



# **Piramal Enterprises Limited**

**Investor Presentation**

**February 2017**

*Except for the historical information contained herein, statements in this presentation and any subsequent discussions, which include words or phrases such as 'will', 'aim', 'will likely result', 'would', 'believe', 'may', 'expect', 'will continue', 'anticipate', 'estimate', 'intend', 'plan', 'contemplate', 'seek to', 'future', 'objective', 'goal', 'likely', 'project', 'on-course', 'should', 'potential', 'pipeline', 'guidance', 'will pursue' 'trend line' and similar expressions or variations of such expressions may constitute 'forward-looking statements'.*

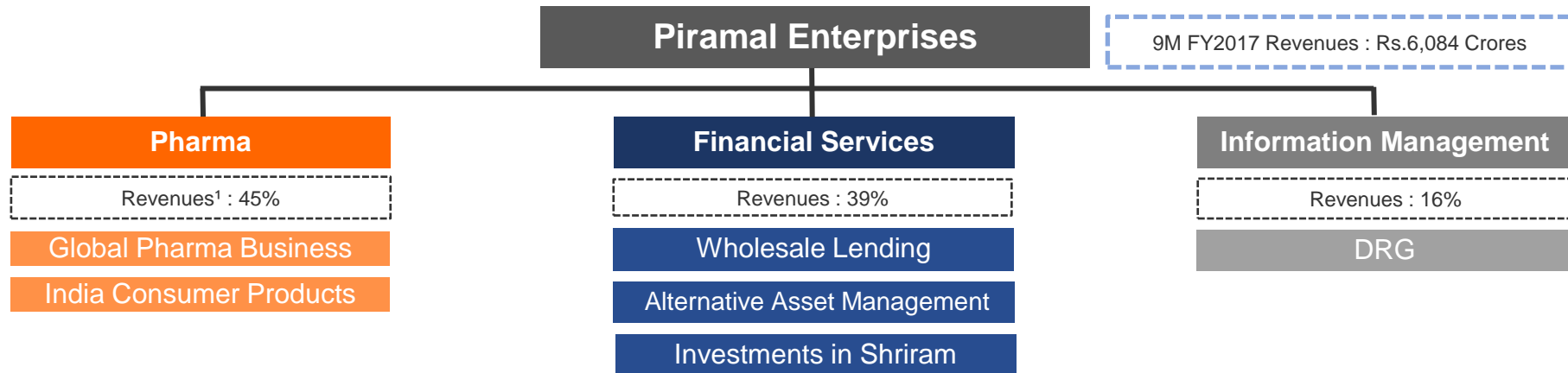
*These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements.*

*These risks and uncertainties include, but are not limited to Piramal Enterprise Limited's ability to successfully implement its strategy, the Company's growth and expansion plans, obtain regulatory approvals, provisioning policies, technological changes, investment and business income, cash flow projections, exposure to market risks as well as other risks.*

*Piramal Enterprises Limited does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.*

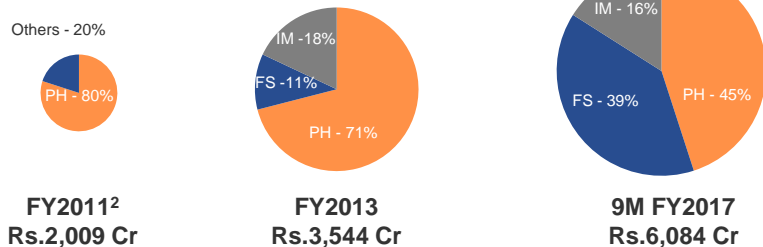
*Note: Figures in previous periods might have been regrouped or restated, wherever necessary to make them comparable to current period.*

# Created a strong portfolio of businesses operating in high growth sectors



## Diversification of revenues towards high growth business segments

### Movement in revenue mix (%)

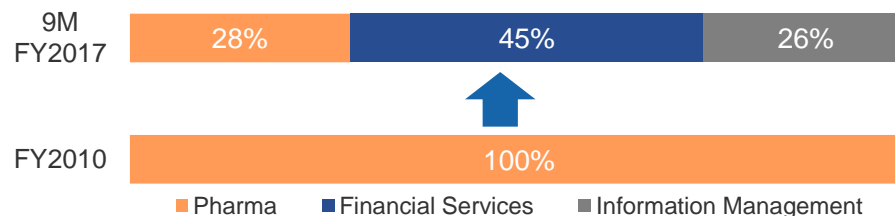


Note:

1. Pharma revenues include revenues from other businesses contributing 1% of the total revenues for 9MFY2017

## Significant shift in the capital employed to non-Healthcare sectors as well

### Movement in capital employed mix<sup>3</sup> (%)



2. Others include treasury income.

3. As per books. Excludes unallocated portion of capital employed to various business segments

# Efficient capital allocation over years

~Rs.15,000 Crores realized (net of taxes) from Abbott on sale of our Domestic Formulations business  
+  
Cash flow from our operations over last few years

## Key capital allocations

Invested Rs.22,740 Crores (on B/S) & Rs.7,040 Crores (off B/S) in FS

- Average yields on loan - 16%
- RoE in FS business – 25%+
- Vodafone deal - Realized IRR @ 19% p.a

Rs.4,583 Crores invested in Shriram Group

- Mr. Ajay Piramal is the Chairman of Shriram Capital (Holdco)
- Contributing to Shriram's long term growth strategy

~Rs.5,700 Crores invested in Pharma

- 5 Year Revenue CAGR - ~17%
- 7 value accretive acquisitions in last 2 yrs
- Moving up the value chain
- Exited NCE & other non-strategic businesses

~Rs.4,400 Crores invested in Information Management

- Business, geographic, currency diversification
- Strong profitability margins
- Investing in new areas.

Rs.4,866 Crores of capital returned to shareholders

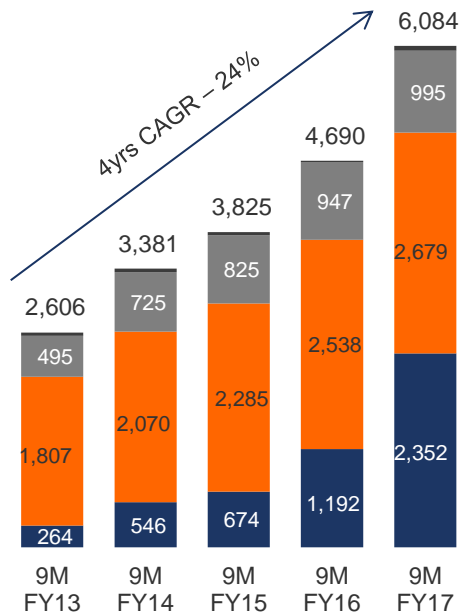
Capital returned to shareholders through:

- Buyback
- Annual dividends
- Special dividend

# Delivering robust performance over last many years

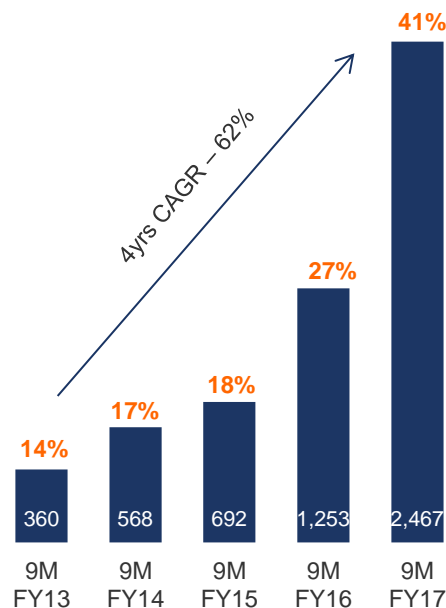
## 9M Revenues

■ FS   ■ Pharma   ■ IM   ■ Others



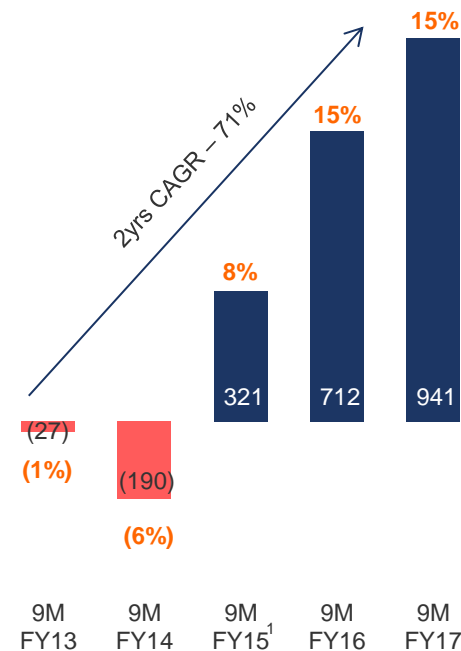
## 9M Operating profits

■ OPBITDA   ■ % OPBITDA Margin



## 9M Net profits

■ Net Profit   ■ % Net Profit Margin



Note:

1. FY2015 net profit excludes exceptional gain on sale of 11% stake in Vodafone India partly offset by the amount written down on account of scaling back of our investments in NCE research.
2. 9M FY2017 results have been prepared based on IND AS & 9M FY2016 results have been reinstated to make them comparable with the reported period. Prior period numbers are as reported in their respective period.

# Improving performance every quarter

	Revenues			OPBITDA			Net Profits		
Period	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% Change	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% Change	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% Change
Q1FY15	1,182	965	+22%	156	141	+11%	55	(147)	NM
Q2FY15	1,243	1,131	+10%	215	152	+42%	41	(32)	NM
Q3FY15	1,400	1,286	+9%	321	276	+16%	224	(11)	NM
Q4FY15	1,298	1,121	+16%	194	71	+173%	100	(311)	NM
Q1FY16	1,401	1,182	+19%	233	156	+49%	169	55	+206%
Q2FY16	1,504	1,243	+21%	445	215	+107%	235	41	+473%
Q3FY16	1,786	1,400	+28%	575	321	+79%	307	224	+37%
Q4FY16	1,734	1,298	+34%	468	194	+141%	180	100	+80%
Q1FY17	1,776	1,401	+27%	638	233	+174%	231	169	+36%
Q2FY17	1,966	1,504	+31%	744	445	+67%	306	235	+30%
Q3FY17	2,342	1,786	+31%	1,085	575	+89%	404	307	+32%

Note:

- Q3, Q2 & Q1 FY2017 results have been prepared based on the Ind AS and Q3, Q2 & Q1 FY2016 results have been reinstated to make it comparable with the reported period. Prior period numbers are as reported in their respective period.
- FY2015 quarterly net profit numbers exclude exceptional gain from Vodafone transaction and exceptional loss from NCE shutdown

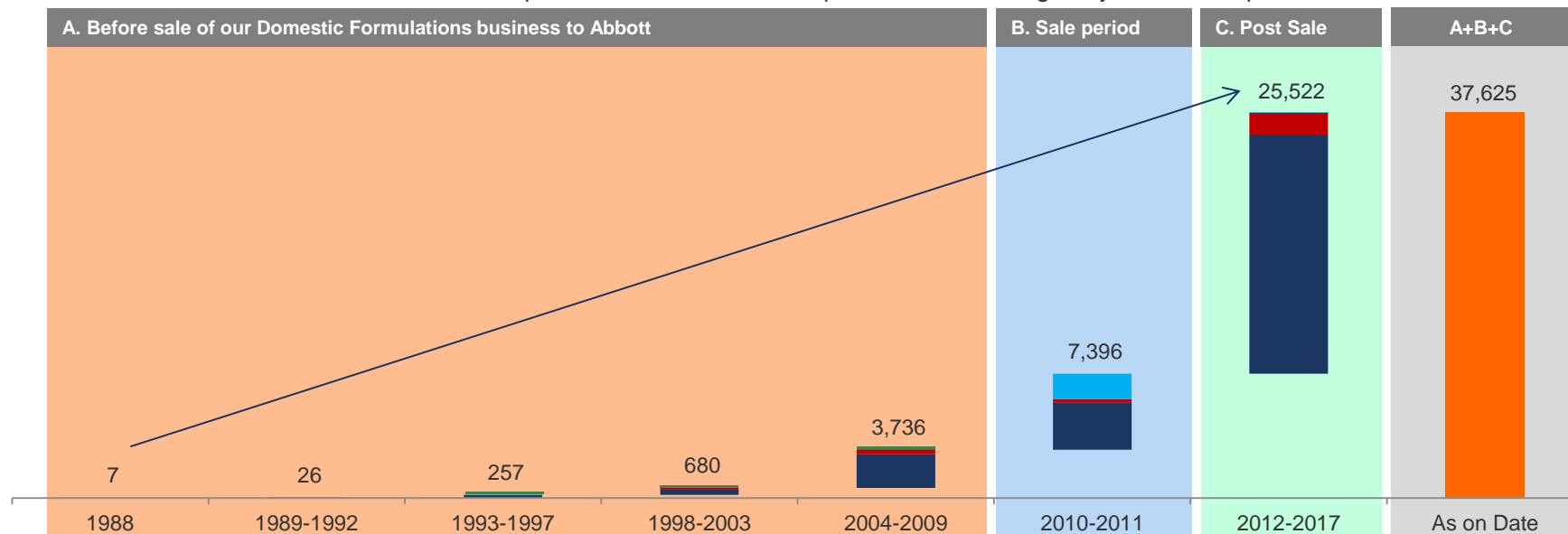
NM – Not measurable

# Creating significant value for shareholders

## Shareholder value creation in less than 3 decades

(In Rs. Crores)

■ Incremental Market Cap ■ Dividend Paid ■ Capital returned through buyback ■ Capital raised<sup>1</sup>



Note:

1. Company raised less than Rs.500 Crores during the entire period (includes initial capital invested in the company in 1988)

2. All numbers till 1992 represents book value

3. Analysis carried out based on market information till 15 Feb 2017

**24%**

Revenue CAGR for last 28 years

**27%**

PBITDA CAGR for last 28 years

**29%\***

Annualized return to shareholders over last 28 years

Rs. 1 Lac invested in the company in 1988 has generated total value of **Rs.14 Crores\***

Source : Bloomberg

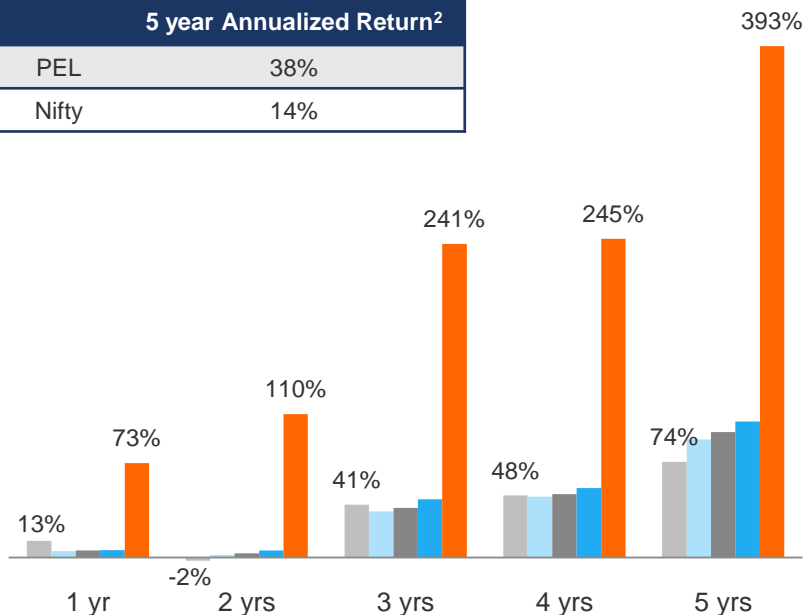
\* Assumed dividend reinvested in the stock

# Returns to shareholders consistently outperforming all benchmarks

## Consistently delivered strong shareholder returns – significantly higher than benchmarked indices<sup>1</sup>

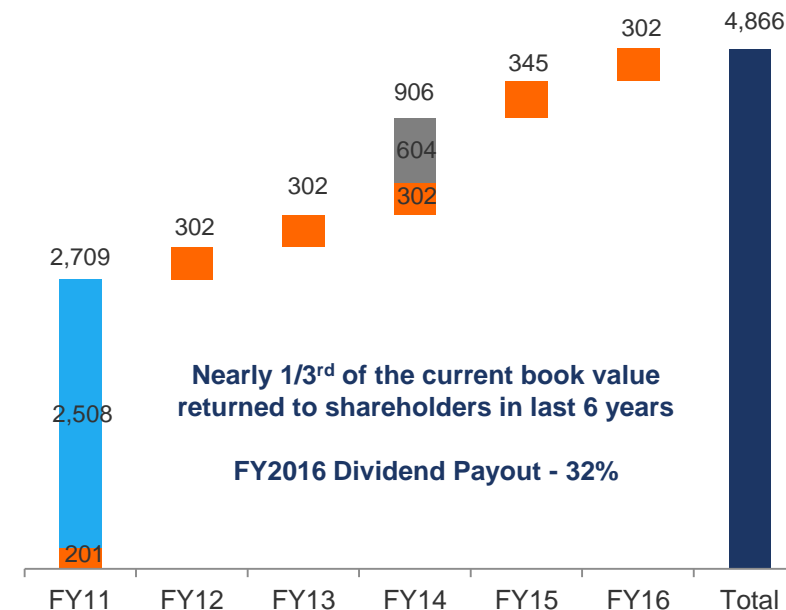
■ Sensex ■ Nifty ■ BSE100 ■ BSE200 ■ PEL

5 year Annualized Return <sup>2</sup>	
PEL	38%
Nifty	14%



## Rs.4,866 Crores<sup>3,4</sup> returned to shareholders since sale of Domestic Formulations business in 2010

■ Normal dividend ■ Special dividend ■ Buyback



Nearly 1/3<sup>rd</sup> of the current book value returned to shareholders in last 6 years

FY2016 Dividend Payout - 32%

Notes:

1. Total shareholder returns are as on 31 Jan 2017. Assumes re-investment of dividend in the stock (Source : Bloomberg)

2. Annualized returns are as on 31 Jan 2017

3. Of the buy back of 41.8 mn shares shown in FY11, buyback of 0.7 mn shares happened in FY12

4. Capital returned to shareholder through dividends doesn't include amount paid under Dividend Distribution Tax



# Our performance Vs. peer valuations

PEL positioning among BSE 200 companies on revenue, profitability and valuation parameters

BSE-200	3Yr Revenue CAGR	3Yr Net Profit CAGR	P/B
Quartile 1 Top 50 companies	●	●	
Quartile 2 51-100 companies			
Quartile 3 101-150 companies			●
Quartile 4 151-200 companies			

Source : Bloomberg, Moneycontrol, Company and peer financial statements

Note:

1. Based on 10<sup>th</sup> Feb 2017 price

Companies (YoY Change)	H1FY17 (in %)						Current
	Revenue growth	EBITDA Growth	EBITDA Margin	PAT growth	PAT Margin	Asset Growth <sup>3</sup>	P/B <sup>1</sup>

Top listed Pharma Companies of India							
Lupin	35%	51%	29%	56%	18%	71%	6.0
Dr. Reddy's	(12%)	(51%)	15%	(67%)	7%	7%	4.0
Cipla	1%	(30%)	18%	(42%)	9%	33%	3.9
Aurobindo	13%	21%	24%	29%	16%	22%	5.6
Cadila Healthcare	(2%)	(13%)	22%	(26%)	15%	11%	6.9
Median	1%	(13%)	22%	(26%)	15%	22%	5.6

Top listed NBFCs <sup>2</sup> of India							
HDFC (Consol)	17%	-	-	22%	19%	14%	4.3
Bajaj Fin	39%	-	-	50%	18%	42%	7.6
Indiabulls HF.	28%	-	-	23%	27%	34%	3.2
LIC HF	13%	-	-	14%	13%	16%	3.0
Mahindra Fin	7%	-	-	(16%)	7%	16%	2.5
Median	17%	-	-	22%	18%	16%	3.2

PEL	29%	104%	37%	33%	14%	47%	2.5
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2. Excluding Shriram Group companies

3. Asset Growth (%) is for the period FY16 for all companies

# Board of Directors



**AJAY PIRAMAL**

CHAIRMAN

AWARDED "ENTREPRENEUR OF THE YEAR" BY UK TRADE & INVESTMENT COUNCIL

AWARDED "CEO OF THE YEAR" BY WORLD STRATEGY FORUM

AWARDED "GLOBAL LEADER OF TOMORROW" BY WORLD ECONOMIC FORUM

CO – CHAIR, UK-INDIA CEO FORUM

MEMBER OF THE NATIONAL COUNCIL OF CONFEDERATION OF INDIAN INDUSTRY



**SIDDHARTH (BOBBY) MEHTA**

FORMER PRESIDENT & CEO  
TRANSUNION



**DEEPAK M SATWALEKAR**

FORMER MD & CEO,  
HDFC STANDARD LIFE



**GAUTAM BANERJEE**

SENIOR MD & Co-CHAIRMAN,  
ASIA OPERATING COMMITTEE,  
BLACKSTONE, SINGAPORE



**N VAGHUL**

FORMER CHAIRMAN,  
ICICI BANK



**KEKI DADISETH**

FORMER CHAIRMAN,  
HINDUSTAN UNILEVER LTD



**PROF. GOVERDHAN MEHTA**

EMINENT SCIENTIST  
FORMER DIRECTOR - IISc  
AWARDED PADMA SHRI



**DR. R MASHELKAR**

EMINENT SCIENTIST  
FORMER DG, CSIR  
AWARDED PADMA VIBHUSHAN



**S RAMADORAI**

FORMER VICE-CHAIRMAN,  
TCS



**DR. SWATI PIRAMAL**

VICE-CHAIRPERSON  
EMINENT SCIENTIST  
AWARDED PADMA SHRI



**NANDINI PIRAMAL**

EXECUTIVE DIRECTOR,  
LEADS OTC, HR, ETC.  
MBA, STANFORD



**VIJAY SHAH**

EXECUTIVE DIRECTOR,  
25+ YEARS WITH GROUP  
TURNAROUND BUSINESSES

CHAIRMAN

INDEPENDENT

EXECUTIVE

## Board and Board-Sub Committees with majority Independent Directors

**Business Boards / Investment Committees : Operating our business segments as three virtual companies**

### PHARMA

#### Pharma Operations Board

- Executive Directors
- External Experts
- Key Business CEOs
- Management Members

#### Investment Committee for Real Estate Lending

- Executive Director
- Independent Director
- External Experts
- Business CEO
- Management Members

### FINANCIAL SERVICES

#### Investment Committee for RE Asset Management

- Executive Director
- External Experts
- Business CEO

#### Investment & Advisory Committees for Structured Finance transactions

- Executive Directors
- Independent Directors
- External Expert
- Business Heads
- Management Members

### INFORMATION MANAGEMENT

#### Information Management Board

- Independent Director
- External Expert
- Business CEO
- Management Members

## Independent Directors and External Experts who are members of Business Boards/ Investment Committees

#### Niraj Bhukhanwala

- Worked with McKinsey and Intel
- MBA from INSEAD, France

#### Ashish Dalal

- Ex. Partner with PWC
- Practicing in M&A

#### Shitin Desai

- Ex. Vice Chairman of DSP Merrill Lynch
- Member of SEBI and RBI Committees

#### Harish Engineer

- Former ED & Head-Wholesale Banking, HDFC Bank
- Worked for 26 years in Bank of America

#### Rajesh Khanna

- Founder & CEO of Arka Capital Advisors;
- Former MD of Warburg Pincus

#### Suhail Nathani

- Among panel of lawyers for SEBI, CCI and WTO Panel for the Government of India

#### Deepak M. Satwalekar

- Former MD & CEO, HDFC Standard Life
- Has been consultant to the World Bank and ADB

#### Bharat D. Shah

- Chairman, HDFC Securities
- Advisor HDFC Bank

#### R A Shah

- Solicitor and senior partner at M/s Crawford Bayley & Co

#### N. Vaghul

- Former Chairman, ICICI Bank

#### Shikhar Ghosh

- Professor of Entrepreneurial Management at HBS
- Founder and CEO/Chairman of eight companies

# Strong partnerships

Organizations	Nature of Partnership	Key highlights
	<b>Alliance Partner – Infrastructure Financing</b> Total AUM - €443 Bn	<ul style="list-style-type: none"> <li>Netherlands largest asset manager</li> <li>Strategic alliance to deploy upto US\$ 1 bn in infrastructure mezzanine investments in India</li> </ul>
	<b>Alliance Partner – Distressed Debt Investing</b> Total AUM - \$30 Bn	<ul style="list-style-type: none"> <li>15yrs of experience of investing in restructured situations in NA, Europe, Asia &amp; Australia</li> <li>Strategic alliance to invest directly and/or acquire debt of restructured companies in India</li> </ul>
	<b>Alliance Partner – Real Estate Financing</b> Total AUM - C\$298 Bn	<ul style="list-style-type: none"> <li>Among top 10 global sovereign pension funds</li> <li>Strategic alliance to deploy upto US\$ 500 mn of debt financing to residential projects in India</li> </ul>
	<b>PEL invested in Shriram Group</b> Total AUM – Rs.1 Tn	<ul style="list-style-type: none"> <li>One of the largest financial services business conglomerate in India</li> <li>PEL holds stakes in holding co. &amp; listed subs. Mr. Piramal is Chairman of SCL (holdco.)</li> </ul>
	<b>JV Partner</b> Market Cap - \$92 Bn	<ul style="list-style-type: none"> <li>Allergan India a 51:49 joint venture between Allergan Inc and PEL — Commenced commercial operations in 1996. India leader in ophthalmology</li> </ul>
	<b>PEL had invested in Vodafone India</b> Market Cap - \$66 Bn	<ul style="list-style-type: none"> <li>Among top 2 mobile operators in the world</li> <li>PEL bought 11% stake in Vodafone India. Monetized by realizing 52% over amount invested</li> </ul>
	<b>Acquirer – Domestic Formulations Business</b> Market Cap - \$75 Bn	<ul style="list-style-type: none"> <li>Among top 50 global pharma companies</li> <li>PEL sold its Pharma DF business to Abbott for \$3.8 Bn, at 9x sales and 30x EBITDA</li> </ul>



# Pharma business

# Pharma business portfolio delivering strong growth within and outside India

## Piramal Pharma

9MFY17 Rev: Rs.2,679 Crores

### Global Pharma

9MFY17 Rev: Rs.2,414 Crores

- End-to-end manufacturing capabilities
- 14 manufacturing facilities
- Portfolio of niche branded generic products
- Distribution to >100 countries

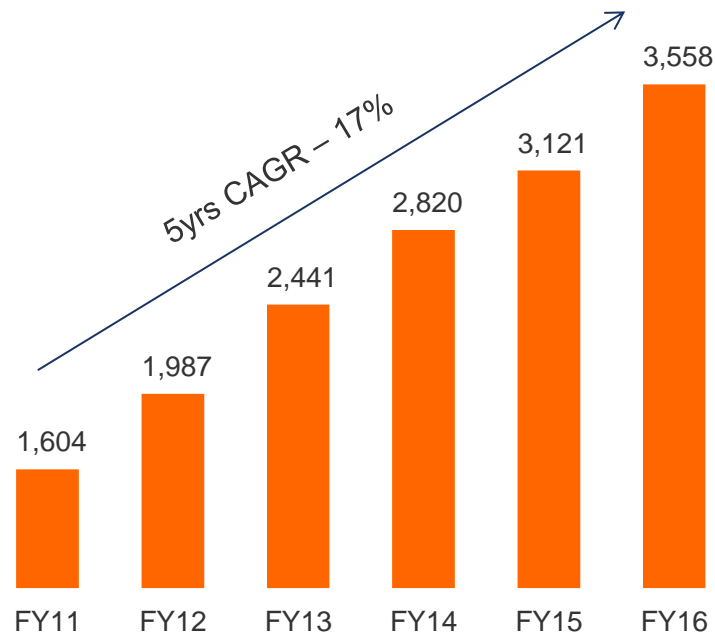
### India Consumer Products

9MFY17 Rev: Rs.265 Crores

- Strong portfolio of OTC brands
- 6 brands among top 100 OTC brands
- Large distribution network
- Among top 5 OTC players

Growing largely organically since Abbott deal

Pharma Revenues (in Rs. Crores)



# Seven value accretive acquisitions to boost growth

## Global Pharma

### Coldstream (Injectables)



### Injectable anaesthesia & pain management products



### Ash Stevens (HPAPI)



### Intrathecal severe spasticity & pain management products



## India Consumer Products

### 4 brands from Pfizer Ltd



### 5 brands from Organon India & MSD BV



### Baby-care brand-Little's

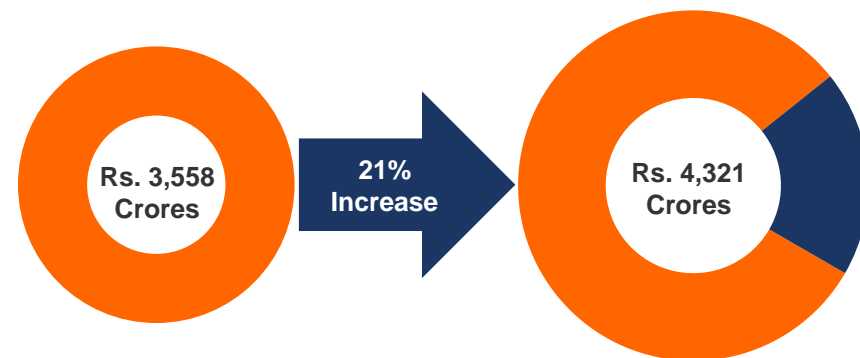


## Acquisitions significantly expanding revenue base

(in Rs. Crores)

FY2016  
Overall Pharma Revenue

Proforma FY2016  
Overall Pharma Revenue



Revenue excluding acquisitions  
Revenue from acquisitions

Note : Proforma FY2016 numbers assumes all the acquisitions (that happened in FY2016 or later) were part of our businesses at the beginning of FY2016



# **Global Pharma business**



# How are we rapidly moving up the value chain ?

## 1 Acquired global businesses to enter into niche capabilities

**Injectable**



**HPAPI**



## 2 Expanding manufacturing capacities in niche areas

**ADC**



**Injectable**



**Inhalation Anaesthesia**



**Drug Discovery**



# How are we rapidly moving up the value chain ?

## 3 Adding differentiated hospital branded generic products organically and inorganically

### Controlled substances



### Injectable Anaesthesia



### Desflurane



### Intrathecal



- **Leverage global distribution network** by adding differentiated products
- **Differentiated offerings** – Niche branded generics and controlled substances

## 4 Strong product portfolio to leverage global distribution network

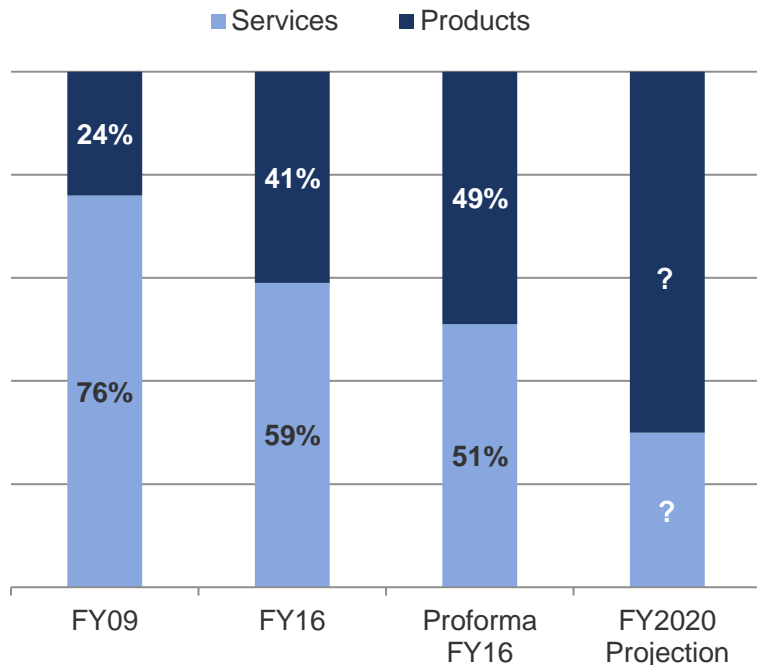


- **Entry barrier** – Complex to manufacture, sell and distribute resulting in limited competition
- **Expands addressable market size** from US\$ 1 bn Inhalation Anaesthesia market to US\$20 bn generic hospital product market

**Our strategy of moving up the value chain will enable us boost growth and enhance margins significantly**

# How are we increasing the share of products?

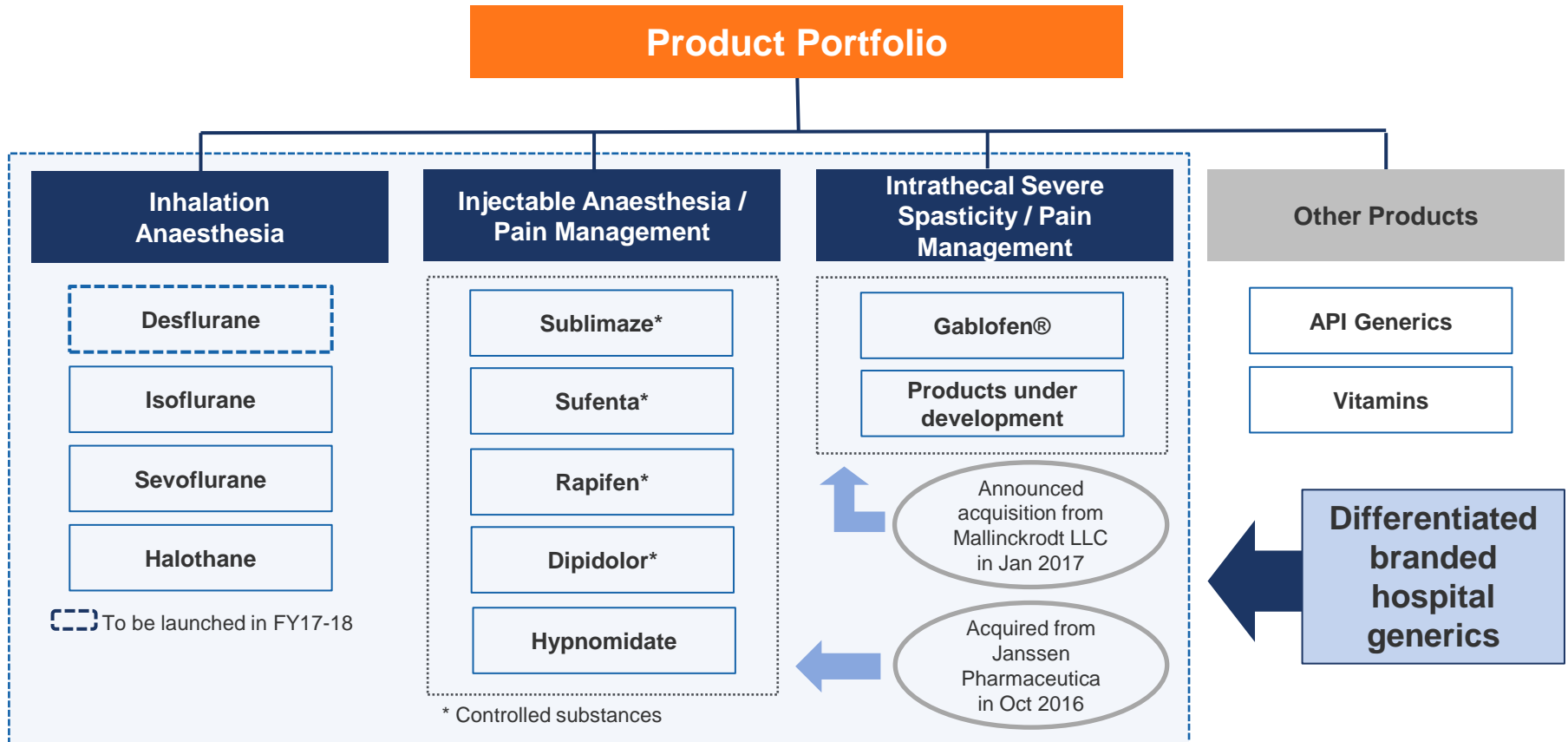
## Global Pharma Revenue Mix (%)



- Revenue from products grew at a 22% CAGR over last 7 years. Revenue from services continues to grow well driven by niche North American assets & API business in India.
- Acquired niche product portfolios of branded generics  
- Complex in manufacturing, selling and distribution
- Significantly grown our market share in existing portfolio of Inhalation Anaesthesia
- Entered new markets and significantly expand our presence in key markets

**Addition of high margin niche products with limited competition will increase the EBITDA margin**

# Creating a solid product portfolio



# Acquisitions of two niche branded hospital generic products

	Acquisition from Janssen	Acquisition from Mallinckrodt
		
<b>Products Acquired</b>	<ul style="list-style-type: none"> <li>Five injectable anaesthesia &amp; pain management products - Sublimaze, Sufenta, Rapifen, Dipidolor, and Hypnomidate</li> </ul>	<ul style="list-style-type: none"> <li>Gablofen® (baclofen) - Intrathecal spasticity management product and two pain management products under development</li> </ul>
<b>Acquisition Highlights</b>	<ul style="list-style-type: none"> <li>Brand names and all related IP associated with products</li> <li>Know-how to make both API &amp; finished products</li> <li>Marketing Authorisations in &gt;50 countries</li> </ul>	<ul style="list-style-type: none"> <li>Gablofen® is for patients who do not get relief / have intolerable side effects from oral baclofen</li> <li>Currently marketed in the US; approved for launch in 8 European Countries</li> </ul>
<b>Consideration</b>	<ul style="list-style-type: none"> <li>Upfront - US\$155 mn</li> <li>Up to US\$20 mn, if the product portfolio achieves agreed financial milestones over the next 30 months</li> </ul>	<ul style="list-style-type: none"> <li>Upfront - US\$171 mn</li> <li>Up to US\$32 mn payable based on financial performance of acquired assets over next 3 years</li> </ul>

# What makes these two acquisitions attractive for us?

## Access to niche markets with entry barriers

- Enhance our access to niche markets of controlled substances and differentiated products
- Entry barriers are high due to complex selling and distribution of these niche products, resulting in limited competition
  - For instance, limited alternate treatments are available for severe spasticity – Gablofen. It is the only Baclofen drug in prefilled syringes & vials currently.

## Leverage global distribution

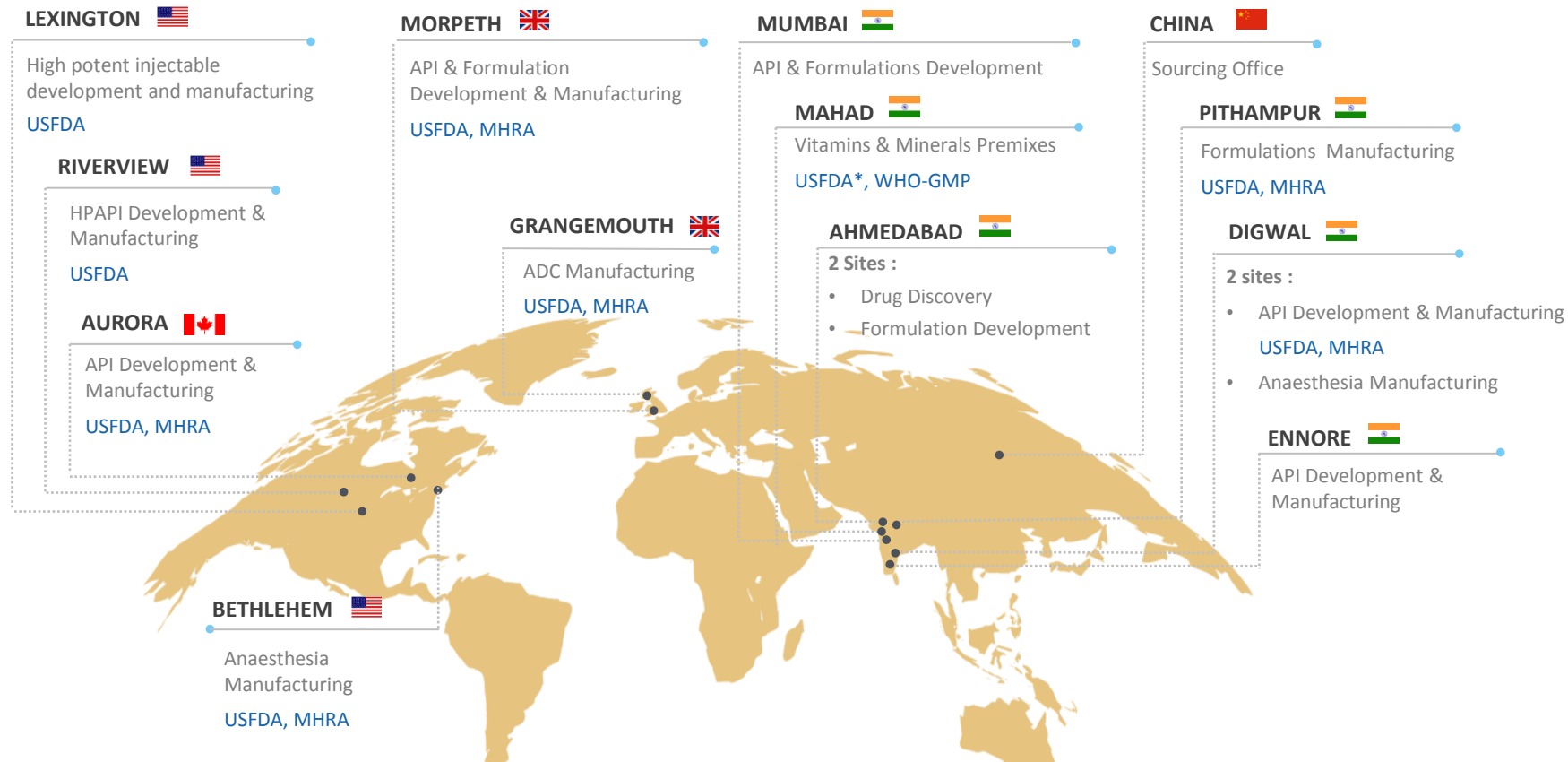
- Maximize value from existing sales infrastructure and partner network into hospitals
- Significantly expands our presence in US, EU, Japan, large EMs, etc.

## Significantly expands the addressable market size

- Entered the US\$20 bn global generic hospital drug market, from US\$1.1 bn Inhalation Anaesthesia market earlier

**High EBITDA margin of the acquired portfolios to improve the overall profitability**

# 14 manufacturing facilities both in East and West – All key sites USFDA approved



# How are we performing in the areas of compliance, quality and reliability ?

In last 5 years, cleared all inspections :

- 25 USFDA inspections
- 43 other regulatory inspections
- 560 customer audits

Recognized at reputed global forums :

- Rated among best global CDMO in quality, reliability & regulatory —2 years in a row
- Rated as '**API Supplier of the Year**'
- Business head awarded '**CEO of the year**'
- Head of Quality rated among '**50 most Influential People in Quality**'





# Strengthening presence in key geographies



## Strong presence in North America



## Expanding presence in Europe

### Manufacturing Facilities

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• Aurora : API Development &amp; manufacturing</li> <li>• Lexington : Sterile Development &amp; Manufacturing</li> <li>• Riverview : HPAPI Development &amp; Manufacturing</li> <li>• Bethlehem : Anaesthesia Manufacturing</li> </ul> | <ul style="list-style-type: none"> <li>• Grangemouth : ADC Manufacturing</li> <li>• Morpeth : API &amp; Formulation Development &amp; Manufacturing</li> </ul> |
|---|--|

### % Global Business Revenues

35%

34%

### % Global Business Assets

31%

40%

### Distribution Presence

30% market share in US in Inhalation Anaesthesia

Expanding presence in key countries including UK, Italy, Germany, etc.

### Distribution Model

Through direct sales force

Through direct sales force and distributors

# Strengthening presence in key geographies



## Strong presence in India

- Manufacturing facilities in India
  - Mumbai : API & Formulations Development
  - Digwal : API Development & Manufacturing and Anaesthesia Manufacturing
  - Pithampur : Formulations Manufacturing
  - Ahmedabad : Drug Discovery and Formulations Development
  - Ennore : API Development & Manufacturing
  - Mahad : Vitamins & Minerals Premixes
- 28% of Total Assets of Global business is in India



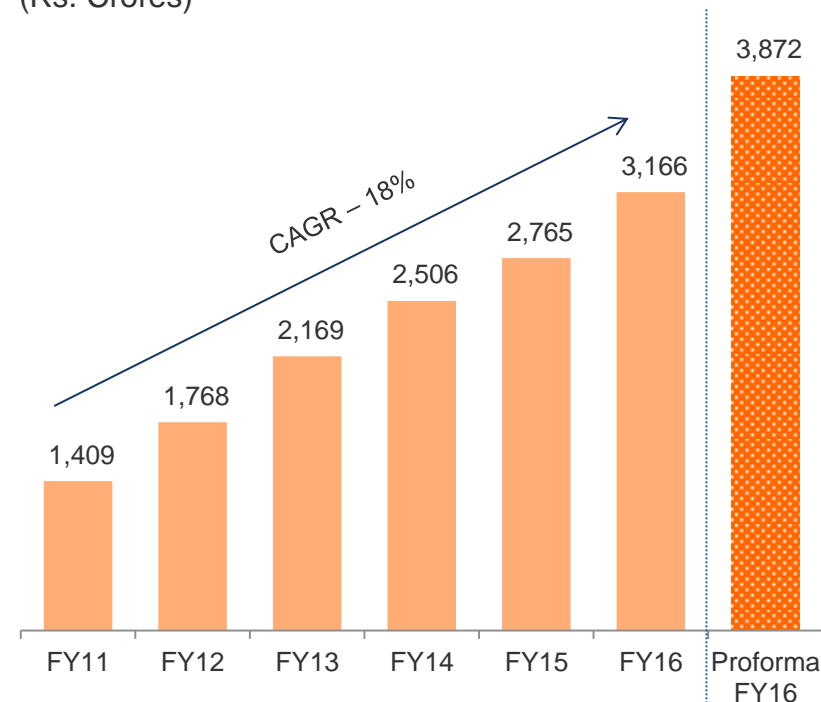
## Expanding Presence in Japan

- Significantly improved Sevoflurane market share in Japan to 56%
- Leading market share for Fentanyl with the only currently approved generic in the market

# Growth Strategy : Will continue to deliver strong growth in future

- **Continue to add more products** both organically and inorganically to leverage our strong sales and distribution network
  - Continue to look for acquisition opportunities in complex products
  - Launching latest generation Inhalation Anaesthesia i.e. Desflurane
  - Integrate the acquired products and generate synergies
- **Leverage and expand our end to end manufacturing and service delivering capabilities** (especially in niche capabilities i.e. injectable, HPAPI, ADC etc.)
  - Good traction for development business and integrated offerings
  - Injectable and HPAPI acquisitions will enable us to cross sell our capabilities of Discovery, ADCs and development & commercial scale manufacturing of Formulations and APIs.
- **Further expand our presence in strong markets** including US, Europe, Japan etc.
- **Continue to maintain focus on quality and compliance**

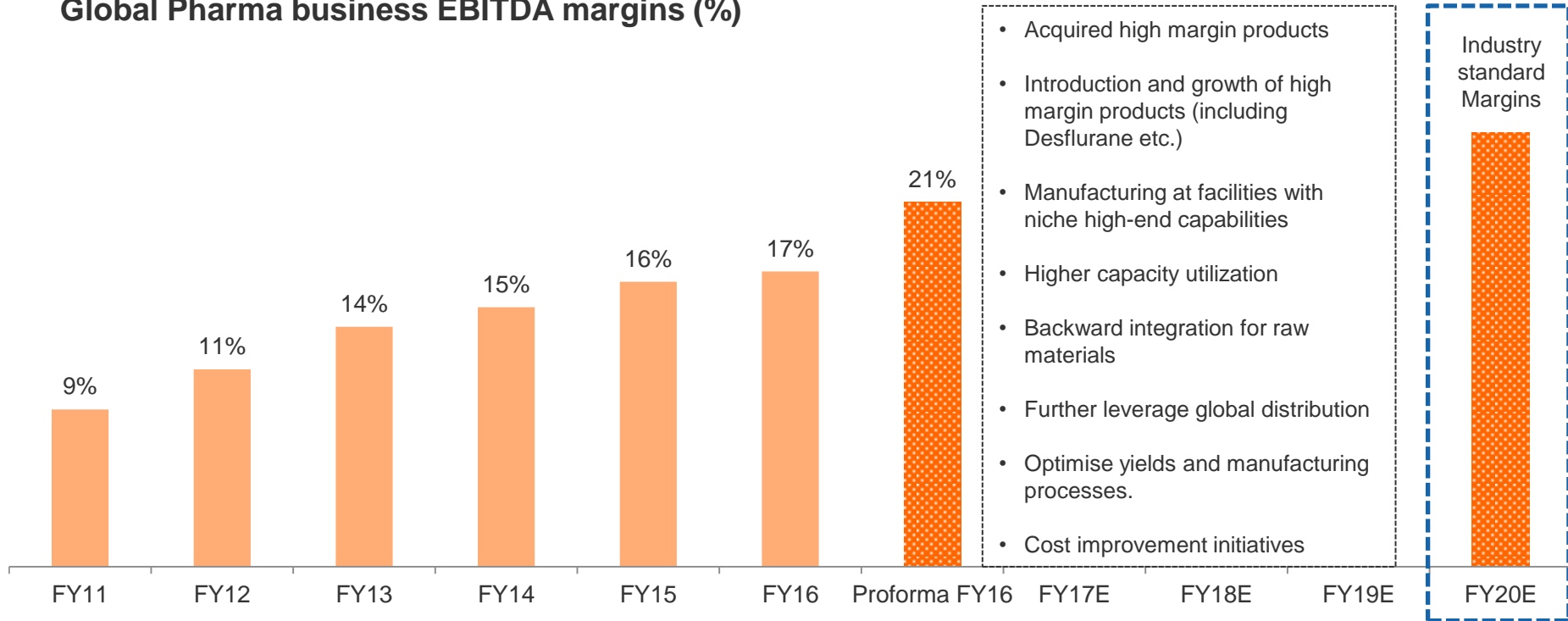
## Strong revenue growth track record (Rs. Crores)



**Continue to actively look for organic and inorganic opportunities to enhance growth**

# Enhancing EBITDA Margin

## Global Pharma business EBITDA margins (%)



**EBITDA Margins to significantly improve in coming years**

# Why can we create a large and profitable global pharma business ?

Significant market opportunity



End-to-end manufacturing capabilities with niche offerings



Investing to move up the value chain



Strong focus on compliance, quality and reliability



Potential to grow rapidly and expand margins



**Well-positioned to create a large, well-diversified and profitable global pharma business**

Strong presence in US, Europe, Japan and India



Growing organically and inorganically



Offering complete pool of services to large & mid sized Pharma Companies



Strong portfolio of niche products and services



Large distribution network reaching >100 countries





# India Consumer Products

# Strong product portfolio

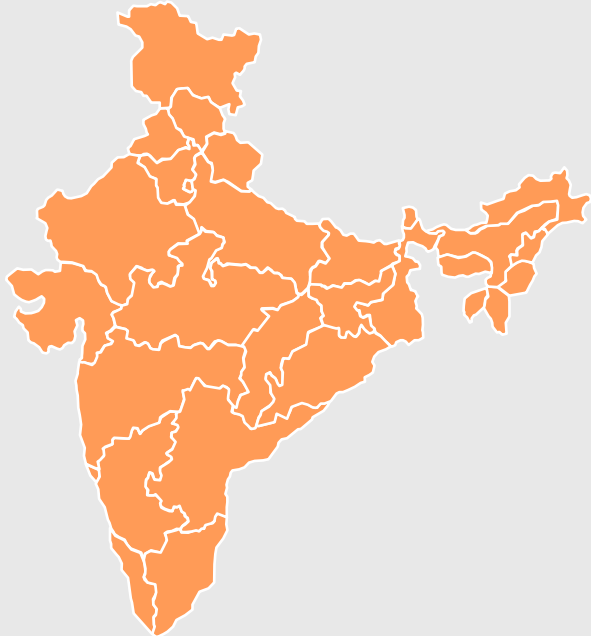
Six brands among India's top 100 OTC brands








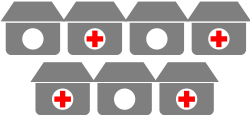

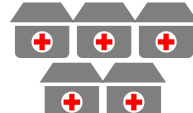
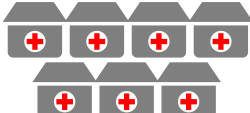



PEL has strong brand portfolio: Most brands are among the top two in their respective representative market

# Developed a large India-wide distribution network

## Wide Distribution Network



**Our chemist coverage is now comparable with the top 3 OTC players**

	FY2008	FY2012	Now
No. of towns present	 16	 481	 1,500
Total Outlet presence	 24,000	 200,000	 400,000
Chemist Outlet presence	 16,000	 100,000	 220,000
Field Force	 80	 800	 2,000



# Adding products organically and inorganically

## Products added organically



Instant pain relieving  
mouth ulcer gel



A non-drowsy anti-  
allergy OTC brand



A sore throat pain  
relief product



A pregnancy test kit



Ovulation test kit



Detoxifies the after effects of  
socializing, etc.

## Product portfolios added through acquisition



4 brands from Pfizer Ltd



5 brands from Organon India & MSD BV

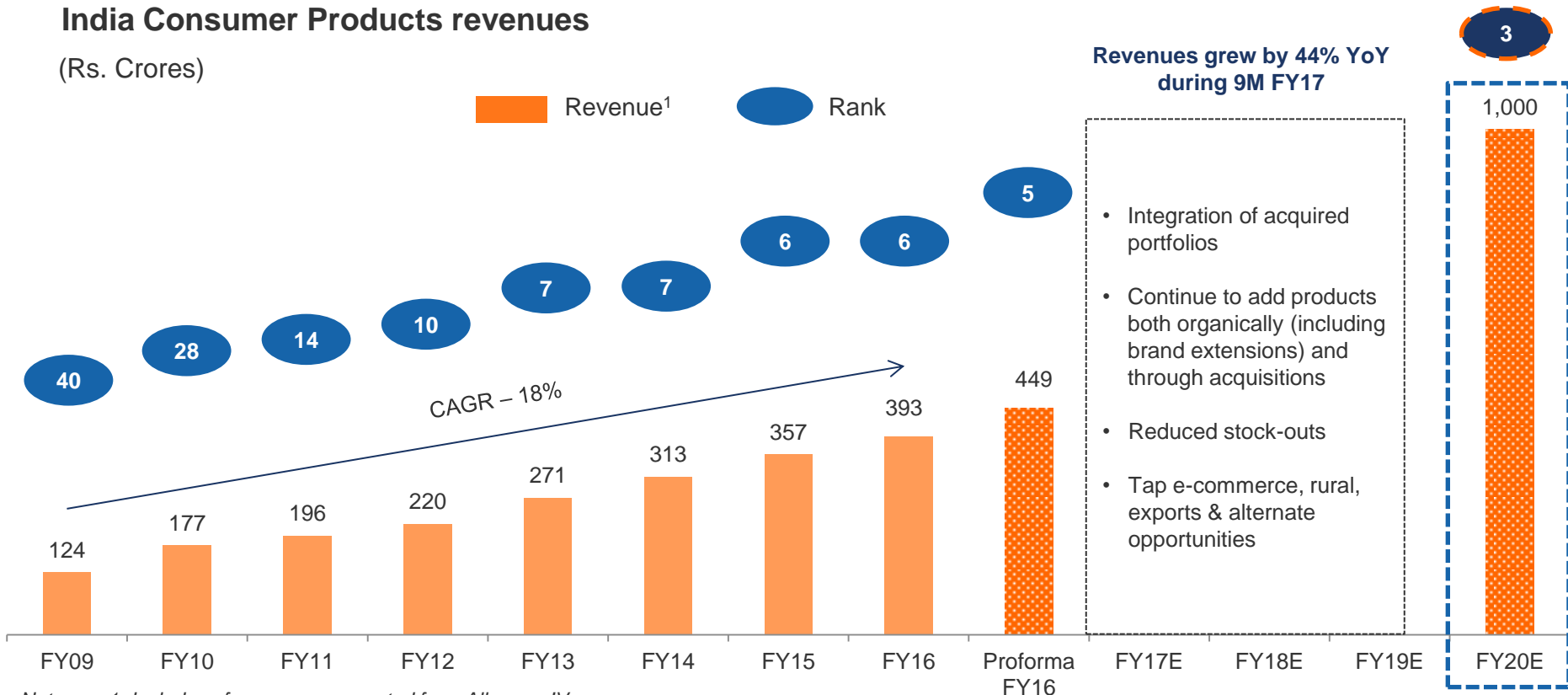


Baby-care brand 'Little's'

# Strong growth track record

## India Consumer Products revenues

(Rs. Crores)



Note: 1. Includes of revenues generated from Allergan JV

# Significantly enhancing EBITDA Margin

Conscious choice over last few years to re-invest profits for scaling up the business - Aim to be among top 3 OTC players in India by 2020

Near break-even EBITDA Margin

- Significant addition of new products / brands / brands extensions both organically and inorganically will leverage the domestic distribution network and aid fixed cost amortization resulting in higher margins
- Using third party vendors has maximised competitiveness through lower manufacturing cost.
- High variable compensation structure for the sales staff will keep overheads low and incentivise higher performance.

Industry Standard Margins



FY15

FY16

FY17E

FY18E

FY19E

FY20E

# How Consumer Products business can become a significant play for us?





**Overall**

# Overall Revenue and Profitability performance

Overall Pharma	FY2016	FY2020 Projections
Revenue	Rs. 3,558 Crores	Rs. 6,500 - 7,000 Crores
<i>Imaging</i>	<i>(Rs. 168 Crores)</i>	<i>NIL</i>
EBITDA Margins	Single Digit	20% - 25%

# Well positioned to re-create one of the Top Pharma businesses of India

S.No.	Pharma Companies	FY16 Revenue (Rs. Crores)	EBITDA Margin (%)	Enterprise Value (Rs. Crores)	Market Cap <sup>1</sup> (Rs. Crores)
1	Sun Pharmaceutical Industries Ltd	28,270	31%	1,56,791	1,58,876
2	Dr.Reddy's Laboratories Ltd	15,698	26%	49,309	49,954
3	Lupin Ltd	14,208	28%	73,502	67,113
4	Aurobindo Pharma Ltd	13,896	23%	44,693	40,766
5	Cipla Ltd	13,678	19%	52,554	48,522
6	Cadila Healthcare Ltd	9,838	25%	39,794	38,145
7	Glenmark Pharmaceuticals Ltd	7,560	19%	30,154	27,023
	PEL Pharma (FY20 Projected Revenue)	6,500 – 7,000	20-25%		
8	Torrent Pharmaceuticals Ltd	6,676	42%	22,418	21,440
9	Jubilant Life Sciences Ltd	5,802	22%	15,362	11,180
10	Alkem Laboratories Ltd	4,992	17%	21,655	21,895
11	Divi's Laboratories Ltd	3,776	38%	18,797	19,626
12	PEL Pharma (FY16 Revenue)	3,558	Single digit		
13	Biocon Ltd	3,485	25%	22,421	21,776
14	Alembic Pharmaceuticals Ltd	3,149	32%	10,126	10,409
15	Strides Shasun Ltd	3,156	17%	12,900	10,707

Source : Company Reports, Bloomberg

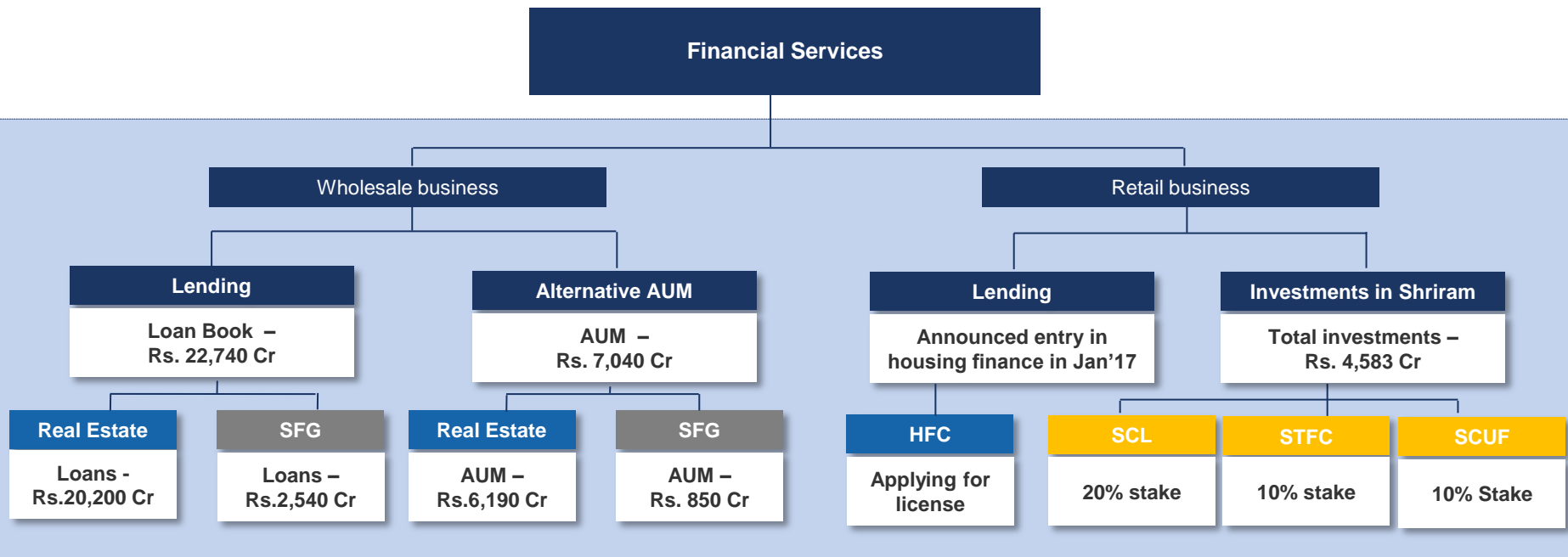
Note : 1. MCAP as on 10<sup>th</sup> Feb 2017



# **Financial Services business**



# Diversified exposure across both wholesale and retail financing



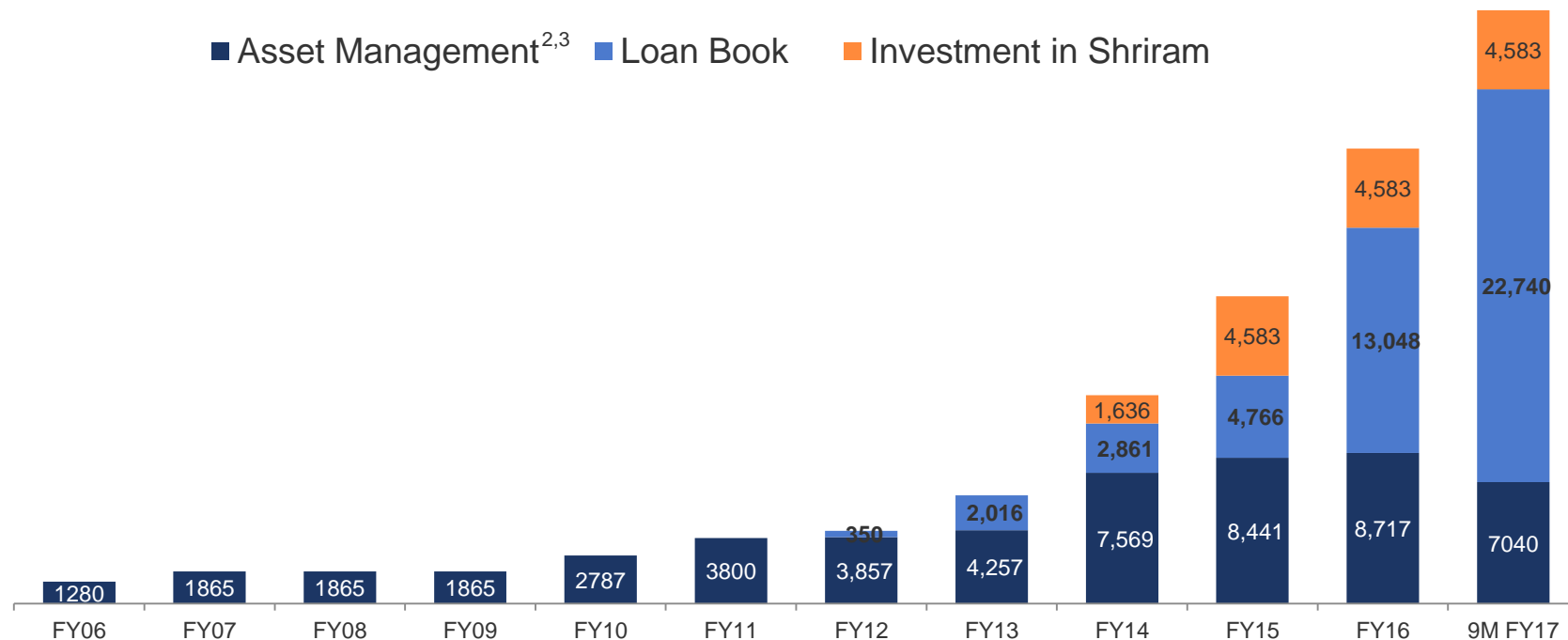
Strong portfolio with a total investments, loans and assets under management of Rs.34,363 Crores

# Built a robust and scalable financial services platform

## Rapidly growing financial services portfolio<sup>1</sup>

(in Rs. Crores)

■ Asset Management<sup>2,3</sup> ■ Loan Book ■ Investment in Shriram

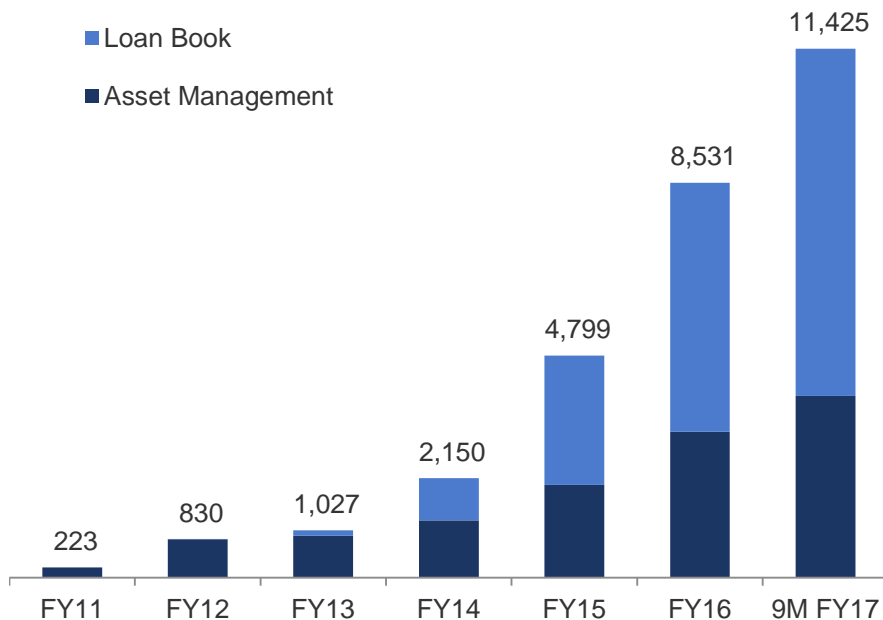


### Notes:

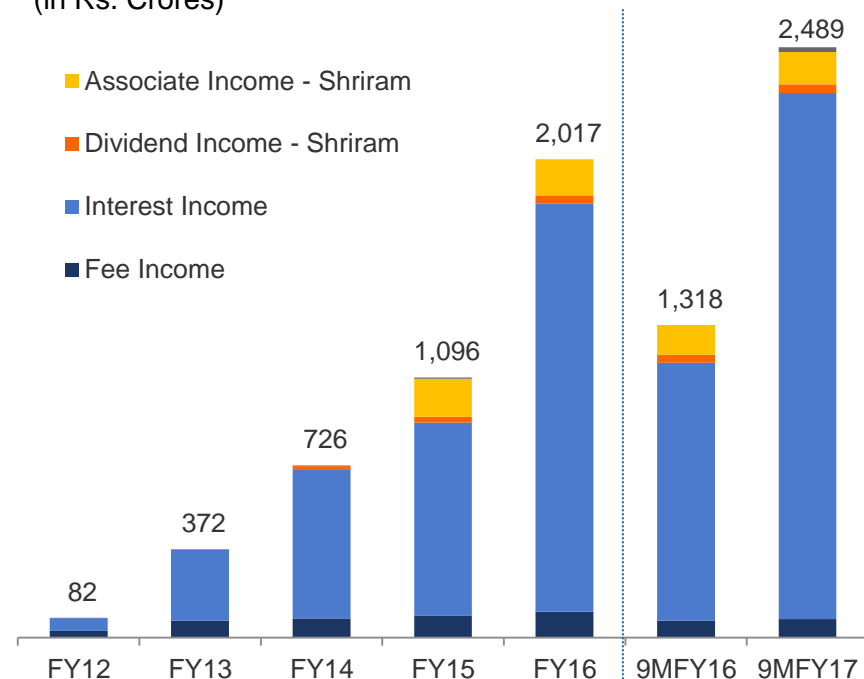
1. Excludes our investment in Vodafone India, which was exited during FY2015
2. Exits from Asset Management business have been included on calendar year basis
3. AUM from FY2006 to FY2011 represents INDIAREIT numbers

# Built a robust and scalable financial services platform

## Strong trend of cumulative exits / repayments<sup>1, 2</sup> (in Rs. Crores)



## Rapidly growing income from Financial Services business (in Rs. Crores)



### Notes:

1. Excludes our investment in Vodafone India, which was exited during FY2015
2. Exits from Asset Management business have been included on calendar year basis

# Consistently expanding product portfolio to boost growth

Products	2006	2011	2012	2013	2014	2015	2016	2017
<b>Real Estate</b>								
Residential projects								
Pure / Preferred / Mezzanine Equity	✓	✓	✓	✓	✓	✓	✓	✓
Senior Secured / Structured Debt		✓	✓	✓	✓	✓	✓	✓
Construction Finance						✓	✓	✓
Retail Housing Finance <b>New</b>								✓
Commercial projects								
Construction Finance <b>New</b>							✓	✓
Lease rent discounting <b>New</b>							✓	✓
<b>Structured Finance (Renewables, Cement, Transportation, etc.)</b>								
Mezzanine Lending				✓	✓	✓	✓	✓
Loan against shares						✓	✓	✓
Senior lending							✓	✓
Stressed Asset Funding <b>New</b>							✓	✓
Total Assets under management (including loans) <sup>1</sup> – (Rs. Crores)	-	3,800	4,207	6,273	10,430	13,207	21,765	

Note : 1. Financial year end numbers of loan book + AUM

# Real Estate end-to-end financing model

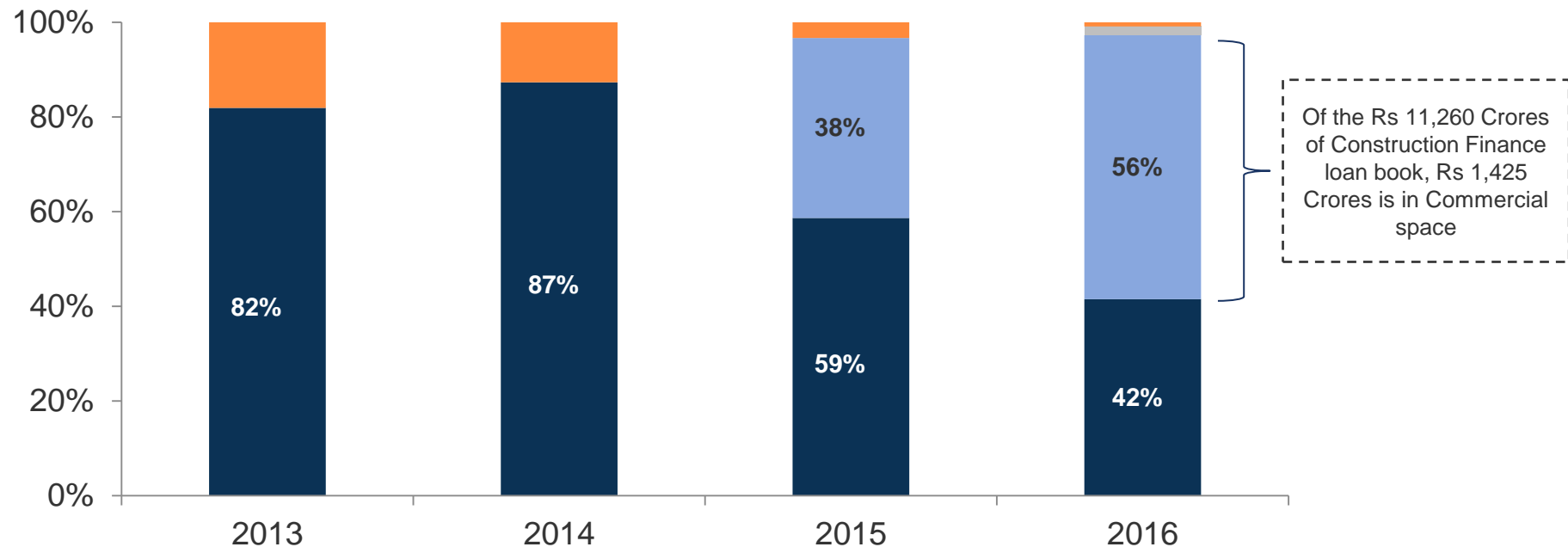
Particulars	Private Equity	Mezzanine Lending	Construction Finance	Lease Rent Discounting	Housing Finance
Stages of lending for a project	Primarily for land purchase	Post land purchase till commencement of construction (Phase of obtaining approvals)	For construction of projects	Lease rental discounting for commercial projects	Announced our entry in Housing Finance in Jan 2017. Applying for HFC license
Current Size	Off Balance Sheet (Third Party Funds with PEL sponsor commitment upto 7.5%)	On Balance Sheet	On Balance Sheet	On Balance Sheet	
Year of commencement	Started in 2006; acquired by PEL in 2011	2011	2015	2016	
Current Size	Rs.6,190 Crores	Rs.8,940 Crores	Rs.11,260 Crores	Target to scale up to a book size of Rs.10,000 Crores by FY2018.	
Average Yield / IRR	20-24%	17-19%	14-16%	11-12%*	
Tenor	4-6 years	3-5 years	4-6 years	9-12 years	

\* To down-sell a portion of the portfolio to maintain RoE

# Significantly diversifying the Real Estate lending portfolio; lowering overall risk profile

Changing product mix (in %)

■ Structured Debt ■ Construction Finance ■ LRD ■ Education



LRD and HFC to further improve this diversification and lower the risk profile

# Diversification into Housing Finance

## India Advantage

- Huge untapped potential - Market size of Rs.24 trillion growing at a healthy CAGR of 20%
- Strong India demographics and increased affordability
- Government initiatives like Housing for all by 2020, Pradhan Mantri Awas Yojana, development of 100 smart cities etc.
- Govt. focus to increase employment avenues – Real Estate among the highest employment generating sector

## Leveraging our strengths

- Strong reach – Funding 259+ projects of 79+ developers in top 6 cities
- Understanding of 91+ micro markets through proprietary data generated over last 10 years
- Deep understanding of Real Estate space over more than a decade
- Deep understanding of the ever changing external market environment
- Extensive use of technology, analytics and world class processes to give us competitive advantage

## What we plan to do ?

- Current outlay of Rs.1,000 Crores
- Will provide customized solutions
- Expect to grow rapidly leveraging our strengths
- Striving for return in a range from mid to high teens
- Intend to provide turn-key solution to our customers by providing additional services such as home search, tie-up with interior decorator, real estate advisory etc.

# Structured Finance (Special Situation Investments)

Type of product	<ul style="list-style-type: none"> <li>Structured financing solutions for situations like last mile funding, promoter financing, cashflow mismatches, acquisition financing, etc.</li> </ul>
Nature of security	<ul style="list-style-type: none"> <li>Mostly first charge &amp; escrow on existing / future revenues, fixed / movable assets, pledge of shares, corporate guarantee, etc.</li> </ul>
Tenure	<ul style="list-style-type: none"> <li>Fixed tenure of around 5-6 years with lock in period for 1-2 years</li> </ul>
Security cover	<ul style="list-style-type: none"> <li>1.5-2x times</li> </ul>

Sector Agnostic Structured Finance Transactions	Renewables	Infra	Cement	E'tainment	Services	Telecom	Others
Senior lending			✓	✓			
Promoter funding	✓	✓					✓
Loan against shares		✓				✓	
Mezzanine lending	✓				✓		
Stressed asset funding	Launched an India focused distress fund with Bain Capital Credit for investing debt / equity in distress companies in sectors other than real estate						



# Why can SFG be a big play for us?

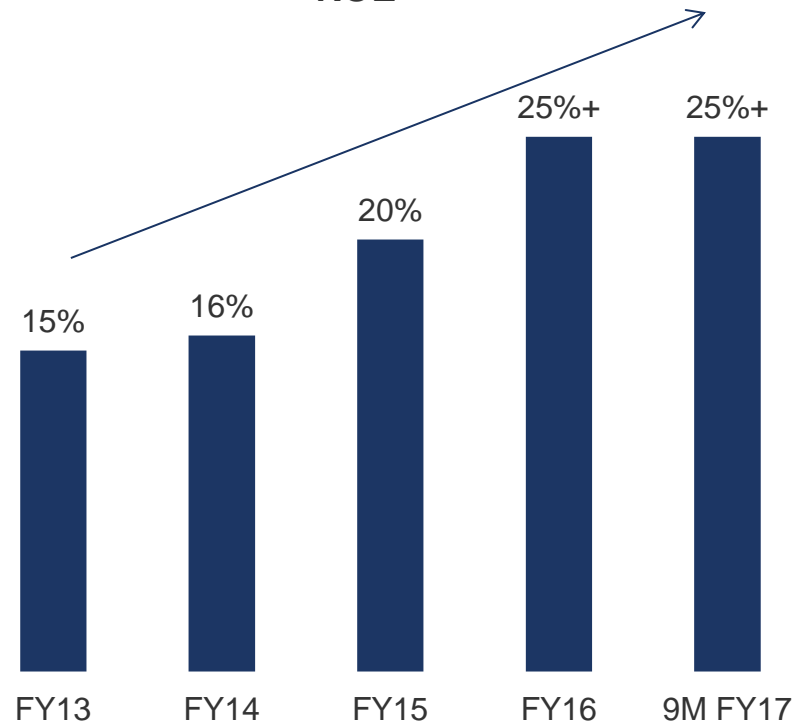
What has changed ?	Earlier	Now and going forward
Loan book size	Rs. 1,050 Crores as on Dec 2015	Rs.2,540 Crores as on Dec 2016
Sectors covered	Infrastructure and allied sectors	Sector agnostic lending
Products offered	Mezzanine lending	Senior lending Mezzanine lending Loan against shares Promoter funding
Yield range	Narrow range from 17% to 20%	Wide range from 13% to 20%

## Loan book performance against key parameters

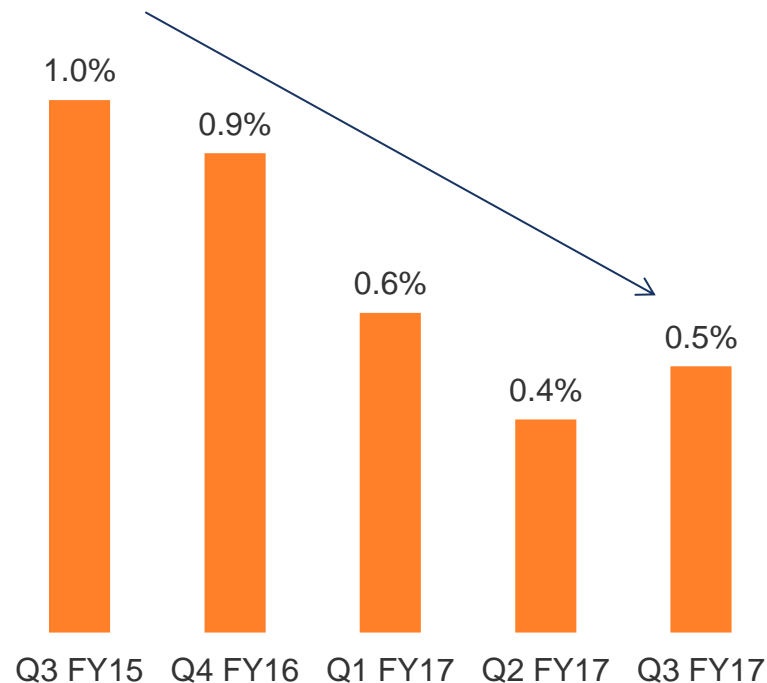
Particulars	9M FY2017
Total Loan Book size	Rs.22,740 Crores
Average Yield on Loans	16%
Average Cost of Borrowings	9%
Cost to Income Ratio	7%
Gross NPA ratio	0.5%
Provisioning	~2%
ROA	6%
ROE	25%+

# Continue to deliver over 25%+ ROE with lower NPA levels

**ROE**

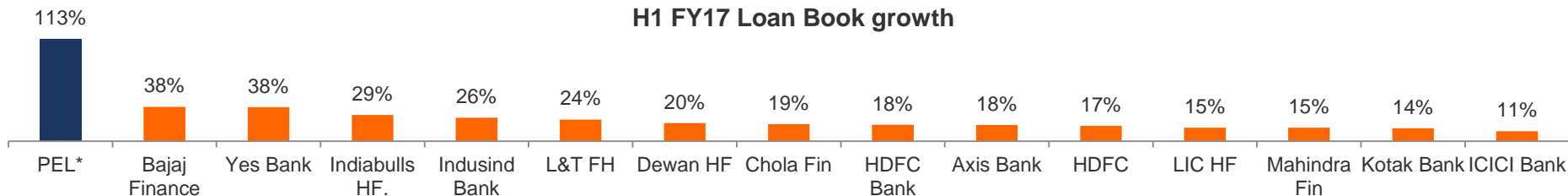


**Gross NPA ratio**

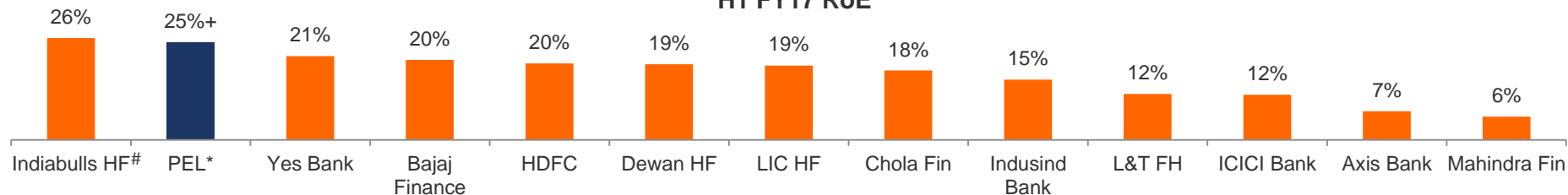


# Our performance vs. peers

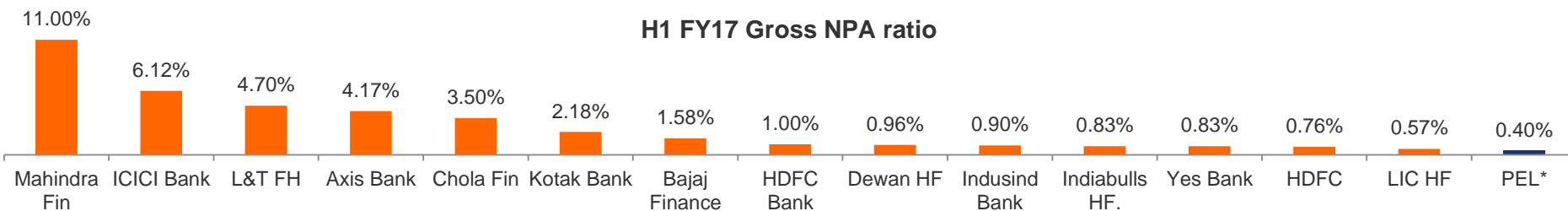
## H1 FY17 Loan Book growth



## H1 FY17 RoE



## H1 FY17 Gross NPA ratio



\* Loan book performance

# For FY2016

# Our performance Vs. top players over last few years

Loan book growth (%)	FY14	FY15	FY16	9M FY17
HDFC	16%	16%	14%	17%
Bajaj Finance	37%	35%	36%	33%
<b>PEL</b>	<b>42%</b>	<b>67%</b>	<b>174%</b>	<b>105%</b>

RoE (%)	FY14	FY15	FY16	9M FY17
HDFC	21%	20%	22%	20%
Bajaj Finance	20%	20%	21%	22%
<b>PEL</b>	<b>16%</b>	<b>20%</b>	<b>25%+</b>	<b>25%+</b>

Gross NPA ratio (%)	FY14	FY15	FY16	9M FY17
HDFC	0.69%	0.67%	0.70%	0.81%
Bajaj Finance	1.18%	1.51%	1.23%	1.47%
<b>PEL</b>	<b>NR</b>	<b>NR</b>	<b>0.90%</b>	<b>0.50%</b>

NR = Not reported



**Partnership with Shriram – Strategic in nature**

# Partnership with Shriram – Strategic in nature



~Rs.1 tn

Assets under management in financial services

~Rs.415 bn

Market capitalization of listed entities<sup>1</sup>

3,000+

Number of branches

77,000+

Manpower strength

10.5 mn

Customers

#1

Industry rank in used CV and MSME financing

**Mr. R. Thyagarajan, Founder of Shriram Group on Piramal's investment deal**

*Ajay Piramal is a good entrepreneur and we are organization builders. The equity investment by Piramal in Shriram creates a platform where both these skills get combined. So the entrepreneurial skills of Piramal Group will certainly help in introducing new ideas into the way we are doing business at Shriram Group.....and now with Piramal on board, we can look forward to better entrepreneurial thoughts that can enable the business to do things differently and at a different pace.*

Note:

1. Includes Shriram Transport Finance and Shriram City Union Finance

Source: Livemint, 17 April, 2014



## **Measures to ensure healthy asset quality**



# How we ensure healthy asset quality?



## Controls at pre-qualification stage



- **Presence only in Tier 1 cities**



- **Focus on select micro-markets having intrinsic and end-user demand**



- **Grade 'A' developers having strong track record**



- **Presence in the real estate for a long time period**



## Controls at pre-approval stage



- **Sensitivity analysis** not just based on sales and cost but also based on velocity



- **Structures each transaction uniquely** to address any specific risks associated with the project

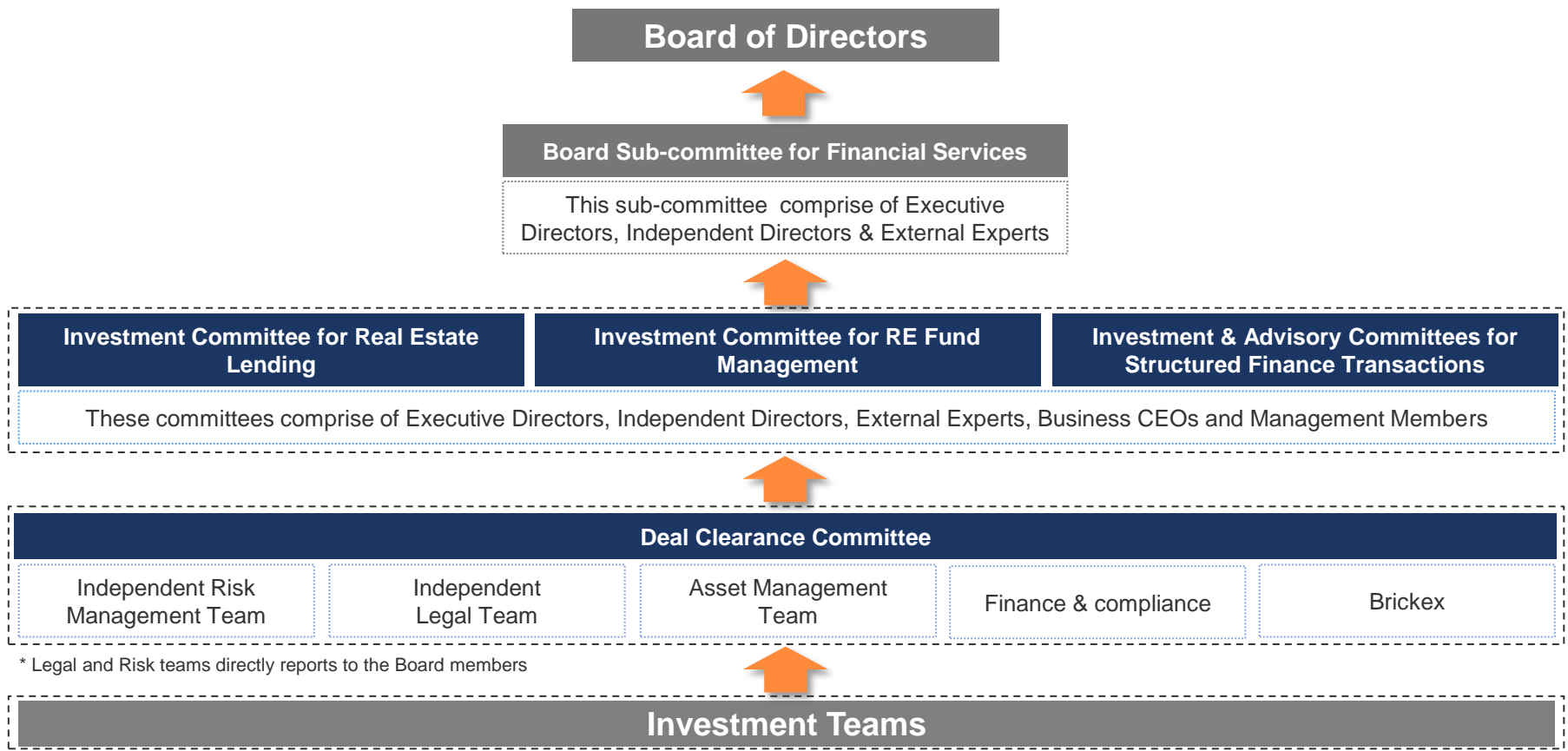


- **Proprietary risk scoring system** to avoid bias



- **Strategic alliances with global funds** serves as external validation of underwriting and re-assures the investment thesis

# Review and governance mechanism



# Constant asset monitoring to ensure healthy asset quality



- **Local team** in every city where we operate to assess the performance right from investment to exit stage



- **Monthly / Quarterly site visits** to assess the project progress



- **Dedicated asset monitoring team** of financial and techno-commercial professionals that acts as check and balance



- **Monthly performance review** with regard to sales units, value & price, collections and various costs



- Both investment and asset management team spend significant time post disbursement to **detect and react to early warning signals**



- **Computation of monthly cash cover** to ensure adherence to stipulated cash cover

# Financial Services Strategy : On track to create one of the largest well-diversified Financial Services businesses of India

## Continue the growth momentum

- Sanctioned Rs.5,000 Crores in construction finance to commercial projects
- Sanctioned 50% of the pre-approved limits of Rs.15,000 Crores granted to the alpha developers in Tier I cities
- Added LRD product to the portfolio. Targeting Rs.10,000 Crores by FY18
- HFC – Expect to grow rapidly leveraging our strengths

- Effective measures taken to maintain robust asset quality
- ALM framework in place
- Automatization of systems and processes
- Strengthened teams to handle potential scale
- Consistently monitor & react to early-warning signals

## **Develop strong system & maintain robust asset quality**

## Enter more partnerships

- Partnerships like CPPIB, APG and Bain reflects robustness of business model
- Multiple partners in Real Estate AUM business
- Partnerships to generate more fee income
- Continue to look for global institutions to partner with us

- Mr. Piramal is the Chairman of Shriram Capital
- Focused on developing long term strategy  
— External consultant assisting on the same

## **Contribute in taking Shriram to next level**

# Growth strategy



# **Information Management business**

# Information Management : Answer our clients' most pressing questions

LIFE SCIENCES	Market Assessment	<ul style="list-style-type: none"> <li>• Which therapeutic markets have the highest potential?</li> <li>• What should healthcare organizations do as healthcare shifts to a value focus?</li> </ul>
	Market Access	<ul style="list-style-type: none"> <li>• What is the best evidence to support my access and reimbursement argument?</li> <li>• How will the key payers in the future make decisions about my product?</li> </ul>
	Commercial Optimization	<ul style="list-style-type: none"> <li>• What levers can I pull to improve my brands' volume?</li> <li>• How is my product being perceived in market relative to competition?</li> </ul>
	Digital Innovation	<ul style="list-style-type: none"> <li>• Where should my digital spend be targeted?</li> <li>• How can I segment and target segments uniquely?</li> </ul>
PAYER / PROVIDER	Market Assessment	<ul style="list-style-type: none"> <li>• What are my competitors doing?</li> <li>• How is the market unfolding? Who is winning and losing?</li> </ul>
	Performance Improvement	<ul style="list-style-type: none"> <li>• Where can I improve my hospital's performance? In Revenue Cycle Management? In IT? In Supply Chain?</li> <li>• How do I benchmark relative to hospital peers?</li> </ul>



# Information Management : Strong positioning with high long term revenue visibility

## Key Business Highlights

Serves major Developed and Emerging Markets

CY2016 Revenue - \$179 Mn

Capabilities across customer's product life cycle

17 office locations globally

900+ employees globally

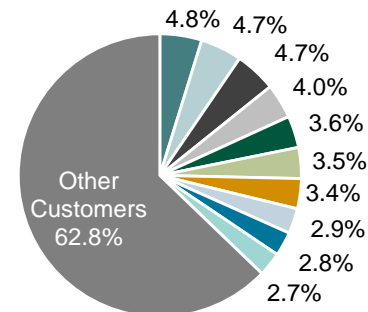
## Significant revenue visibility

- DRG serves nearly all leading life sciences companies
- Over 75% of revenue is recurring in nature
- 96% client retention by value during CY2015
  - 100% among top 20 customers

## >10 year relationships with all of the Company's top ten customers

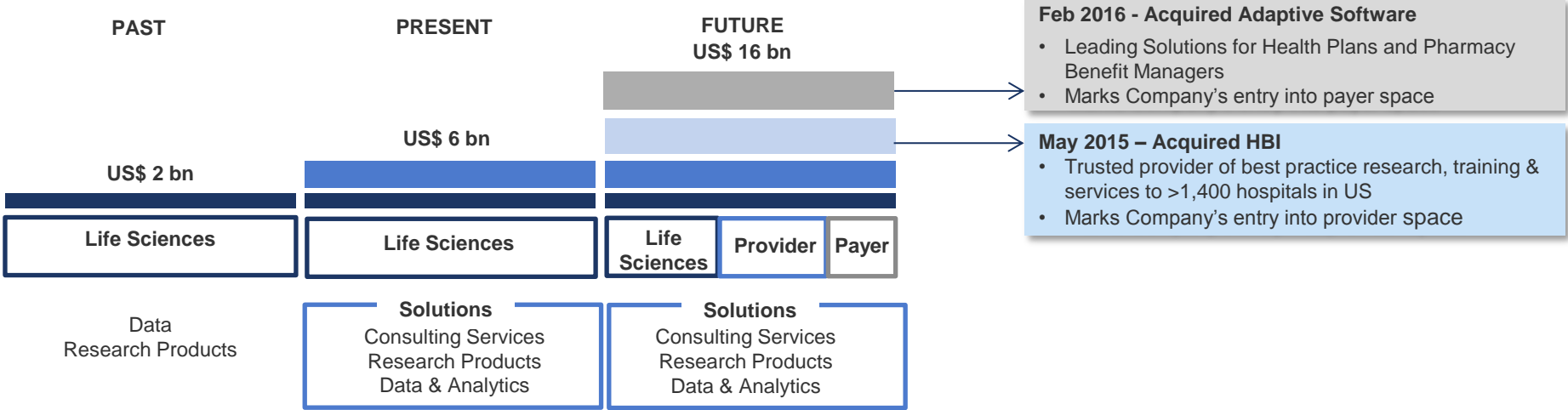
Customer	# of Years
Astellas Pharma	>10 yrs
AstraZeneca	>10 yrs
Bayer	>10 yrs
Boehringer Ingelheim	>10 yrs
Bristol-Myers Squibb	>10 yrs
Johnson & Johnson	>10 yrs
Merck & Co	>10 yrs
Novartis	>10 yrs
Pfizer	>10 yrs
Roche	>10 yrs

## Top 20 relationships comprise ~57% of revenue





# Information Management : Expanding into New Markets



Source: Based on proprietary market research and internal DRG estimation

# Information Management : Establishing offices in India to drive margin improvement

- DRG launched a new initiative to transform its global talent pool by expanding to India. Business opened offices in Bengaluru (Jan 2015) and Gurugram (Feb 2016) with over 240 positions on boarded (i.e. ~1/5th of the current DRG workforce).
- Scaling India operations to:
  - Improve customer delight, delivery, and response times through building 24/7 capabilities
  - Access a large pool of educated professionals with substantial expertise
  - Establish new international offices in a key growth market
  - Accelerate DRG's profit growth through the cost-effective expansion of teams



# Information Management : DRG's Peer valuations

## DRG's peers valuation multiples

DRG Peers	2015 Multiples		
	EV/Revenue (x)	EV/EBITDA <sup>1</sup> (x)	EV (US\$ mn)
Veeva Systems Inc. <sup>2</sup>	8.1	28	3,297
Verisk Analytics, Inc	7.7	18	15,924
Medidata Solutions, Inc.	6.0	27	2,362
Athenahealth, Inc.	5.8	29	5,336
Inovalon Holdings, Inc	4.8	14	2,092
IMS Health	4.3	14	12,542
<b>Median</b>	<b>5.9</b>	<b>23</b>	<b>-</b>

Source: CapIQ, Wall Street equity research, SEC Filings

Note:

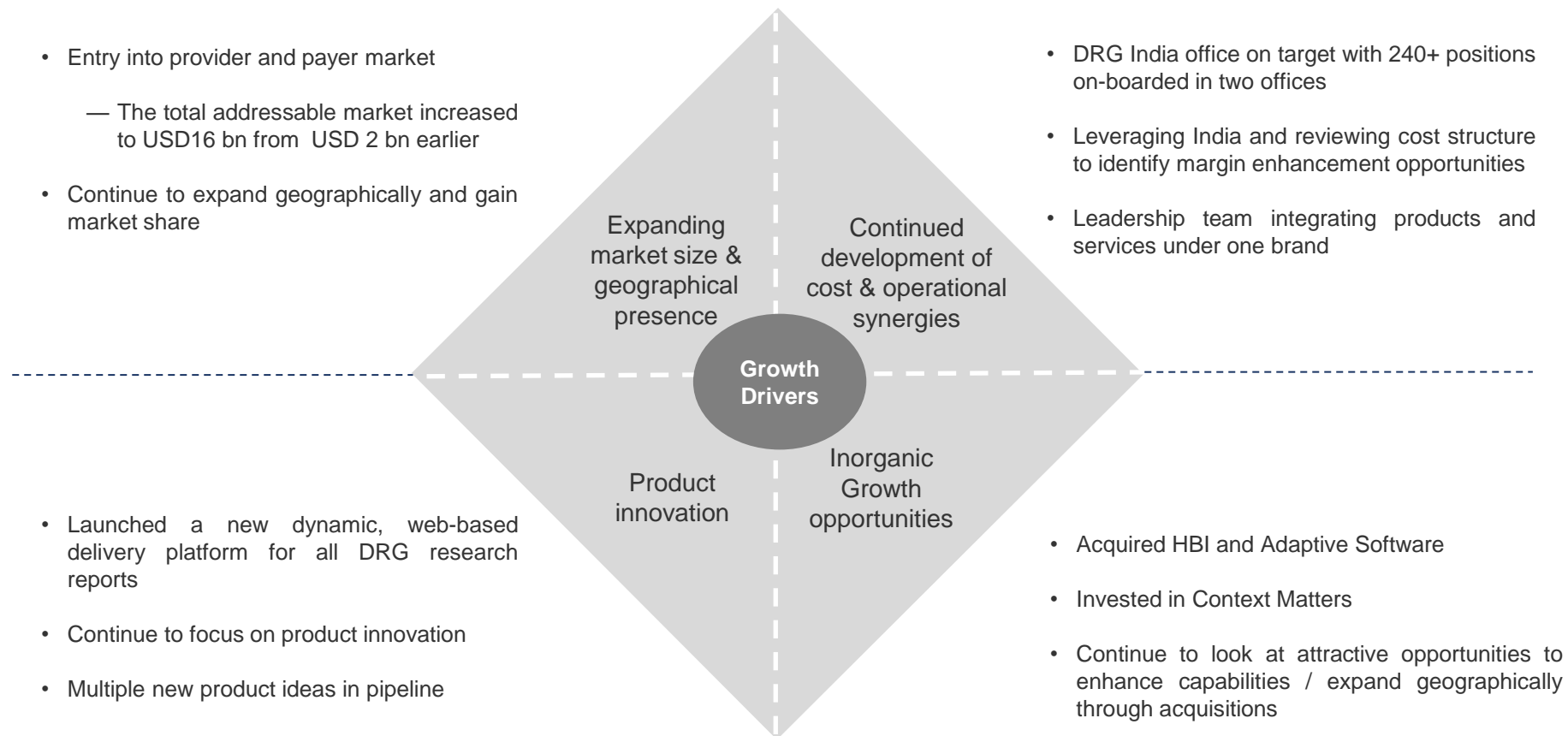
1. EBITDA metrics reflect Adj. EBITDA per Wall Street equity research

2. Fiscal year ends 1/31 and is used as a proxy for calendar year

## Sector M&A valuation multiples

Target	Buyer / Investors	Acquisition Price (US\$ mn)	Value / LTM Revenue (x)	Transaction Value / LTM EBITDA (x)
iHealth	Connolly	\$ 1,200	7.5	14
Heartbeat Experts	Truven	\$ 136	5.2	22
Vitruvian	CRF	\$ 374	4.5	18
IMS Health	Quintiles	\$ 13,346	4.4	15
Altegra	Emdeon	\$ 910	4.3	16
Truven Health	IBM Watson	\$ 2,600	4.2	17
Merge Healthcare	IBM Watson	\$ 1,000	4.2	24
<b>Median</b>			<b>4.4</b>	<b>17</b>

Source: CapIQ, Wall Street equity research, SEC Filings





# Appendix

# Diversified Revenue Mix for Q3 & 9M FY2017

(In Rs. Crores or as stated)

Net Sales break-up	Quarter III ended			% Sales	Nine months ended		
	31-Dec-16	31-Dec-15	% Change		31-Dec-16	31-Dec-15	% Change
Pharma	954	894	6.7%	44.0%	2,679	2,538	5.6%
Global Pharma	869	828	5.0%	-	2,414	2,354	2.6%
India Consumer Products	85	66	27.7%	-	265	184	43.6%
Financial Services	902	461	95.9%	38.7%	2,352	1,192	97.4%
Information Management	464	425	9.2%	16.4%	995	947	5.1%
Others	22	7	-	0.9%	56	13	-
<b>Total</b>	<b>2,342</b>	<b>1,786</b>	<b>31.1%</b>	<b>100%</b>	<b>6,084</b>	<b>4,690</b>	<b>29.7%</b>

Note:

1. Foreign Currency denominated revenue in Q3 FY2017 was Rs.1,258 Crores (54% of total revenue) and in 9M FY2017 was Rs.3,182 Crores (52% of the total revenue)

# Diversified Revenue Mix for FY2016

(In Rs. Crores or as stated)

Net Sales break-up	Quarter IV ended			% Sales	Full year ended		
	31-Mar-16	31-Mar-15	% Change		31-Mar-16	31-Mar-15	% Change
Healthcare	955	836	14.3%	53.8%	3,558	3,121	14.0%
Global Pharma	838	734	14.1%	47.8%	3,166	2,765	14.5%
Consumer Products <sup>1</sup>	117	102	15.1%	5.9%	393	357	10.1%
Financial Services	559	264	111.8%	28.2%	1,864	937	98.9%
Information Management	207	194	6.5%	17.5%	1,156	1020	13.4%
Others	13	3	-	0.5%	31	45	-
<b>Total <sup>2</sup></b>	<b>1,734</b>	<b>1,298</b>	<b>33.6%</b>	<b>100%</b>	<b>6,610</b>	<b>5,123</b>	<b>29.0%</b>

Note:

1. Including Ophthalmology
2. Foreign Currency denominated revenue in 4Q FY2016 was Rs.997 Crores (58% of total revenue) and in FY2016 was Rs.4,059 Crores (61% of the total revenue)

# Consolidated P&L for Q3 & 9M FY2017

(In Rs. Crores or as stated)

Particulars	Quarter III ended			Nine months ended		
	31-Dec-16	31-Dec-15	% Change	31-Dec-16	31-Dec-15	% Change
Total Revenues	2,342	1,786	31%	6,084	4,690	30%
R&D Expenses	21	37	(43%)	71	103	(31%)
Other Operating Expenses	1,236	1,174	5%	3,546	3,334	6%
OPBIDTA	1,085	575	89%	2,467	1,253	97%
OPBIDTA Margin %	46%	32%	-	41%	27%	-
Non-operating other income	52	35	49%	147	200	(26%)
Interest expenses	591	257	130%	1,441	648	122%
Depreciation	110	68	63%	260	180	45%
Profit before tax & exceptional items	436	286	53%	913	625	46%
Exceptional items (Expenses)/Income	(2)	(15)	-	(2)	(27)	-
Income tax	76	10	648%	125	33	282%
Profit after tax (before MI & Prior Period items)	359	260	38%	786	566	39%
Minority interest	-	-	-	-	-	-
Share of profit/(loss) of associates <sup>1</sup>	45	46	(2%)	155	145	7%
Net Profit after Tax	404	307	32%	941	712	32%
EPS (Rs./share)	23.4	17.8	32%	54.6	41.2	32%

Notes:

- Income under share of associates primarily includes our share of profits at Shriram Capital. Our share of profit under JV with Allergan has also now been included under share of profit / loss of Associate, as per the new accounting standards.



# Consolidated P&L for FY2016

(In Rs. Crores or as stated)

Particulars	Quarter IV ended			Full year ended		
	31-Mar-16	31-Mar-15	% Change	31-Mar-16	31-Mar-15	% Change
Total Revenues	1,734	1,298	34%	6,610	5,123	29%
R&D Expenses	40	46	(13%)	137	267	(49%)
Other Operating Expenses	1,226	1,058	16%	4,601	3,970	16%
OPBIDTA	468	194	141%	1,872	885	111%
OPBIDTA Margin %	27%	15%	-	28%	17%	-
Non-operating other income	39	73	(47%)	242	254	(5%)
Interest expenses	304	119	155%	939	511	84%
Depreciation	90	71	27%	327	290	13%
Profit before tax & exceptional items	113	77	46%	849	339	150%
Exceptional items (Expenses)/Income <sup>1</sup>	72	4	-	46	2,696	-
Income tax <sup>2</sup>	38	34	11%	103	345	(70%)
Profit after tax (before MI & Prior Period items)	148	48	208%	791	2,690	(71%)
Minority interest	(0)	(0)	-	(0)	(0)	-
Share of profit/(loss) of associates <sup>3</sup>	33	47	(31%)	159	159	-
Net Profit after Tax	180	95	89%	951	2,850	(67%)
EPS (Rs./share)	10.4	5.5	90%	55.1	165.2	(67%)

## Notes:

- Exception gain for FY2016 majorly included gain on sale of certain properties. Exceptional gain for FY2015 majorly included gain on sale of 11% stake in Vodafone India partly offset by the amount written down on account of scaling back of our investments in NCE research.
- Tax expense for FY15 include s Rs.267 Crores on gain from sale of stake in Vodafone India.
- Income under share of associates primarily includes our share of profits at Shriram Capital.

# Consolidated Balance Sheet

(In Rs. Crores or as stated)

Particulars		Mar 31 2016	Mar 31 2015
Shareholders' Funds			
(A) Share Capital		35	35
(B) Reserves & Surplus		12,388	11,701
Minority Interest		34	29
Loan Funds		16,254	7,306
Deferred Tax Liability		-	3
TOTAL		28,710	19,074
Fixed Assets		8,367	7,342
Investments		14,800	7,768
Deferred Tax Asset		14	29
Current Assets, Loans and Advances			
Inventories		735	675
Sundry Debtors		925	832
Cash and Bank Balances		443	460
Other Current Assets		675	354
Loans and Advances		4,876	3,475
Less : Current Liabilities and Provisions			
Current Liabilities		1,732	1,229
Provisions		394	633
TOTAL		28,710	19,074

Break Up Loan Funds (In Rs. Crores)	INR Debt	FX Debt	Total
As on 31-Mar-16	13,563	2,691	16,254
As on 31-Mar-15	3,937	3,369	7,306

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

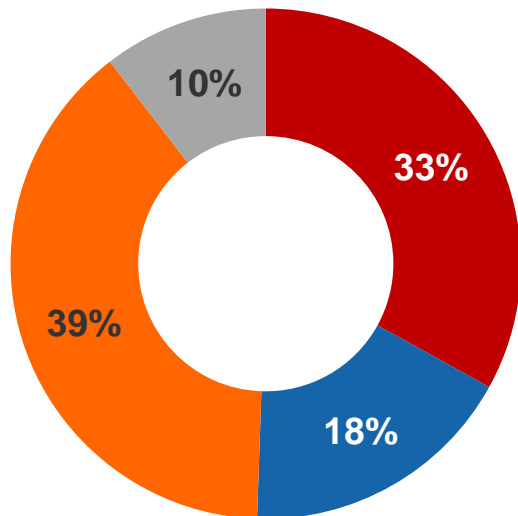


# Impact of Demonetisation

# Exposure to multiple geographies and sectors enables us to deliver strong growth even in tough times

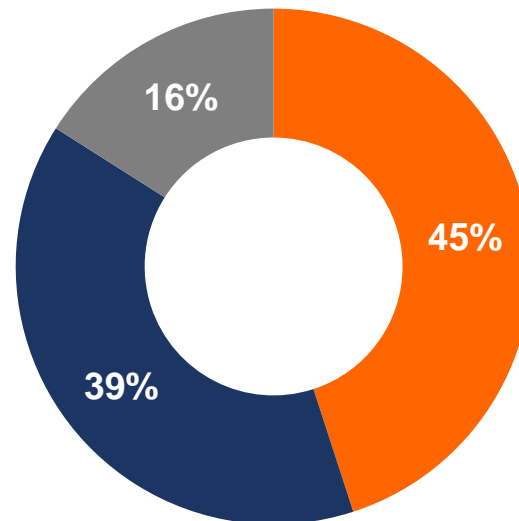
## FY2016 Geography-wise Revenue Break-up

■ North America ■ Europe ■ India ■ Others



## 9M FY2017 Sector-wise Revenue Break-up

■ Pharma<sup>1</sup> ■ Financial Services ■ Information Management



**Despite demonetisation, our revenue grew by 31% YoY in Q3 FY2017**

Note:


1. Pharma revenues include revenues from other businesses contributing 1% of the total revenues for 9M FY2017

# Solid performance in India during the quarter, despite demonetisation

Particulars	Global Pharma	India Consumer Products	Financial Services	Information Management	Total
Q3 FY2017 Revenue generated in India	Rs.96 Crores	Rs.85 Crores	Rs.902 Crores	NIL	Rs.1,083 Crores
Revenue generated in India as a % of Total Business Revenue	11%	100%	100%	-	46%
YoY Growth of Revenue generated in India in Q3 FY2017	27%	28%	96%	-	66%

# Least impacted by demonetisation due to the strength of our business model

## Controls at Pre-qualification stage

- 
- ✓ Presence in only Tier 1 cities
  - ✓ 'Grade A' developers having strong track record


Real Estate lending in Tier I cities of Mumbai, Pune, Bengaluru Hyderabad, Chennai and NCR

99%

Portfolio comprising of Grade A Developers

70%+

## Controls at Pre-approval stage

- 
- ✓ Sensitivity analysis not just based on sales and cost but also based on velocity
  - ✓ Proprietary risk scoring system to avoid bias
  - ✓ Structuring each transaction uniquely to address any specific risks associated with the project
  - ✓ Strategic alliances with global funds serving as external validation of underwriting and reassures investment thesis
  - ✓ Security and cash cover of 1.5x-2x based on conservative underwriting assumptions

Deals with underwriting assumptions based also on delay in velocity by 6 to 12 months

100%

Deals with Escrow A/C

100%

Deals with a 'Minimum Selling Price' clause ensuring collection of sales value into our Escrow A/C

100%

Deals with fixed IRR & obligation to pay without any linkage to market performance or sales realization

93%

# Constant asset monitoring ensuring healthy asset quality

Developers

79+

Transactions

145+

Projects pan India

259+



Constant monitoring by local teams in each city and dedicated asset monitoring team

- Monthly / Quarterly site visits to assess the project progress
- Monthly performance review with regard to sales units, value & price, collections and various costs
- Computation of monthly cash cover to ensure adherence to stipulated cash cover

Site Visits / month

130+

Developer sales MIS monitored per month

100%

Project escrow A/Cs monitored per month

100%

Transactions covered every month in Project Monitoring Meetings

135+

Projects approved, above the ground, significant portion sold out and financial closure achieved

85%

In line with our regular process, all dues were realized till the end of last month

Gross NPA ratio of 0.5%

# Consumer Products : Why could we deliver strong performance despite demonetisation?

## Large retail coverage & significant direct reach



- India-wide presence in 4 lacs outlets across 1,500 towns - a huge asset in tough times
- Large field force focused on covered each outlet 7 times during the Nov-Dec'16 period, thereby increasing sales despite scarcity of capital with the customers, strengthening relationship with outlets and increasing customers by 28%
- Lower dependency on wholesale network providing additional stability to business

## Pro-active credit extension



- Among the early ones to step in proactively & extend temporary credit to channel partners - later followed by other players in the industry.

## Non-discretionary in nature



- Our portfolio of niche consumer products largely caters to routine disruption
- Portfolio being non-discretionary in nature got lesser impacted by demonetisation

## Minimal Rural Exposure



- We have presence in 1,500 towns with 20,000+ population
- Minimal rural exposure resulted in low impact post demonetisation

**Despite scarcity of capital with consumers, business grew 28%, reflecting our strong execution capability**

% Growth	Q1FY17	Q2FY17	Q3FY17	YTD
Indian Pharma Market	6%	13%	10%	10%
PEL Consumer Products <sup>1</sup>	31%	76%	28%	44%

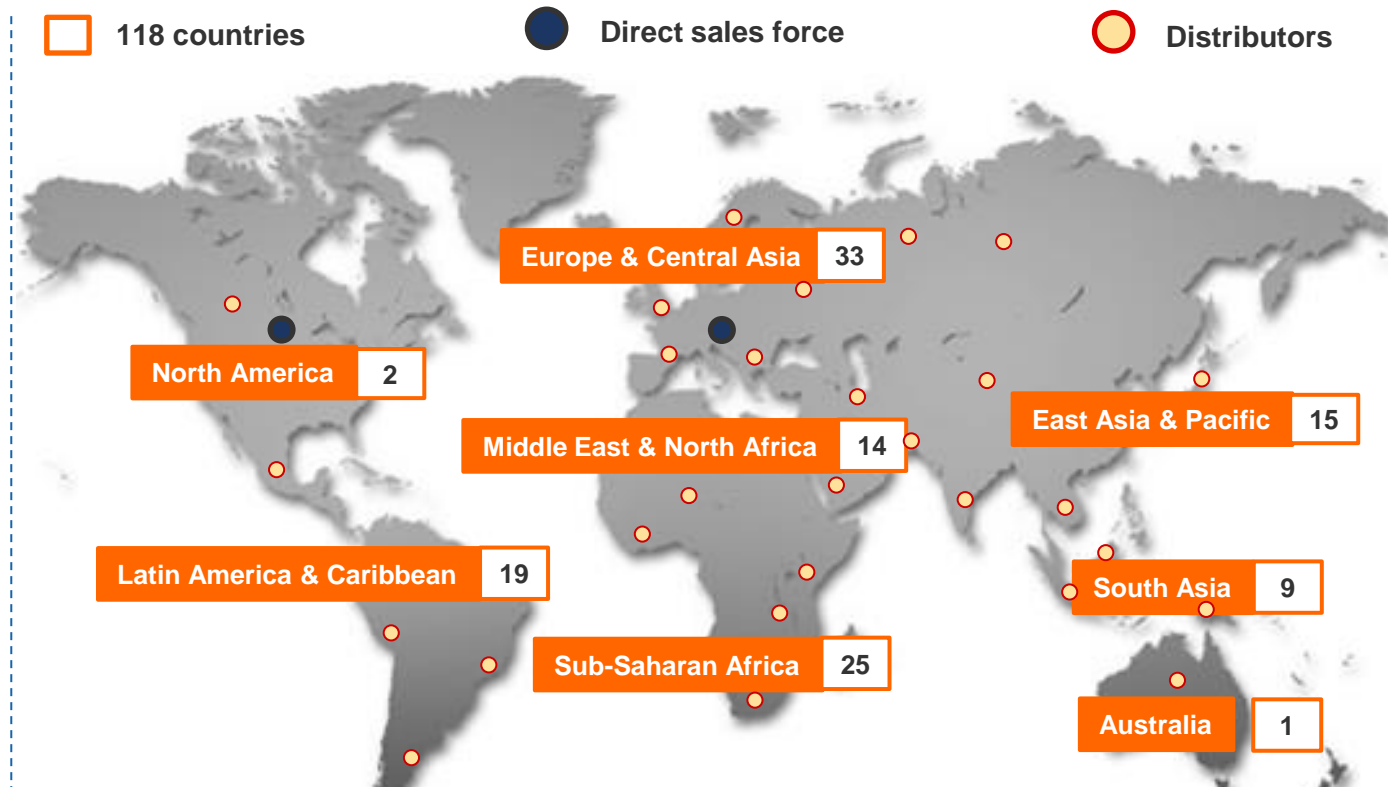
Source: AIOCD Report for Indian Pharma Market (IPM) Data

Note : 1. Excludes revenue from our JV with Allergan



# Large global distribution network reaching to over 100 countries

- Presence in 118 countries
- Serving over 6,000 hospitals in the world
- **Both product acquisitions :**
  - Strengthen presence in US, EU, Japan & EMs
  - Enable higher fixed cost amortisation to improve margins



Larger product portfolio will significantly leverage our global distribution capabilities

# End-to-end manufacturing capabilities for both APIs and Formulations



Discovery	Early phase API	Late phase API
<b>Medicinal &amp; Synthetic chemistry services –</b>  India - Ahmedabad	India – Ennore Canada – Aurora US – Riverview (HPAPI)	India – Digwal, Ennore Canada – Aurora UK – Morpeth US – Riverview (HPAPI)
	<b>Early phase Formulations</b>  UK – Grangemouth (ADC) India – Ahmedabad, Mumbai US – Lexington (Injectables)	<b>Late phase Formulations (OSD's &amp; Steriles)</b>  UK – Morpeth, Grangemouth (ADC) India – Pithampur, Digwal US – Lexington (Injectables), Bethlehem

# Partnerships



## Market standing

- Netherlands' largest asset manager with over **€443 bn of AUM**

- Leading global credit specialist with **US\$ 30 bn of AUM**

- **Among top 10** global sovereign pension fund with **C\$ 298 bn of AUM**

## Mandate

- Rupee denominated **mezzanine investments** in **Indian infrastructure**

- **Investing debt / equity in materially distress companies** across sectors, taking control where required and active participation in turnaround

- Rupee **debt financing** to **residential projects** across India's major urban centres

## Capital pool

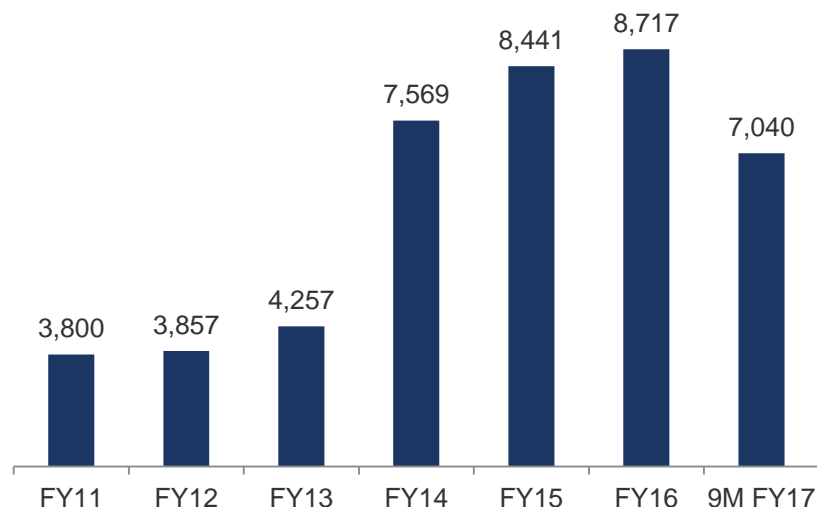
- Initial commitment of **US\$ 750 mn** with each party committing 50%.
- A target investment of **US\$ 1 billion** over the next 3 years.

- Target fund size of over **US\$ 750 mn**, with a sponsor commitment of **US\$ 75-100 mn** each

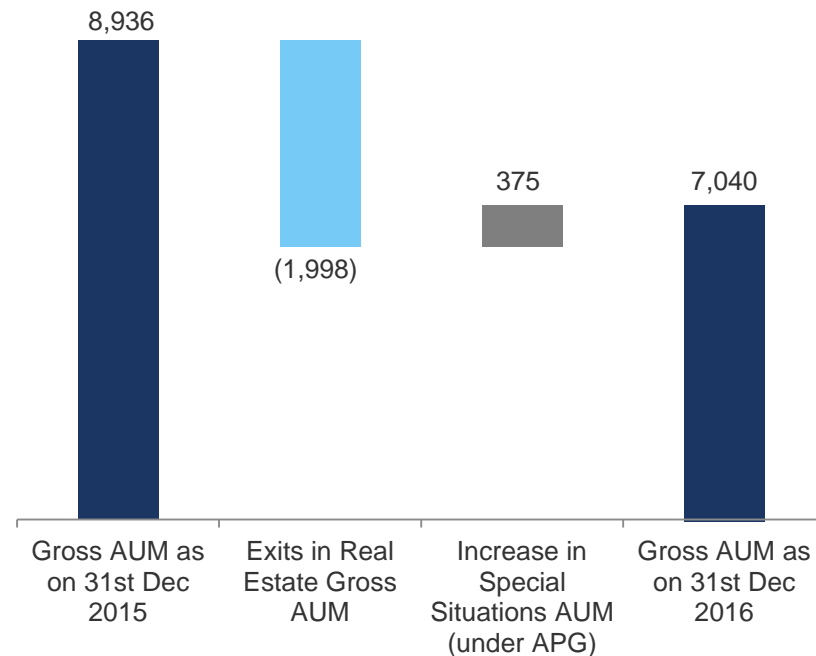
- Initial commitment of **US\$ 500 mn** with each party committing 50%.

# Alternative Asset Management : Exiting vintage funds

## Growing Alternative Asset Management business (Rs. Crores)



## Completely exited two of the vintage funds



**Sponsor commitment of up to 7.5%**

# Alternative Asset Management : Launched Stressed Asset Fund with Bain Capital Credit

## Market Opportunity

- Large market opportunity with few players
  - NPA of around US\$190 Bn (~18% against 11.5% per RBI norms)
- Regulatory changes shaping the stress asset market opportunity
  - Asset Quality Review initiated by RBI
  - SARFAESI / Debt Recovery Tribunal : coverage extended to NBFC
  - Bankruptcy Act expected to be operational by FY17-18
  - RBI released guidelines for stress asset sale through public auction, etc

## About the fund

- PEL entered into a 50:50 partnership with Bain Capital Credit, to co-manage an Indian focused distress fund
  - US\$ 30 Bn AUM of Bain Capital Credit across North America, Europe, Asia and Australia
- Scope: investing debt / equity in materially distress companies in all sectors other than real estate, taking control where required and active participation in turnaround

## Fund Strategy

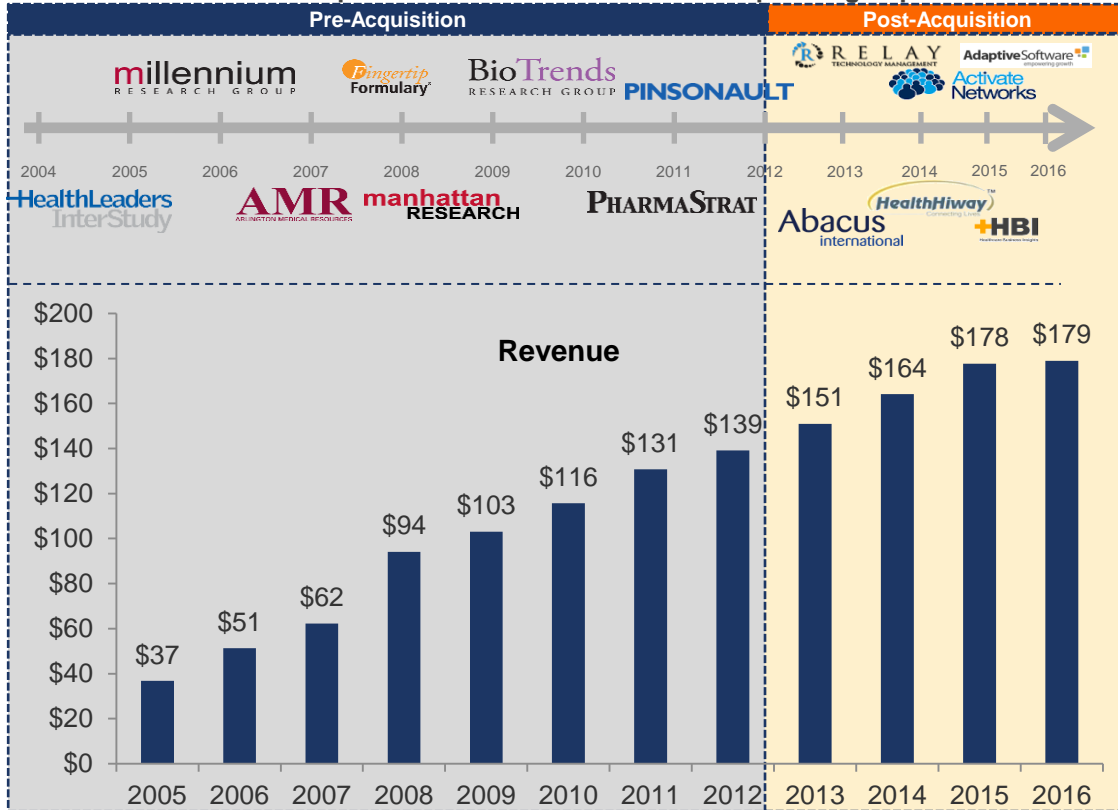
- Focus largely on few selected sectors
- Initial contribution of US\$ 200 mn committed by both the parties
- Target return: 16-18% IRR
- Investment period: 4 to 5 years
- Fund period: 8 to 10 years
- Current status :
  - JV has been operationalised with team being on boarded and deal evaluation commenced

# Focus areas of key functions

Asset Management Team	Risk Management Team	Legal Team
<ul style="list-style-type: none"> <li>Regular Site Visits</li> <li>Monitoring the project</li> <li>Providing real time feedback</li> <li>Micro-market analysis</li> <li>Performance review</li> <li>Ensuring adequate cash cover at all time</li> </ul>	<ul style="list-style-type: none"> <li>Independent &amp; unbiased assessment of risk</li> <li>Provide insights using portfolio analytics</li> <li>Analyse &amp; benchmark deal based on proprietary risk ratings model</li> <li>Recommend changes to enhance the Risk-Reward pay-off</li> </ul>	<ul style="list-style-type: none"> <li>Identifying legal risks</li> <li>Ensuring adequate mitigants</li> <li>Transaction structuring &amp; compliance</li> <li>Legal Checks and Balances</li> <li>Due diligence and documentation</li> <li>Legal recourse in the event of default</li> </ul>
Finance & Compliance Team	Brickex	Technology Team
<ul style="list-style-type: none"> <li>Budgeting and forecasting</li> <li>Continuous tracking of ROEs</li> <li>Proactive monitoring of overdue accounts and exits</li> <li>Audits, compliances &amp; internal controls</li> <li>Co-investment and down selling opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Micro market research to assist price and velocity assumptions</li> <li>Support developer in achieving sales velocity</li> <li>Sourcing new deals through wide channel partner network</li> <li>To Support Retail Housing Finance</li> </ul>	<ul style="list-style-type: none"> <li>End-to-end technology solutions</li> <li>Reduce turnaround time</li> <li>Centralised analytical capabilities</li> <li>Standardisation and efficiency in process</li> <li>Streamline processes</li> </ul>

# Information Management : M&A – Crucial for Growth

## DRG's accretive acquisitions to date and their corresponding impact on revenues



- **Abacus International**

- ✓ Gave access to European Health Economics and Outcomes Research (HEOR) market

- **Relay Technology Management**

- ✓ Enabled DRG to supply clients with premier analytics

- **Activate Networks**

- ✓ Expanded DRG's analytics capabilities
- ✓ Supports clients with sales force targeting

- **Healthcare Business Insights (NBI)**

- ✓ Trusted provider of best practice research, training & services to >1,400 hospitals in US
- ✓ Marks Company's entry into provider space

- **Adaptive Software**

- ✓ Leading Solutions for Health Plans and Pharmacy Benefit Managers
- ✓ Marks Company's entry into payer space



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