup> )	214	-8	322	-197
Reported Net PAT <sup>2</sup>	249	-11	2,755	-190
Reported EPS	14.4	-0.7	159.6	-11

1. Exceptional item includes gain during Q3 FY2015 on account of partial reversal of amount written down in Q2 due to scaling back of investments in NCE Research. Exceptional item for 9MFY2015 also includes gain on sale of 11% stake in Vodafone India for ₹ 8,900 Cr (Investment of ₹ 5,864 Cr made in FY2012) partly offset by amount written down on account of scaling back of investments in NCE research
2. Includes our share of profits in Shriram Capital

**Delivered robust financial performance with growth in operating profit and net profit in both Q3 and 9M FY2015, primarily on back of strong operating performance**

# Business-wise Revenue Performance

(In ₹ Crores or as stated)

Net Sales break-up	% Sales	Quarter III ended			% Sales	Nine Months ended		
		31-Dec-14	31-Dec-13	% Growth		9 Months FY 2015	9 Months FY 2014	% Growth
Healthcare	57%	794	750	6%	60%	2,303	2,070	11%
Pharma Solutions		487	471	3%		1,448	1,283	13%
Piramal Critical Care		213	197	8%		582	542	7%
OTC & Ophthalmology		94	82	14%		273	245	12%
Financial Services	16%	225	202	11%	18%	679	546	24%
Information Management	27%	377	318	19%	22%	825	725	14%
Others	-	3	16	-	-	19	40	-
<b>Total <sup>1</sup></b>	<b>100%</b>	<b>1,399</b>	<b>1,286</b>	<b>9%</b>	<b>100%</b>	<b>3,826</b>	<b>3,381</b>	<b>13%</b>

Note:

1. Foreign Currency denominated revenue in 9M FY2015 was ₹ 2,631 Cr (69% of total revenue).

# Consolidated Profit & Loss

(In ₹ Crores or as stated)

Particulars	Q3 FY15			9M FY15		
	31-Dec-14	31-Dec-13	Growth	31-Dec-14	31-Dec-13	Growth
Total operating income	1,399	1,286	9%	3,826	3,381	13%
R&D Expenses	47	62	(25%)	221	227	(3%)
Other Operating Expenses	1,032	948	9%	2,912	2,586	13%
OPBIDTA	320	276	16%	693	568	22%
OPBIDTA Margin %	23%	21%		18%	17%	
Non-operating other income <sup>1</sup>	67	20	245%	180	236	(24%)
Interest expenses <sup>2</sup>	101	230	(56%)	392	780	(50%)
Depreciation	80	64	26%	219	182	20%
Profit before tax & exceptional items	207	2	-	262	(158)	-
Exceptional items Expenses/(Income) <sup>3</sup>	(35)	(3)	-	(2,692)	7	-
Income tax	33	9	244%	311	36	774%
Profit after tax (before MI & Prior Period items)	209	(10)	-	2,642	(187)	-
Minority interest	-	1	-	-	0	-
Share of Associates <sup>4</sup>	40	(0)	-	112	(3)	-
Net Profit after Tax	249	(11)	-	2,755	(190)	-
EPS (₹ /share)	14.4	(0.7)	-	159.6	(11)	-

Note:

1. Non-operating other income primarily consists income from our treasury investments.
2. Interest expense for the quarter was lower due to reduction in debt using cash proceeds from sale of stake in Vodafone India.
3. Exceptional Gain during Q3 FY2015 is on account of partial reversal of amount written down in Q2 on account of scaling back of investments in NCE Research. Exceptional gain for 9MFY2015 also includes gain on sale of 11% stake in Vodafone India for ₹ 8,900 Cr (Investment of ₹ 5,864 Cr made in FY2012) partly offset by amount written down on account of scaling back of investments in NCE research.
4. Income under share of associates primarily includes our share of profits at Shriram Capital.

# Consolidated Balance Sheet

(In ₹ Crores or as stated)

Particulars	Dec 31 2014	Mar 31 2014
<b>Shareholders' Funds</b>		
(A) Share Capital	35	35
(B) Reserves & Surplus	12,076	9,287
<b>Minority Interest</b>	-	-
<b>Loan Funds</b>	6,309	9,552
<b>Deferred Tax Liability</b>	4	9
<b>TOTAL</b>	<b>18,424</b>	<b>18,882</b>
<b>Fixed Assets</b>	7,212	6,682
<b>Investments</b>	7,201	9,446
<b>Deferred Tax Asset</b>	29	50
<b>Current Assets, Loans and Advances</b>		
Inventories	698	652
Sundry Debtors	787	725
Cash and Bank Balances	1,685	334
Other Current Assets	441	1,045
Loans and Advances	2,121	2,558
Less : Current Liabilities and Provisions		
Current Liabilities	1,116	1,431
Provisions	634	1,179
<b>TOTAL</b>	<b>18,424</b>	<b>18,882</b>

Break Up Loan Funds (In ₹ Crores)	In ₹ Terms	In \$ Terms	Total
As on 31-Dec-14	2,940	3,369	6,309
As on 31-Mar-14	6,105	3,447	9,552

Note: Foreign currency loans have been used mainly to acquire assets outside India & will be repaid from net cash generated from non-India assets.

**For Investors:**

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