

# Piramal Enterprises Limited

## Investor Presentation

February 2018



# Disclaimer

*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.*

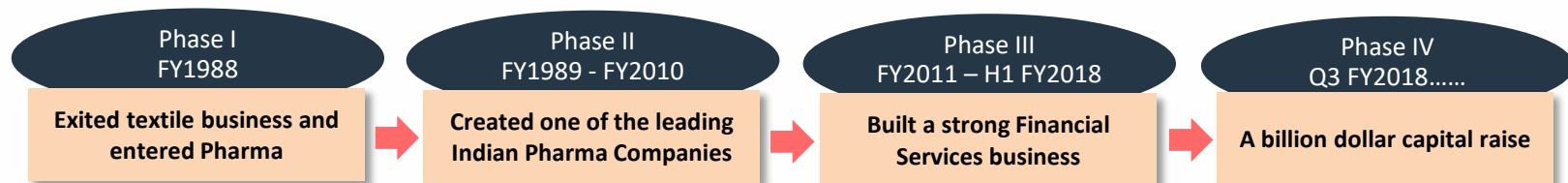
*These risks and uncertainties include, but are not limited to Piramal Enterprise Limited's ability to successfully implement its strategy, the Company's growth and expansion plans, obtain regulatory approvals, provisioning policies, technological changes, investment and business income, cash flow projections,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

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

# Phases of our Evolution



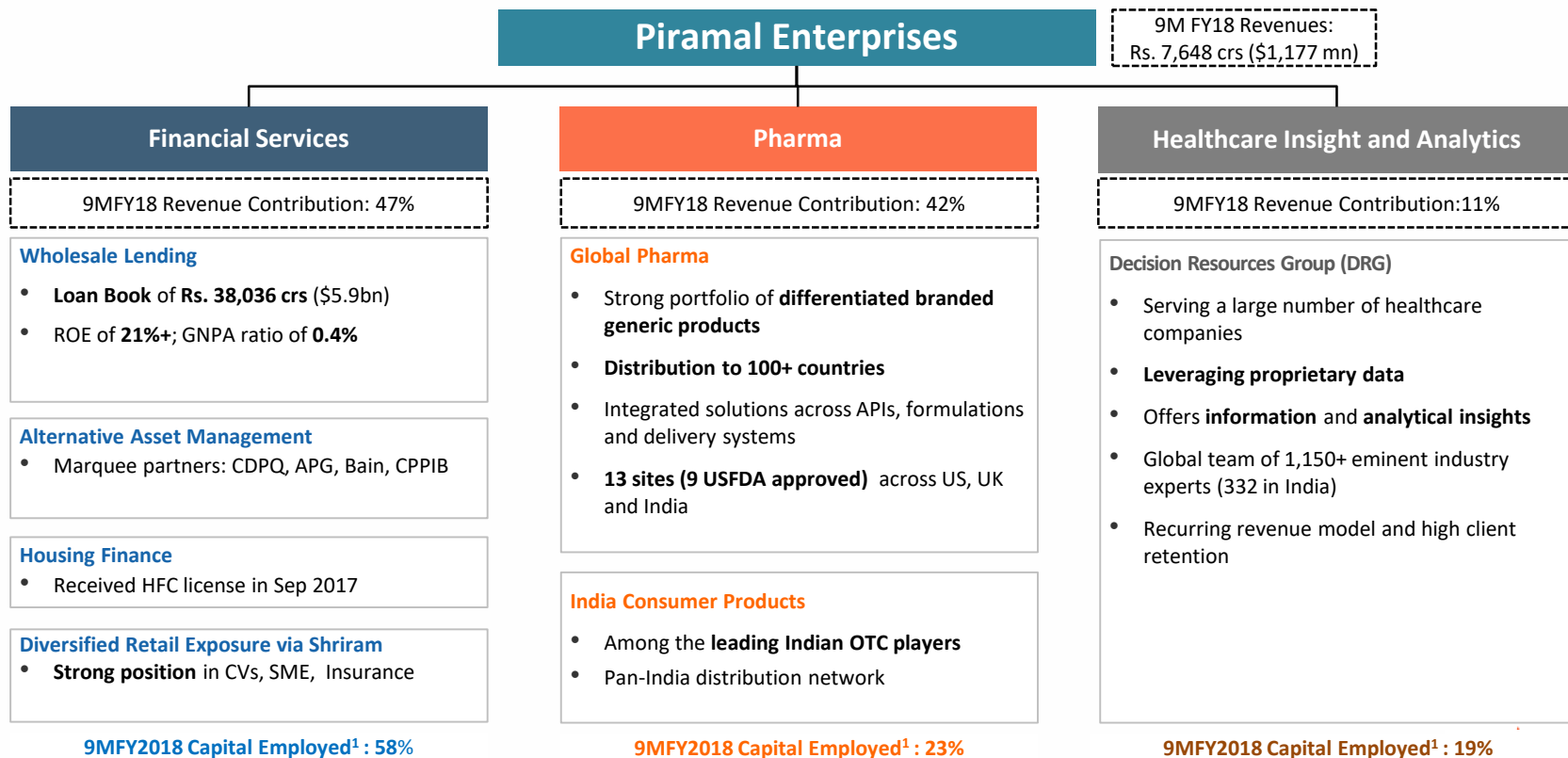
Key milestones	<ul style="list-style-type: none"> <li>Acquired Nicholas Laboratories in 1988</li> </ul>	<ul style="list-style-type: none"> <li>Series of M&amp;As, JVs and Alliances and various organic initiatives to grow Pharma business</li> <li>Sold the Domestic Formulations business to Abbott in 2010 for US\$3.8 bn at 9x Sales and 30x EBITDA</li> <li>Sold Diagnostic Services to Super Religare Laboratories</li> </ul>	<ul style="list-style-type: none"> <li>Created a leading RE developer financing and sector agnostic CFG platform</li> <li>Acquired stakes in Shriram Group</li> <li>Entered retail financing by launching HFC</li> <li>Launched ECL business</li> <li>Scaled up the remaining pharma businesses</li> <li>Entered US-based HIA business</li> <li>Vodafone deal</li> </ul>	<ul style="list-style-type: none"> <li>Raised Rs.4,996 Cr via CCD and plan to raise another Rs.2,000 Cr through Rights Issue</li> <li>Significantly scale-up FS business by adding products, expanding into new retail financing segments and growing existing portfolio</li> <li>Looking out for value-accretive acquisitions in Pharma</li> <li>Further improve margin profile of Pharma businesses</li> </ul>
Book Value (Rs. Crores)	As at 30 <sup>th</sup> Jun 1988 6	As at 31st Mar 2010 1,685	As at 30th Sep 2017 14,943	As at 31 Dec 2017 <sup>2</sup> 22,725
Market Cap (Rs. Crores)	As at 30 <sup>th</sup> Jun 1988 <sup>1</sup> 6	As at 31st Mar 2010 8,878	As at 30th Sep 2017 45,300	

Note : 1) Book Value

2) Book Value adjusted for an expected amount of up to Rs.2,000 Cr through Rights Issue

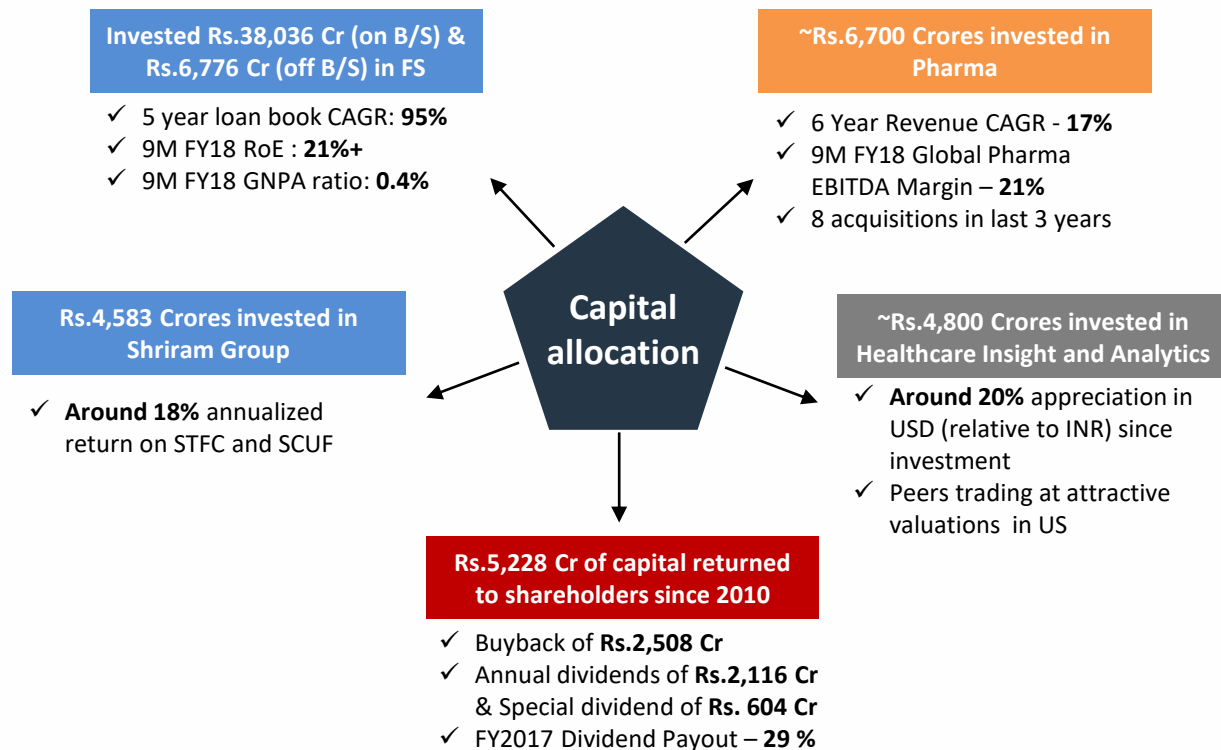
CFG – Corporate Finance Group; HFC – Housing Finance Company;  
ECL – Emerging Corporate Lending; HIA – Healthcare Insights & Analytics

# Piramal Enterprises Limited: Business Overview



# Efficient capital allocation over years

Demonstrated track record of delivering value through focus on operating excellence, timely investments as well as disciplined exits



8 businesses successfully built across multiple sectors, 2 new businesses in building up phase

Company has made over 50 acquisitions till date. Most of these acquisitions were successful

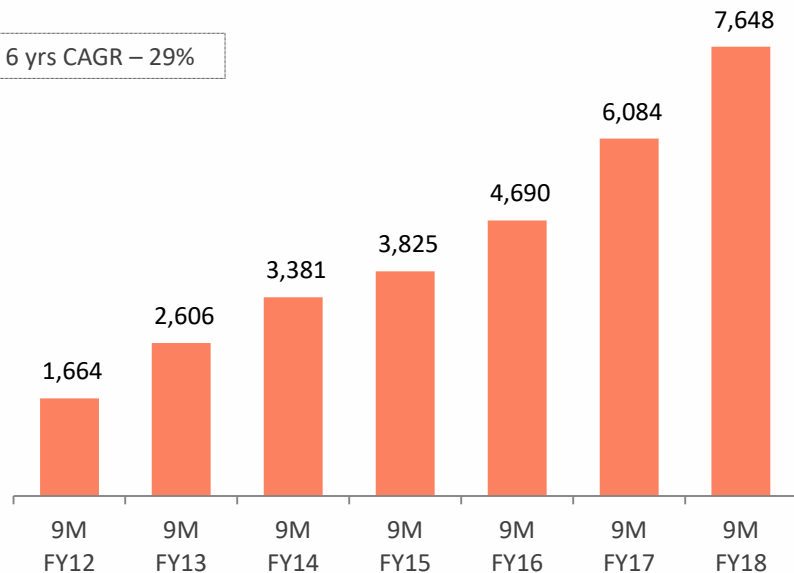
Over the preceding 29 years, more than 90% of our key capital allocation decision turned out to be successful



# Delivering robust growth track record

## 9M Total Revenues

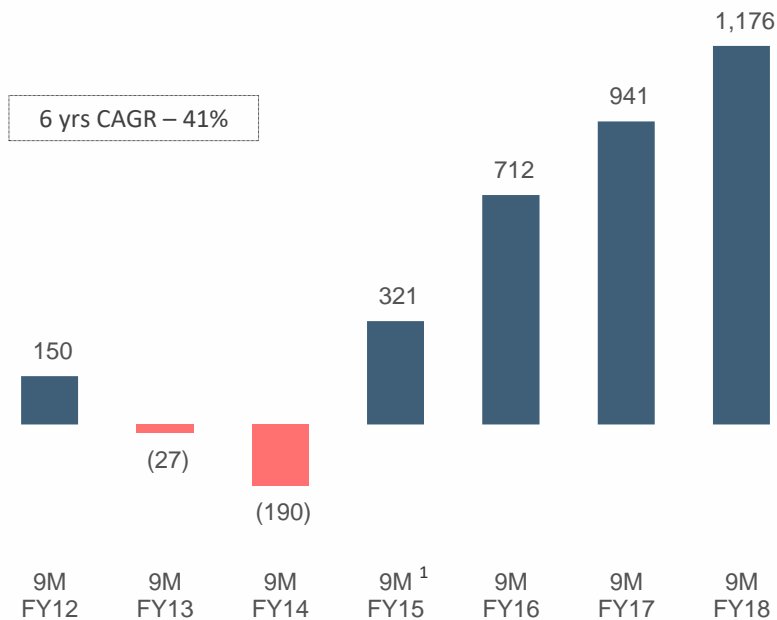
6 yrs CAGR – 29%



## 9M Net profit

(In Rs. Crores)

6 yrs CAGR – 41%



Note:

1. 9M 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 FY2016, 9M FY2017 and 9M FY2018 results have been prepared based on IND AS

# Consistently delivering strong performance since last few years

	Revenues			Net Profits		
Period	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% YoY Change	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% YoY Change
Q1FY15	1,182	965	+22%	55	(147)	NM
Q2FY15	1,243	1,131	+10%	41	(32)	NM
Q3FY15	1,400	1,286	+9%	224	(11)	NM
Q4FY15	1,298	1,121	+16%	100	(311)	NM
Q1FY16	1,401	1,182	+19%	169	55	+206%
Q2FY16	1,504	1,243	+21%	235	41	+473%
Q3FY16	1,786	1,400	+28%	307	224	+37%
Q4FY16	1,691	1,298	+30%	193	100	+93%
Q1FY17	1,776	1,401	+27%	231	169	+36%
Q2FY17	1,966	1,504	+31%	306	235	+30%
Q3FY17	2,342	1,786	+31%	404	307	+32%
Q4FY17	2,463	1,691	+46%	311	193	+61%
Q1FY18	2,254	1,776	+27%	302	231	+31%
Q2FY18	2,536	1,966	+29%	384	306	+25%
Q3FY18	2,858	2,342	+22%	490	404	+21%

Overall revenue growth has been higher than 20%  
in each of the last 10 quarters

Our normalised net profit has grown over 20%  
in each of the last 10 quarters

Note:

1. All periods of FY2017, Q1 FY2018, Q2 FY2018 and Q3 FY2018 results have been reported in line with Ind AS Accounting and the results of the corresponding periods of the previous year have been reinstated to make them comparable with the reported period. Prior period numbers are as reported in their respective period.
2. FY2015 quarterly net profit numbers exclude exceptional gain from Vodafone transaction and exceptional loss from NCE shutdown
3. NM – Not measurable

# Strong performance trend across both Financial Services and Pharma

(In Rs. Crores)

## Financial Services Performance

Loan Book

RoE<sup>1</sup> (%)

15%

16%

20%

25%+

25%+

21%

5 yrs Loan Book  
CAGR – 95%

Gross NPA ratio as on  
31 Dec 2017 is 0.4%

1,349

2,590

3,933

11,069

22,651

38,036

9M  
FY13

9M  
FY14

9M  
FY15

9M  
FY16

9M  
FY17

9M  
FY18

## Pharma Performance

Pharma Revenue<sup>2,3</sup>

Global Pharma EBITDA Margin (%)

4%

9%

12%

15%

17%

17%

15%

21%

7 yrs Revenue  
CAGR – 17%

1,021

1,352

1,731

1,981

2,202

2,538

2,679

2,992

9M  
FY11

9M  
FY12

9M  
FY13

9M  
FY14

9M  
FY15

9M  
FY16

9M  
FY17

9M  
FY18

Note :

1. RoE is for the full Financial Year
2. Excludes revenue from JV with Allergan

3. Global Pharma revenue accounted for 91% of the overall Pharma revenue during 9MFY18

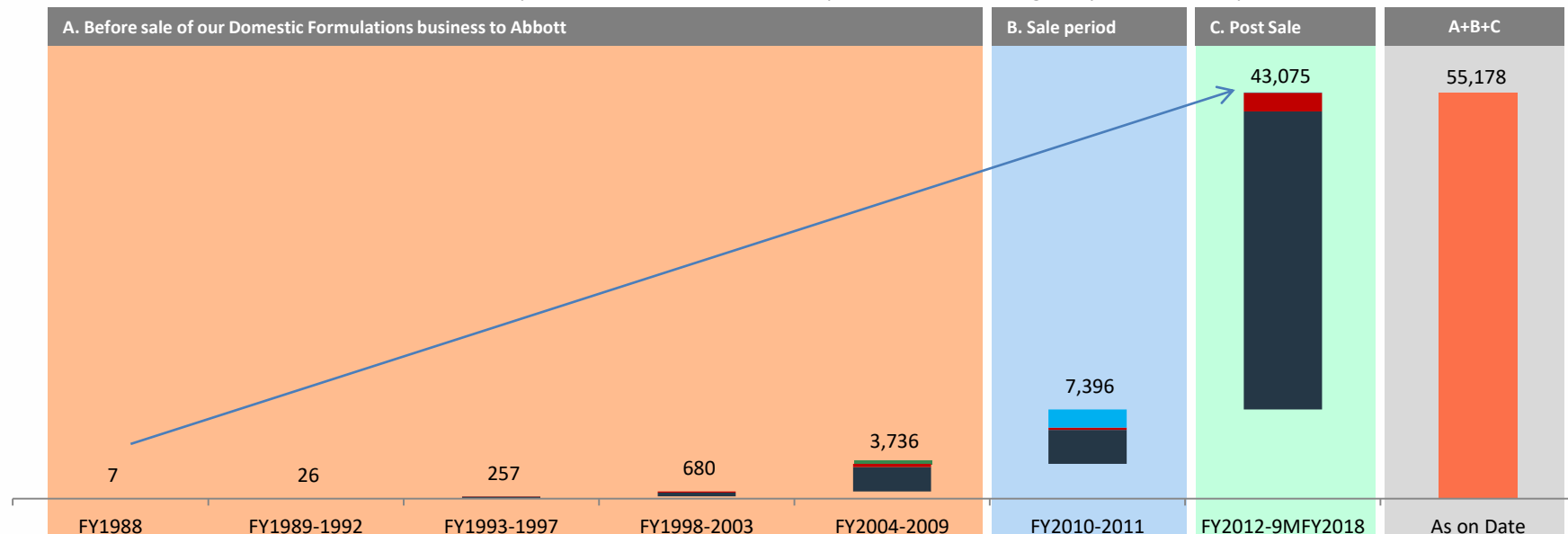


# Creating significant value for shareholders

## 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 Jan 2018

**24%**

Revenue CAGR for last 29 years

**29%**

Net Profit CAGR for last 29 years

**29%\***

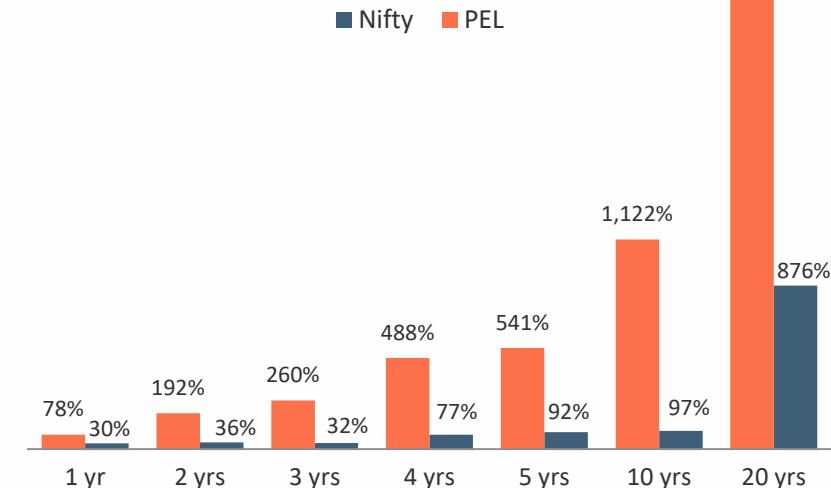
Annualized return to shareholders over last 29 years

Rs. 1 Lac invested in the company in 1988 has generated total value of around **Rs.21 Crores\***

# Returns to shareholders consistently outperforming all benchmarks

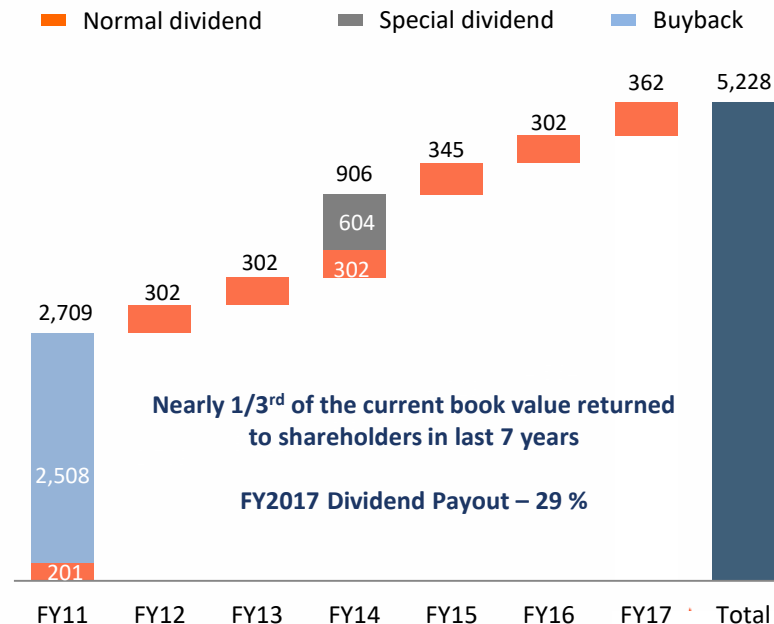
Consistently delivered strong shareholder returns – significantly higher than benchmarked indices<sup>1</sup>

	5 year Annualized Return <sup>2</sup>
PEL	45%
Nifty	14%



Rs.5,228 Crores<sup>3,4</sup> returned to shareholders since sale of Domestic Formulations business in 2010

(Rs. Crores)



Notes:

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

2. Annualized returns are as on 31 Dec 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 relative performance vs. valuations

PEL among top 5 companies (within BSE 100 Index)  
in terms of 5 years revenue CAGR and 5 years  
Net Profit CAGR

BSE-100	5Yr Revenue CAGR	5Yr Net Profit CAGR	P/BV <sup>1</sup>
Quartile 1 Top 25 companies	●	●	
Quartile 2 26-50 companies			
Quartile 3 51-75 companies			●
Quartile 4 76-100 companies			

Source : Factset

Note

1. Based on 22<sup>nd</sup> Nov 2017 price ;

2. Excluding Shriram Group companies;

Companies (YoY Change)	H1FY18 (in %)			Current <sup>1</sup>
	Revenue growth	PAT growth	Asset Growth	P/B

Top listed Pharma Companies <sup>4</sup> of India				
Lupin	(11%)	(47%)	10%	3.0
Aurobindo	8%	9%	27%	4.0
Cipla	3%	21%	4%	3.9
Dr. Reddy's	1%	(20%)	1%	3.3
Cadila Healthcare	15%	(18%)	38%	6.4
Median	3%	(17%)	10%	3.9

Top listed NBFCs <sup>2</sup> of India				
HDFC (Consol)	14%	7%	17%	4.9
Bajaj Fin	34%	39%	37%	9.6
Indiabulls Hsg. Fin.	23%	25%	27%	4.2
LIC HF	7%	6%	15%	2.5
L&T Fin. Hold.	14%	47%	19%	3.9
Median	14%	25%	19%	4.2

PEL	28%	28%	23%	2.7 <sup>3</sup>
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3. Book Value and Market Cap adjusted for QIP CCDs

# 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

## DIRECTORS



### DR. SWATI PIRAMAL

VICE-CHAIRPERSON  
EMINENT SCIENTIST  
AWARDED PADMA SHRI



### NANDINI PIRAMAL

EXECUTIVE DIRECTOR,  
OTC, HR, QUALITY & RISK  
MBA, STANFORD



### ANAND PIRAMAL

NON-EXECUTIVE DIRECTOR,  
HEADS PIRAMAL REALTY  
MBA, HARVARD



### VIJAY SHAH

EXECUTIVE DIRECTOR,  
25+ YEARS WITH GROUP  
TURNAROUND BUSINESSES

## INDEPENDENT DIRECTORS



### N VAGHUL

FORMER CHAIRMAN,  
ICICI BANK



### KEKI DADISETH

FORMER CHAIRMAN,  
HINDUSTAN UNILEVER LTD



### PROF. GOVERDHAN MEHTA

EMINENT SCIENTIST  
FORMER DIRECTOR - IISc  
AWARDED PADMA SHRI



### DEEPAK M SATWALEKAR

FORMER MD & CEO,  
HDFC STANDARD LIFE



### DR. R MASHEKAR

EMINENT SCIENTIST  
FORMER DG, CSIR  
AWARDED PADMA VIBHUSHAN



### S RAMADORAI

FORMER VICE-CHAIRMAN,  
TCS



### SIDDHARTH (BOBBY) MEHTA

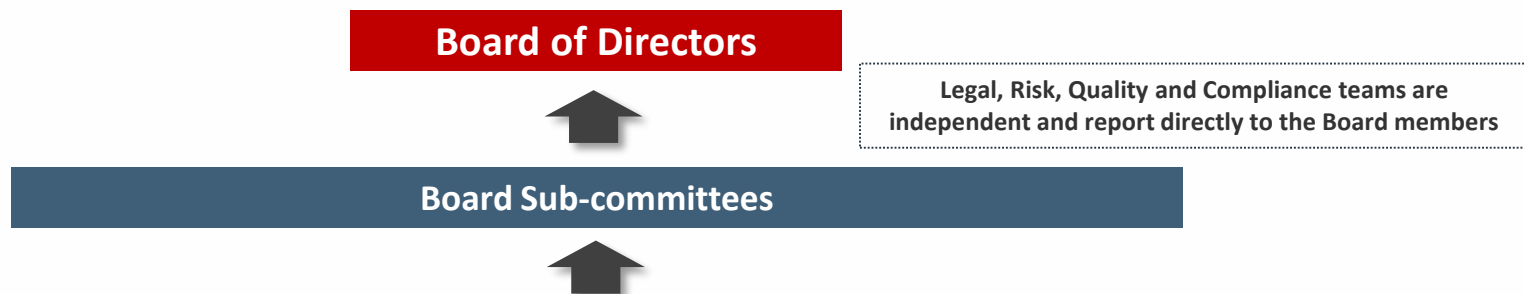
FORMER PRESIDENT & CEO  
TRANSUNION



### GAUTAM BANERJEE

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

# Robust Governance Mechanism



## PHARMA

### Pharma Operations Board

- Executive Directors
- Key Business CEOs
- External Experts

## FINANCIAL SERVICES

### 5 Investment Committees for Real Estate Lending, RE Fund Management, Corporate Finance Transactions, Emerging Corporate Lending and Housing Finance

- Executive Directors
- Independent Directors
- Financial Services CEO
- External Experts
- Business Vertical Heads

## HEALTHCARE INSIGHT & ANALYTICS

### Healthcare Insight & Analytics Board

- Independent Director
- Business CEO
- External Expert

# Fund raising - Key highlights

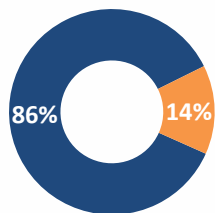
## ✓ First major fund raise in the history of PEL - Raising up to Rs.7,000 Crores:

- Rs.4,996 Crores through Qualified Institutional Placement (QIP) of Compulsorily Convertible Debentures (CCDs)
- Up to Rs.2,000 Crores through Rights Issue at Rs 2,380 per equity share
  - Rights Entitlement Ratio - 1 Equity Share for every 23 fully paid-up Equity Shares held on record date i.e. 1<sup>st</sup> Feb 2018
  - Promoters will underwrite the Rights Issuance to an extent of 90% of its size
  - Received final SEBI observation for the Rights Issue
  - CCD Holders also have the right to participate in the Issue

No.	Top 10 QIP participants
1	CDPQ
2	CAPITAL INTERNATIONAL
3	EASTBRIDGE CAPITAL
4	UNIVERSITY OF CALIFORNIA
5	JUPITER ASSET MANAGEMENT
6	KARST PEAK CAPITAL
7	STEADVIEW CAPITAL
8	DISCOVERY CAPITAL
9	MYRIAD ASSET MANGEMENT
10	RELIANCE INDUSTRIES

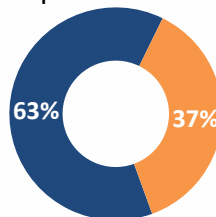
86% of CCDs were allotted to FIIs

■ FIIs ■ DIIs



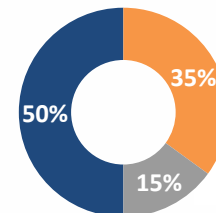
Top 6 investors contributed 63% of allotted CCDs

■ Top 6 ■ Rest



Investors were spread across geographies

■ North America ■ Asia ■ Europe





## Top Institutional Investors in the company

Aberdeen



ADIA



Vanguard®

BLACKROCK®

Eastbridge Capital

CAPITAL  
GROUP®

WELLINGTON  
MANAGEMENT®

STATE STREET  
GLOBAL ADVISORS®



中国人民银行  
THE PEOPLE'S BANK OF CHINA



NORGES BANK

## Strategic partnerships



Total AUM - €469 Bn

Alliance Partner –  
Infrastructure Financing



Total AUM - US\$35 Bn

Alliance Partner –  
Distressed Asset Investing



Total AUM - C\$328 Bn

Alliance Partner –  
Real Estate Financing



Total AUM - C\$56 Bn

Alliance Partner –  
Real Estate Financing



Total AUM – US\$19 Bn

PEL invested in  
Shriram Group



Market Cap - US\$59 Bn

JV Partner



Market Cap - US\$85 Bn

PEL had invested  
in Vodafone India



Market Cap - US\$102 Bn

Acquirer – Domestic  
Formulations Business



# Values Create Value

## Partnerships

- 🔥 **Long term partnerships** with financial and operational partners
- 🔥 Pharma business developed through relationships
- 🔥 **Long-standing relationships** with global partners including Allergan (JV since 1996), Bain (JV for distressed debt)

## Shriram –Shared Vision

- 🔥 **Retail exposure** through investments in Shriram Group
- 🔥 Opportunity to invest in Shriram Group emerged due to **matching set of values**
- 🔥 **Mr. Ajay Piramal is the Chairman of Shriram Capital**



## Tenured Leadership

- 🔥 Professional management team
- 🔥 Experienced leadership with domain expertise

## Alignment with Minority Shareholder Interests

- 🔥 Largest effective promoter shareholding among Financial Institutions
- 🔥 No monetization of PEL shares by Promoters
- 🔥 No equity investments of Promoters outside of Piramal Group
- 🔥 No inter-group lending to Piramal Realty
- 🔥 ESOP program funded by Promoters since 1996

## Business Ethics, Integrity and Corporate Governance

- 🔥 29 USFDA Inspections cleared since 2011
- 🔥 High asset quality – GNPA<sup>2</sup> of 0.4% in 9MFY18
- 🔥 Reputed and experienced Board

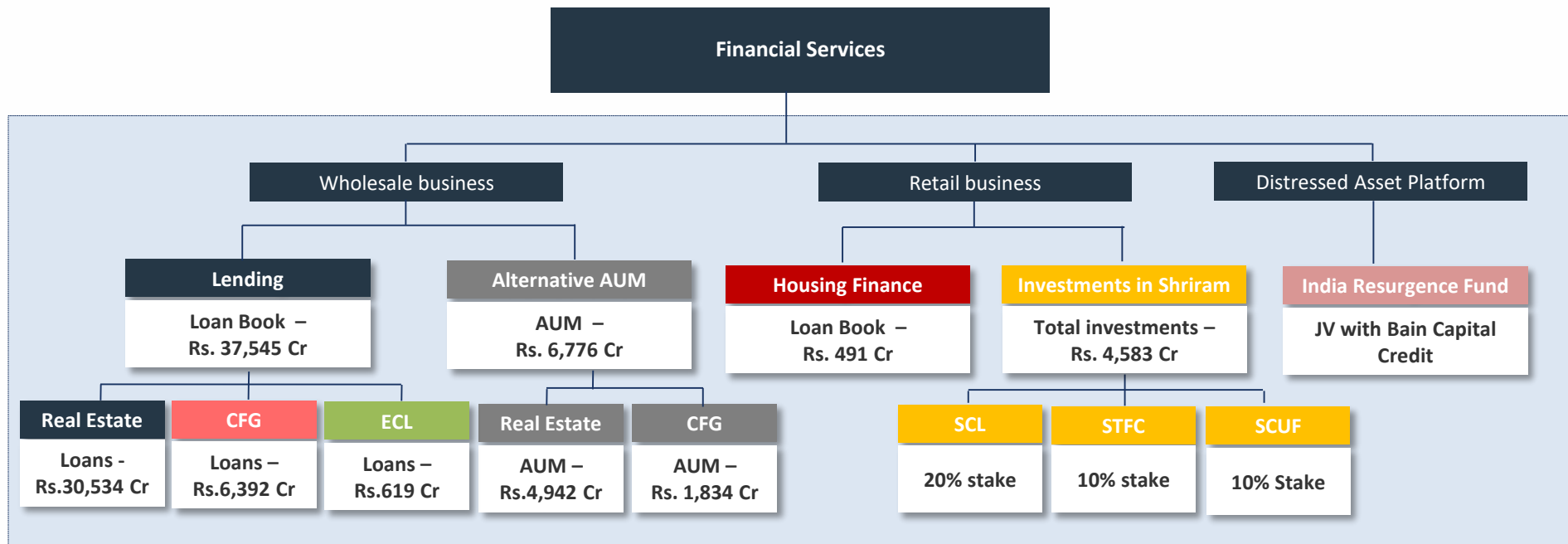
Note:

(1) Bombay Stock Exchange (2) Based on 90 DPD



## Financial Services

# Diversified exposure across both wholesale and retail financing



CFG – Corporate Finance Group;  
STFC – Shriram Transport Housing Finance;

ECL – Emerging Corporate Lending;  
SCUF – Shriram City Union Finance

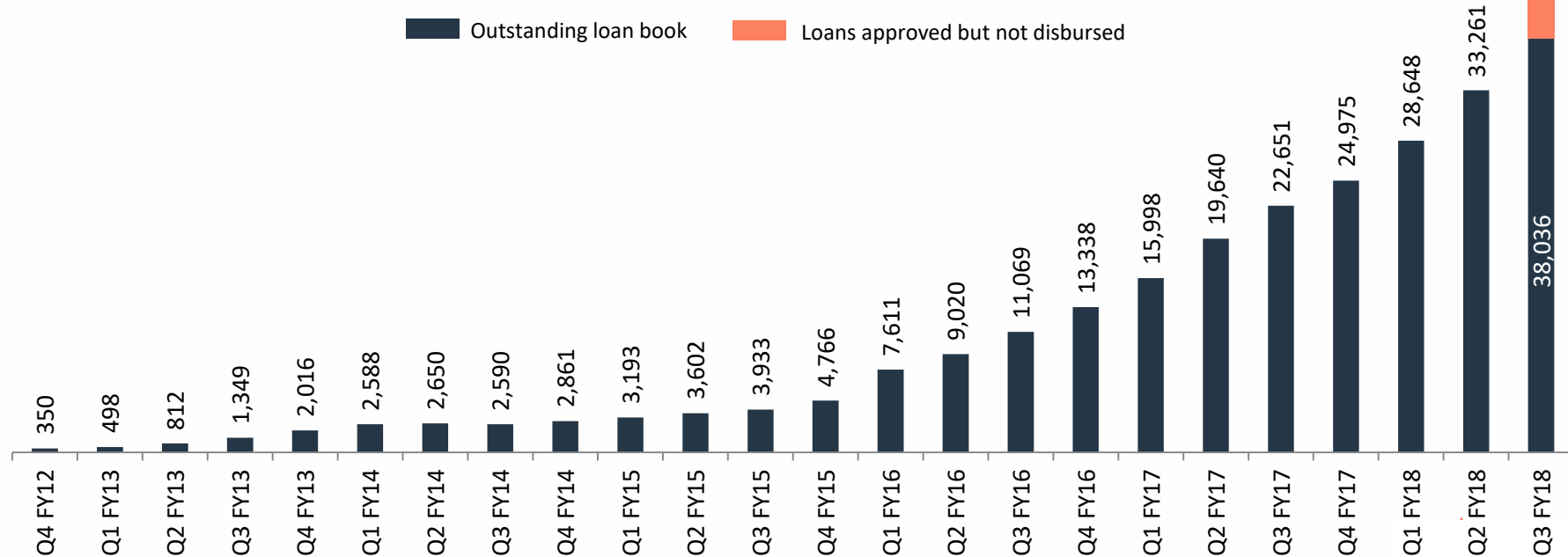
HFC – Housing Finance Company;

SCL – Shriram Capital Limited;

**Strong portfolio with a total investments, loans and assets under management of over Rs.49,000 Crores**

# Building a robust and scalable financial services platform....

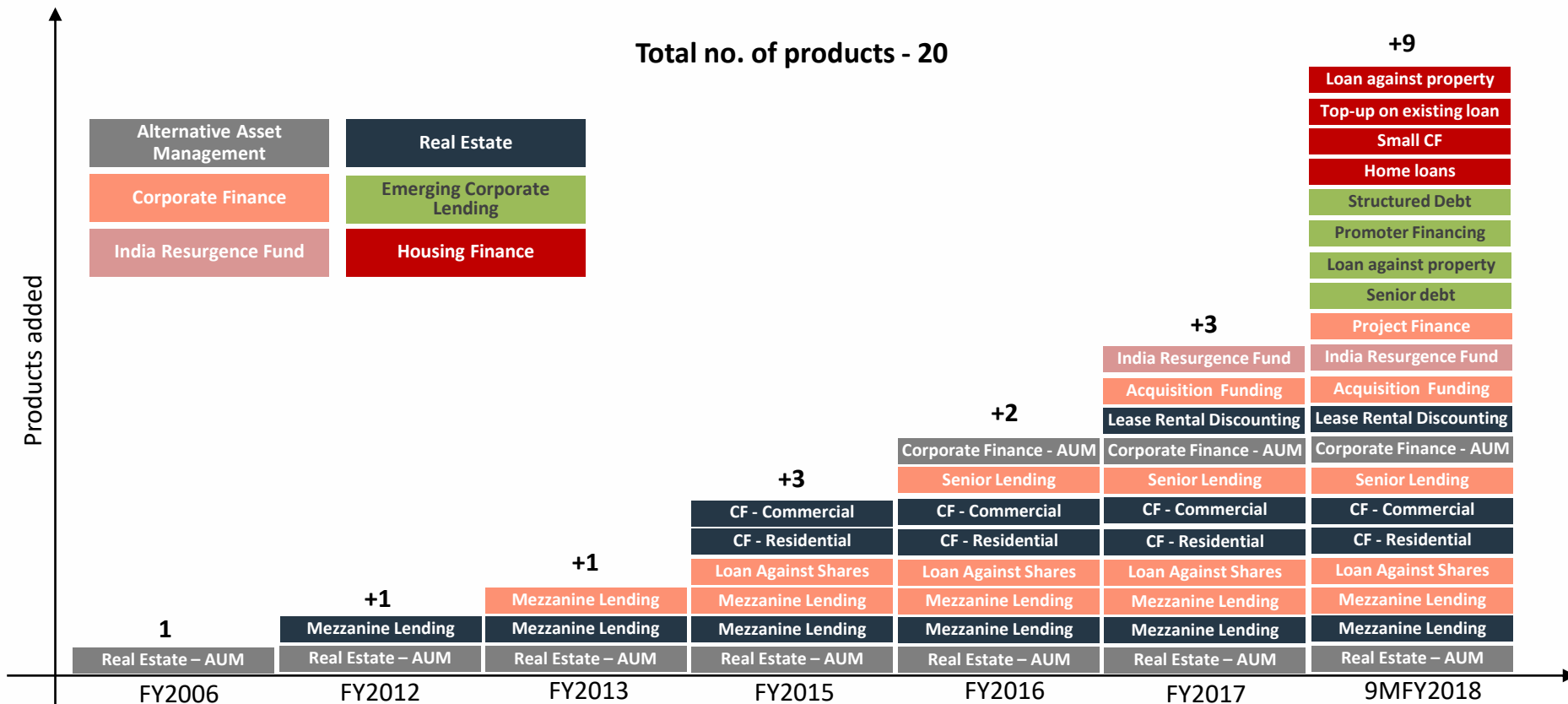
Continued scaling up of loan book  
(Rs. Crores)



Alternative Assets Under Management was Rs.6,776 Crores as on 31 Dec 2017

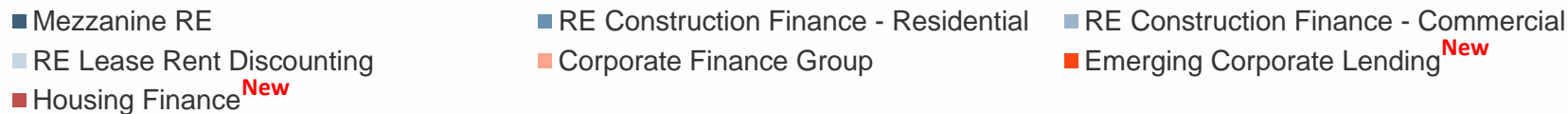


# ....through consistently expanding product portfolio

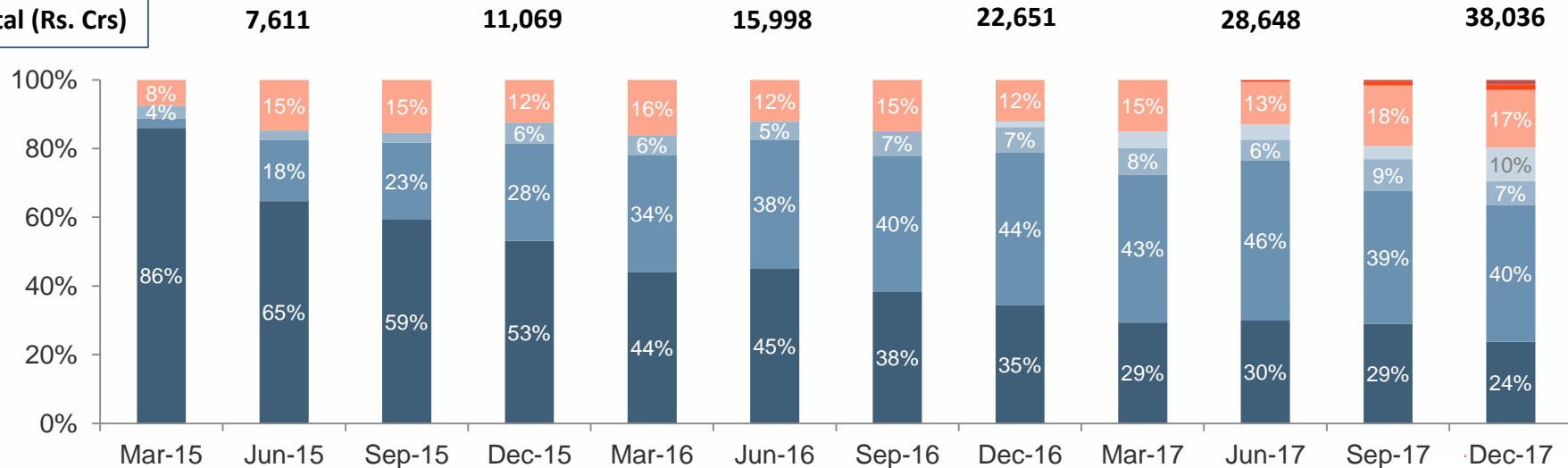


# Consistently enhancing diversification in the lending portfolio; significantly lowering the overall risk profile

## Trend of changing portfolio mix (%)



Total (Rs. Crs)

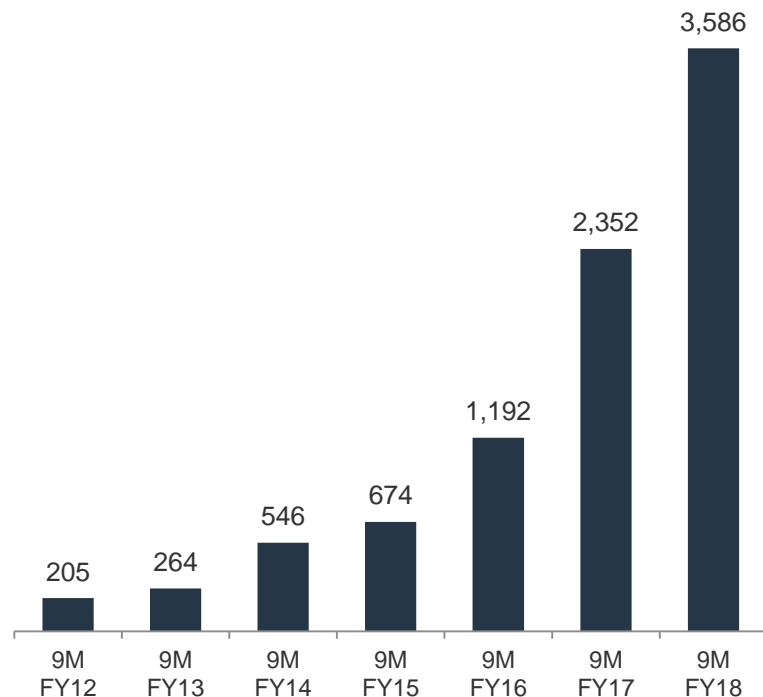


Note : RE – Real Estate



# Strong trend of growth in income and exits/repayments

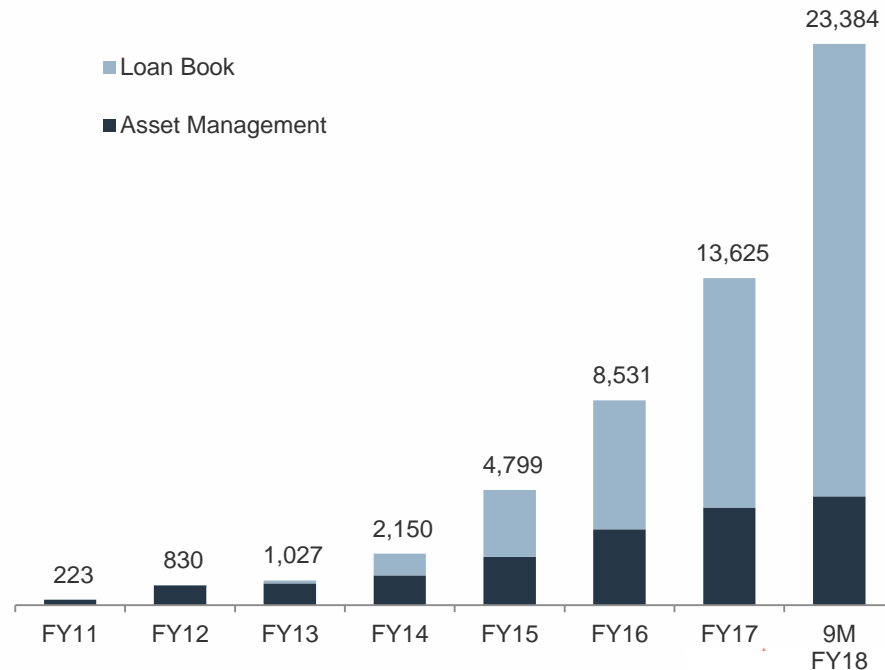
**Rapidly growing income from Financial Services business**  
(in Rs. Crores)



Notes:

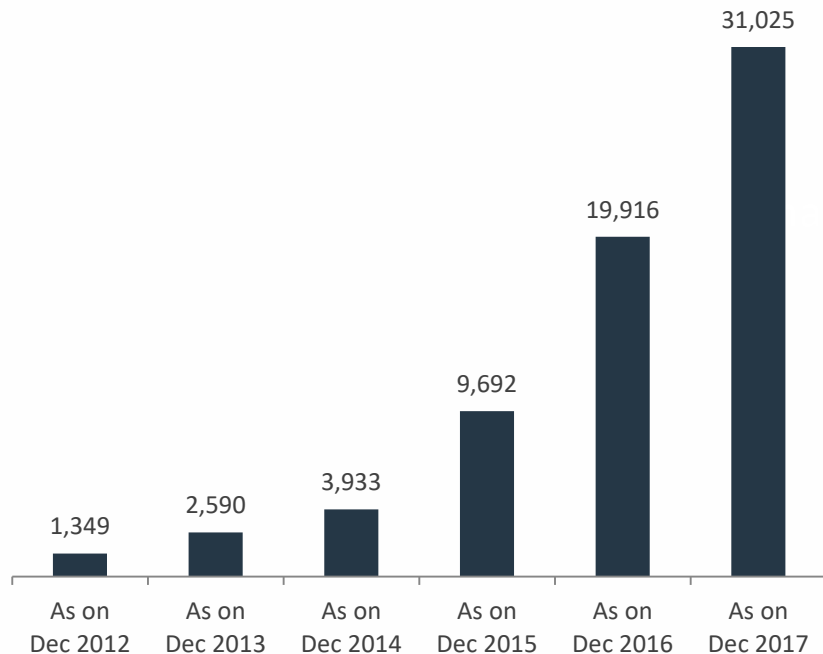
1. Excludes our investment in Vodafone India, which was exited during FY2015
2. Exits from Asset Management business have been included on calendar year basis

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

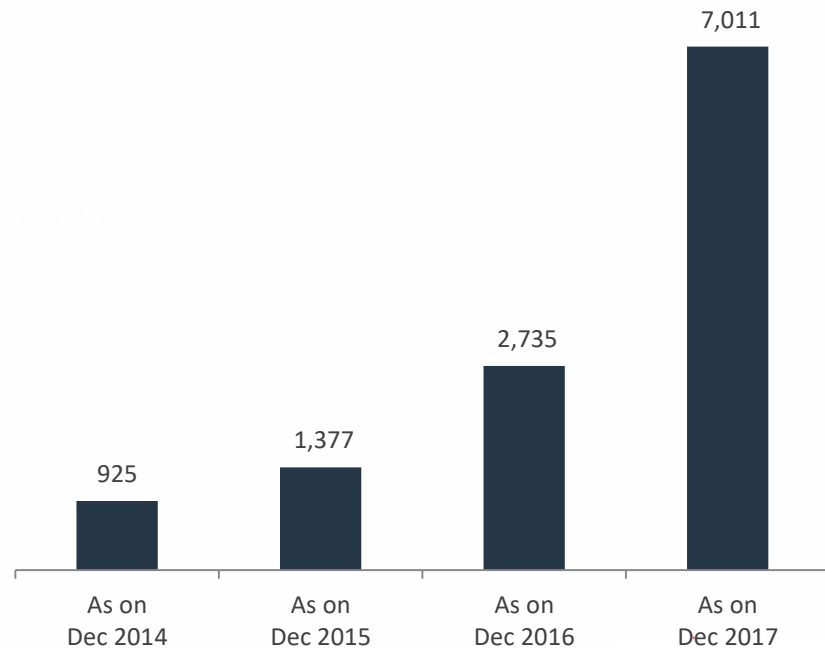


## Consistently expanding loan book across segments

**Rapidly growing Real Estate (incl. Housing Finance) loan book**  
(in Rs. Crores)



**Strong growth in Corporate Finance and ECL portfolio**  
(in Rs. Crores)





# 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	Received HFC licence in Sept 2017; Loan book grew to Rs.491 Crores as on 31 Dec 2017
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.4,942 Crores	Rs.9,064 Crores	Rs.17,803 Crores	Rs.3,667 Crores	
Yield / IRR	20-24%	13-20%	12-16%	9-12%*	
Tenor	4-6 years	3-5 years	4-6 years	9-12 years	

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

# How will we grow rapidly and create a sizeable HFC?

## Significant opportunity from existing developer relationships

110+ Developers



360+ Projects



Particulars (Rs. 000' Crores)	Unsold Value	Total Value
Total projects financed by PEL	60	118
Total projects with developers (PEL customers)	151	296

**Tapping even a portion of the existing developers' customer base can create a significant opportunity**

## Leveraging Brickex

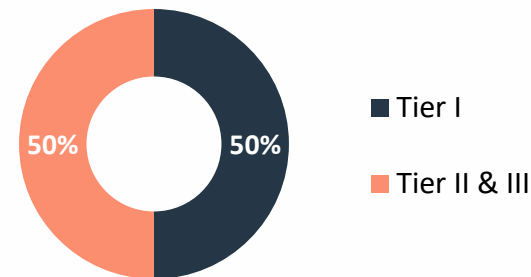
10,000+ Distributors



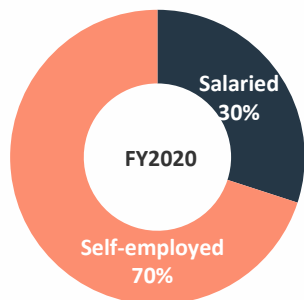
Brickex is India's leading B2B aggregation platform focusing on sales & marketing of Real Estate and Financial Services products with a network of 10,000+ distributors across Tier I cities

## Focusing on Tier II and Tier III cities

Targeting to open 24 branches by 2020



## Extending loans to the self-employed



## LAP, Small Construction Finance

### Small Construction Finance

- Target top developers in Tier II & III cities
- Leveraging Brickex for market insights / sourcing

### Loan against property (LAP)

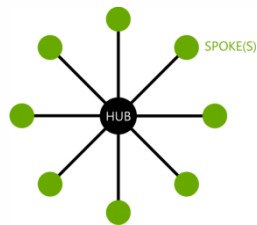
- To enter the market through Piramal ecosystem
- Specialised underwriting cell for self-employed

## Affordable housing

- Our development partners entering affordable segment
  - To selectively fund based on existing relationship
- Higher margins with selective use of syndication/down selling

# HFC : Measures to reduce costs and enhance returns

## Hub and Spoke model (Branch light)



- Consistency in decision making
- Better control
- Scalability with optimum cost

## Latest technology



- Leveraging Fintechs, etc.
- Transparency on application status
- Quick turnaround time

## Leveraging group's shared services



- Manage non-core activities efficiently
- Greater economies of scale

## Sourcing from developers (B to B to C Model) and Brickex



- Lower cost compared with DSAs, connectors, etc.
- Properties sold through Brickex will be referred to our HFC for loans – low cost of sourcing

## Usage of data, analytics and bureau insights



- For setting up credit policy framework
- For early warning signals

## Diversification and expected rating upgrade



- Improve leveraging capability
- Reduce cost of borrowings
- Enhance RoE for overall Financial Services

# Corporate Finance Group

<b>Type of product</b>	<ul style="list-style-type: none"> <li>Diversified offering across sectors including senior debt, project finance, acquisition finance, promoter finance, and mezzanine investments</li> </ul>	<b>Tenure</b>	<ul style="list-style-type: none"> <li>Average tenure of around 5-6 years and lock in period for 1-2 years.</li> </ul>
<b>Nature of security</b>	<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>	<b>Security cover</b>	<ul style="list-style-type: none"> <li>1.5-2x times</li> </ul>
<b>Loan book</b>	<ul style="list-style-type: none"> <li>Loan book grew 134% YoY to Rs.6,392 Crores as on Dec 2017</li> </ul>	<b>Yield</b>	<ul style="list-style-type: none"> <li>Yield range widened to 13-20%</li> </ul>

Sector Agnostic Structured Finance Transactions	Renewables	Infra	Cement	E'tainment	Services	Telecom	Auto Component	Logistics	Others
Senior lending			✓	✓			✓		
Promoter funding	✓	✓							✓
Loan against shares		✓				✓			
Mezzanine lending	✓				✓			✓	
Project Finance	✓								

# Emerging Corporate Lending

## Target segments

- ✓ Financing requirements of emerging and mid-market companies

## Products offered

- ✓ Senior Debt, Loan against Property, Lease Rental Discounting, Promoter Financing, Structured Debt, etc.

## Ticket size

- ✓ Offering solutions with ticket size ranging from Rs.10 Crores to Rs.100 Crores

## Sector-agnostic platform

- ✓ Funding diverse sectors including auto ancillaries, manufacturing, pharma, services, hospitality, etc.

## Risk profile

- ✓ Low Risk Portfolio with deals backed by cashflows

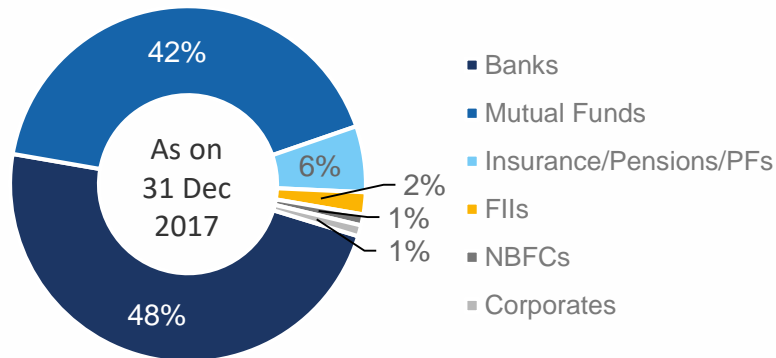
## Progress so far

- ✓ Loan book of Rs.619 Crores as on Dec 2017; nearly doubled from the last quarter

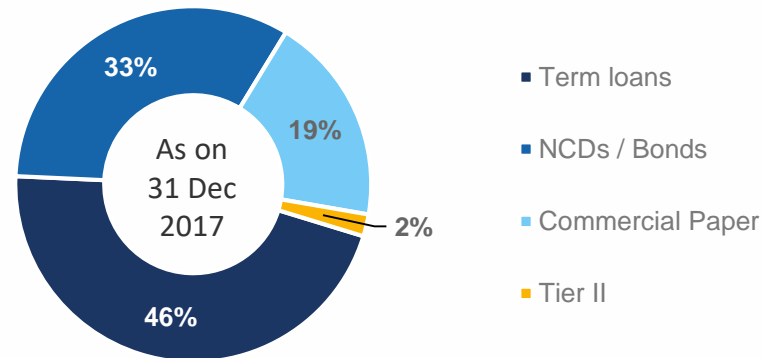
# Borrowing profile for Financial Services business

## PEL Borrowings Mix

Funding mix by investor profile

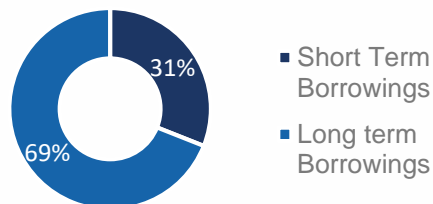


Funding mix by type of instrument

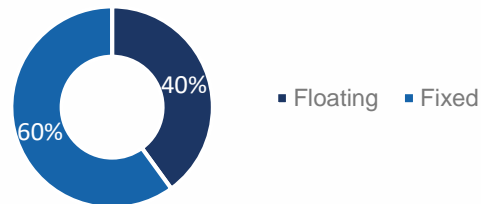


As on 31 Dec 2017

Tenure-base



Fixed vs. Floating



# Performance metrics

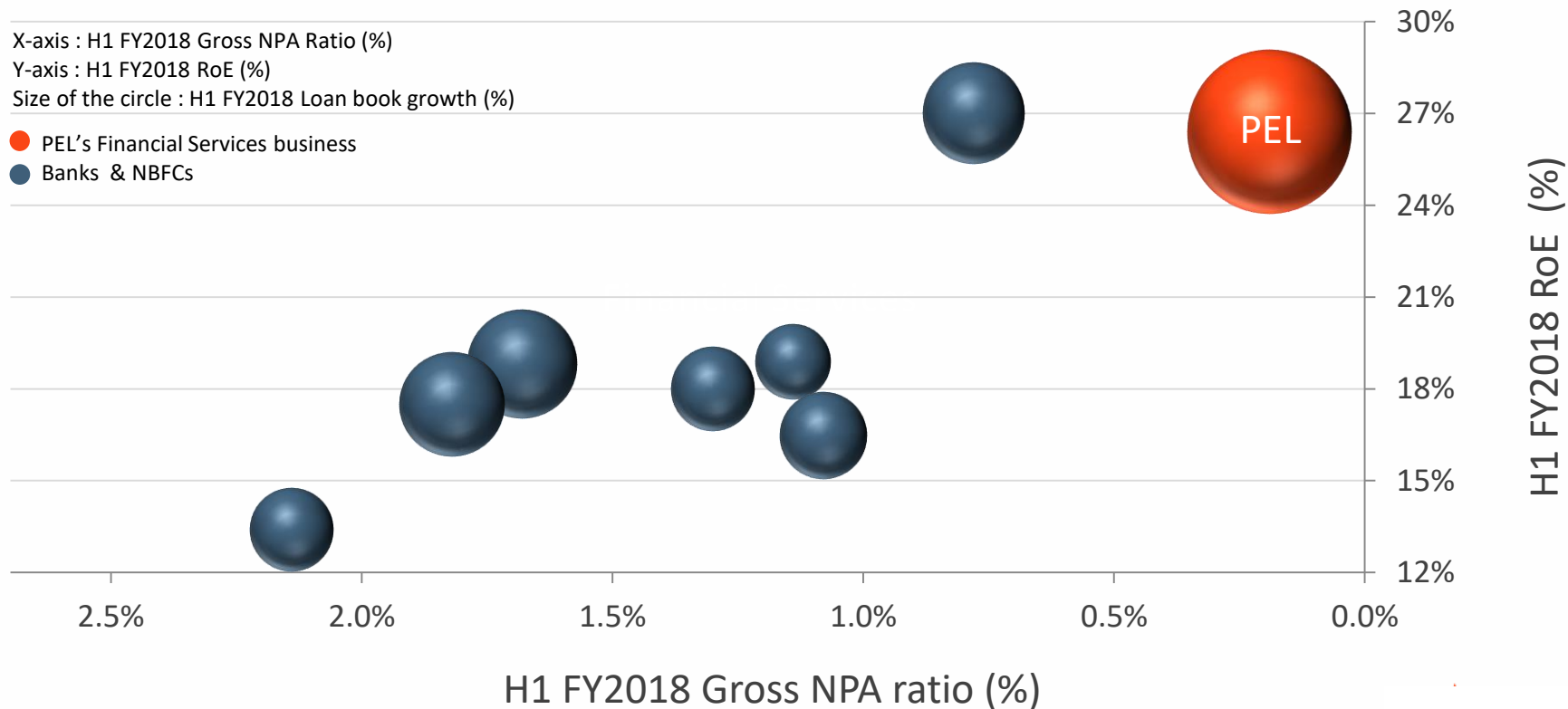
## Loan book performance against various parameters

Particulars	9M FY2018
Total Loan Book size	Rs.38,036 Crores
Average Yield on Loans	15.3%
Average Cost of Borrowings	8.6%
Net Interest Margin	8.0%
Cost to Income Ratio	14.2%
Total Provisioning	1.9%
ROA	4.1%
ROE	21.2% <sup>1</sup>
Gross NPA ratio (based on 90 dpd)	0.4%

Note : 1. ROE calculation also takes into account the capital allocation worth Rs.2,300 Crores from recent fund raise

- Amongst early adopters of:
  - 90 day provisioning
  - IndAS Financials

## Performing better than the best performing banks and NBFCs of India



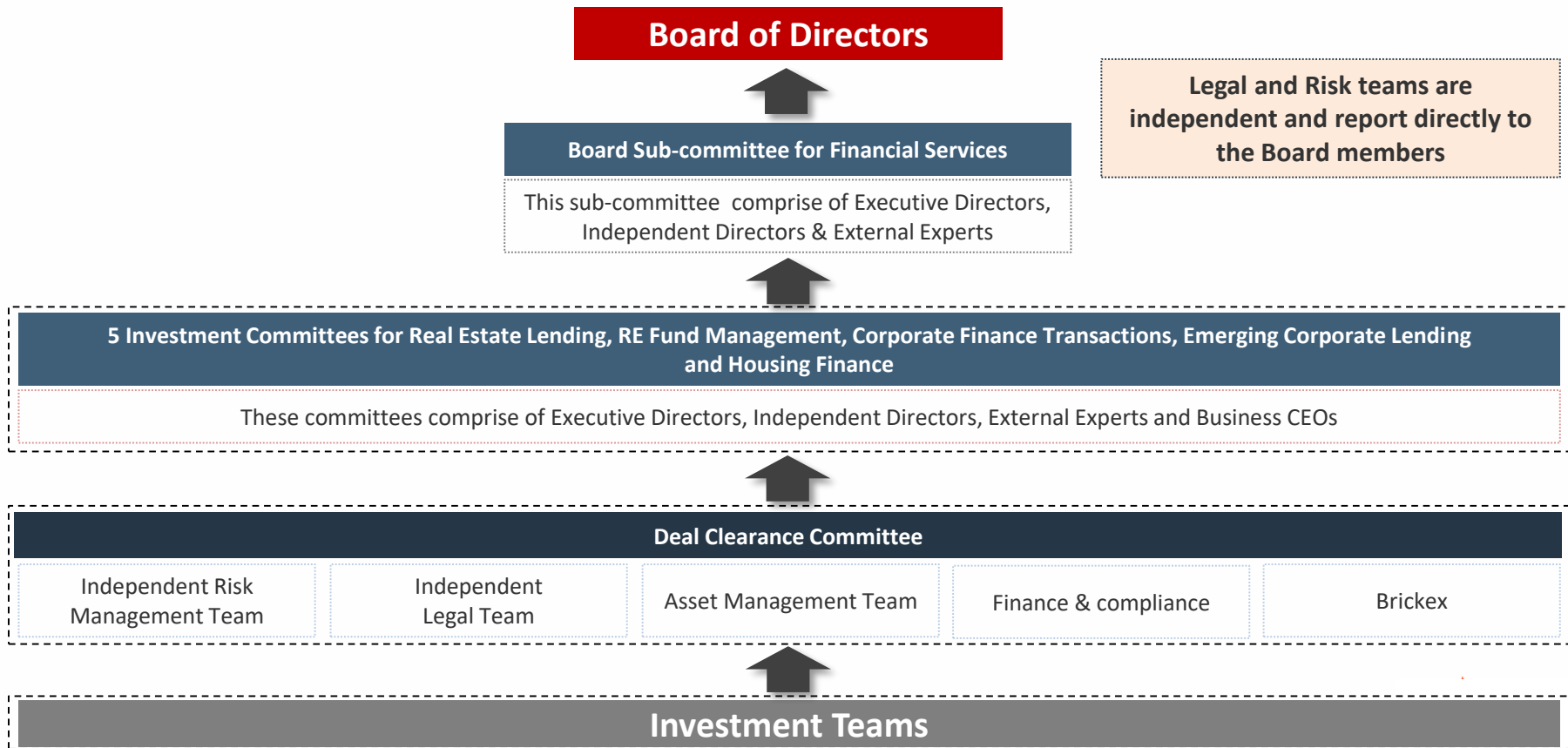
Note: Banks and NBFCs includes Bajaj Finance, HDFC Ltd, Indiabulls Housing Finance, HDFC Bank, Kotak Bank, IndusInd Bank and Yes Bank





## Measures to ensure healthy asset quality

# Review and governance mechanism



# Stringent controls across stages of lending



## 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

98%

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

73%

# Constant asset monitoring ensuring healthy asset quality

Developers

110+

Transactions

210+

Projects pan India

370+



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

175+

Developer sales MIS monitored per month

100%

Project escrow A/Cs monitored per month

100%

Transactions covered every month in Early Warning Signal Meetings

100%

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

80%

Gross NPA ratio of 0.4%

## Sample images of the construction sites - Proof of site visits with date and time

Oct'16 – RCC work in progress



Apr'17 – façade work in progress



Dec'17 – façade work nearing completion



Monthly construction progress monitored

# Sample of Site Visit Report

Tower Name	Expected completion date	Dec 07, 2016	Nov 23, 2016	Oct 20, 2016	Sep 20, 2016	Aug 16, 2016	Jul 18, 2016
No. of Labours on site		400 - 425	400 - 425	400-425	430-450	360-380	310-330
Tower 1 : 4B + G + 22 Flr.							
RCC	Mar, 2017	Work in progress on 18 <sup>th</sup> and 19 <sup>th</sup> floors	Work in progress on 18 <sup>th</sup> floor.	Work in progress on 14 <sup>th</sup> & 15 <sup>th</sup> floor.	Work in progress on 12 <sup>th</sup> & 13 <sup>th</sup> floors.	Work in progress on 9 <sup>th</sup> & 10 <sup>th</sup> floors.	Work in progress on 6 <sup>th</sup> & 7 <sup>th</sup> floors.
Block Work	Jun, 2017	12 <sup>th</sup> floor in progress.	9 <sup>th</sup> floor in progress.	6 <sup>th</sup> floor in progress.	4 <sup>th</sup> floor in progress.	3 <sup>rd</sup> floor in progress.	2 <sup>nd</sup> floor in progress.
Plastering / Gypsum	Sep, 2017	Gypsum started on 1 <sup>st</sup> and 2 <sup>nd</sup> floor.	-	-	-	-	-
Flooring	Dec, 2017	Awaiting for material to start with flooring in next week.	-	-	-	-	-
Finishes	Jun, 2018	-	-	-	-	-	-

Dashboard of site visits and stalled projects separately highlighted to the MD on a monthly basis

# Sample of overall Portfolio Performance Review Sheet

## O/s Summary (Rs crs)

Category	No. of Deals	Mumbai	Pune / Ahmedabad	Bengaluru / Hyderabad	NCR	Chennai	Total
Green – No Issue over next 6 months							
Yellow – No issue ; however, closely monitor for next 6 months							
Orange – Envisage stress over next 6 months							
Red – Default							
<b>Total</b>							

*Note: Colour coding is done after factoring in the project performance vis-à-vis budget on the following parameters*

1. Sales Velocity in terms of units, area and value
2. Pricing – per sq ft and ticket size
3. Collections
4. Approval timelines
5. Construction cost incurred
6. Cash cover
7. Ability to meet principal and interest obligations
8. Site visit findings



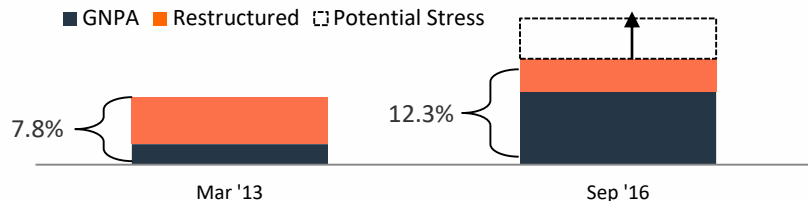
## Distressed Investment Opportunity



# Distressed Investment Opportunity

## Industry Overview

### Stressed Loans (% of Bank Loans in India)<sup>1</sup>



- India growth story with strong govt commitment to long term asset creation
- Rising bank NPLs putting strain on capital adequacy and credit growth
- Lenders and corporates running out of options – stress lies in sectors like power, steel, construction, textiles, etc.
- Resolution' has been elusive so far but regulatory push evident from New Insolvency and Bankruptcy Code (IBC) and recent RBI ordinance

## Overview of India Resurgent Fund

### Product

- Debt and/or equity in assets across sectors (other than real estate) to drive restructuring with active participation in turnaround

### Partner

- Partnership with Bain Capital Credit, a multi-asset alternative investment firm

Note: 1. Source: RBI, Economic Survey 2016

## Our Differentiated Positioning and Strategy



## Progress so far

- The partnership has developed a large pipeline of opportunities to pursue, and is in active diligence on few of them
- The fund has received SEBI AIF approval for investing
- The partnership has applied to RBI for Asset Reconstruction Company license



## Partnership with Shriram – Strategic in nature

# Partnership with Shriram – Strategic in nature

Acquired ~10%  
stake in STFC  
Invested  
Rs.1,636 Crores



Acquired 20%  
stake in SCL  
Invested  
Rs.2,146 Crores



Acquired ~10%  
stake in SCUF  
Invested  
Rs.801 Crores



Total  
investments in  
Shriram Group  
Rs.4,583 Crores

## Share Price Performance since investments (Rs. per share)

### STFC

723  
+100%

1,446

10 May 2013<sup>4</sup>

25 Jan 2018

### SCUF

1,200  
+70%

2,044

5 Jun 2014<sup>4</sup>

25 Jan 2018

- Market capitalization of c. **Rs. 427 bn** (US\$6.6bn) for listed entities<sup>1,2</sup>
- US\$ 18.7 bn<sup>3</sup>** of assets under management
- 3,300+** branches<sup>3</sup>
- Customer base of over **21.3+ mn<sup>3</sup>**
- Exposure to retail financing segments including: Used and New CVs, Small and Medium Enterprises, Consumer and Gold loans, Life Insurance and General Insurance
- Leading player** in used Commercial Vehicle and Micro, Small and Medium Enterprises financing

Note: FX rate: 1 USD= Rs. 65

(1) Listed entities include Shriram Transport Finance and Shriram City Union Finance (2) As of 6<sup>th</sup> Nov, 2017 (3) As of 31<sup>st</sup> March, 2017 (4) PEL's purchase price on the respective date of investment - Doesn't include related costs in acquiring these stakes

**Around 18% annualized return on STFC and SCUF**

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

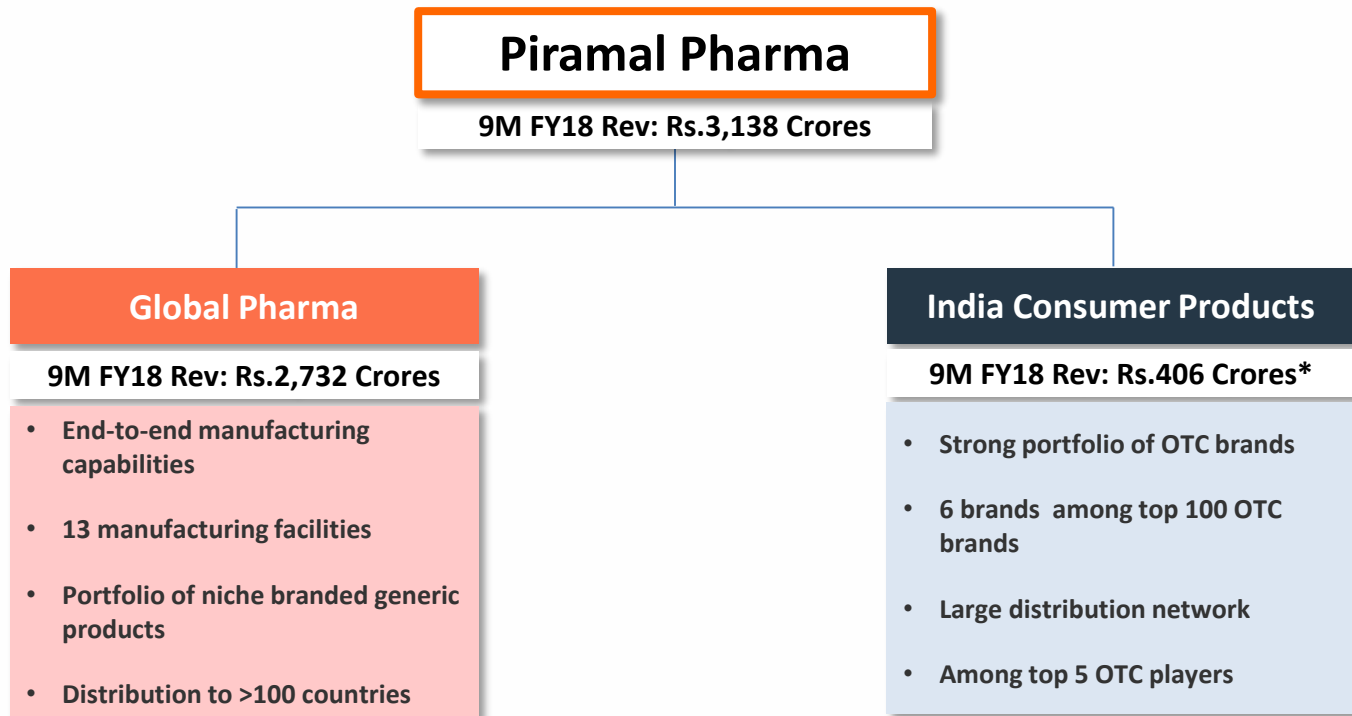
## Building an Integrated Financial Services Business

- Continue to **grow real estate loan book** by launching relevant, innovative and customized solutions
- **Further growing the recently launched products** such as commercial construction finance and LRD
- **Continue to diversify loan book** through focus on Corporate Finance Group (non real estate) space
- **Scale up Housing Finance** through:
  - Developer relationships through point of presence loan origination
  - Brickex network
  - Enter into tier 3 and tier 4 cities
- **Maintain focus on asset quality while generating higher risk adjusted RoEs**
- Contribute in **taking Shriram to the next level**
- **Optimize liability franchise**
  - Further deepen and diversify funding sources
  - Target credit rating improvement
- **Continue to enhance technology usage** to improve efficiency through:
  - Use of analytics for decision making
  - Automation of system and processes to improve Turnaround Time (TAT)



**Pharma**

# Pharma business portfolio delivering strong growth within and outside India



Note \* Includes Allergan JV Revenue

# Eight 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



### 5 brands from Organon India & MSD BV



### Baby-care brand- Little's

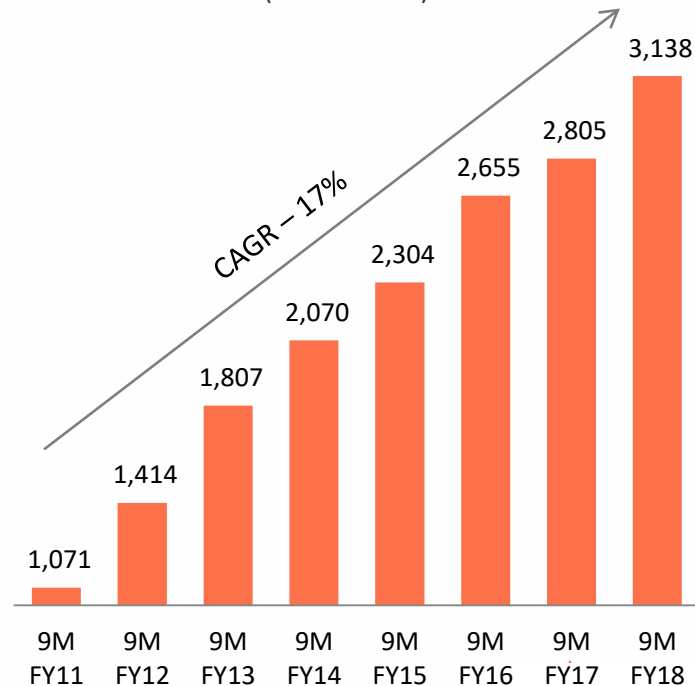


### Digeplex and associated brands



## Growing largely organically since Abbott deal

Pharma Revenues\* (in Rs. Crores)



Notes: \* Includes Allergan JV revenues

# Global Pharma: Investments made in building our Infrastructure

Leveraging our strong domain knowledge and experience to replicate our successful value creation strategy

Retained small product portfolio and select manufacturing facilities post sale to Abbott

- Growth potential
- Scope for value addition

Strategy in place for the Future

- Moving up the value chain
- Improving margins via operating leverage
- Increased capacity utilization
- Continue opportunistic acquisitions

2011

Current

	2011-14	Last 3 years
Organic	<ul style="list-style-type: none"> <li>• Enhanced capacity utilization</li> <li>• Capacity expansion: Bethlehem</li> <li>• Sevoflurane launched in Europe</li> </ul>	<ul style="list-style-type: none"> <li>• Further improved capacity utilization</li> <li>• Sevoflurane launched in Japan, Germany and EMs</li> <li>• Strengthen investments in R&amp;D, EHS, quality systems and processes</li> </ul>
Inorganic	<ul style="list-style-type: none"> <li>• No major investments</li> </ul>	<ul style="list-style-type: none"> <li>• Entry into niche capabilities via Ash Stevens and Coldstream</li> <li>• Adding differentiated high margin hospital branded generic products <ul style="list-style-type: none"> <li>– <b>Janssen</b> : Injectable anaesthesia and pain management portfolio</li> <li>– <b>Mallinckrodt</b> : intrathecal spasticity management product</li> </ul> </li> </ul>



# India Consumer Products : Tapping into a Significant Growth Potential

Well-positioned to create a large, diversified and profitable India Consumer Products business focusing on niche areas of routine disruption

- Retained OTC portfolio

- Leading OTC player
- India-wide Distribution

2010

Current

## Value Creation Activities:

	2010 - 14	Last 3 years
Organic	<ul style="list-style-type: none"> <li>Launched <b>new products / extensions</b></li> <li><b>Increased field force</b> to 800 in FY14</li> <li><b>Minimal distribution expansion</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Actively launched new brands</b></li> <li><b>Further increased field force</b> to 2,000+</li> <li><b>Further expanded distribution</b> to 420K retail outlets, 220K chemist outlets, 2,000 towns</li> </ul>
Inorganic	<ul style="list-style-type: none"> <li><b>No major inorganic investments</b></li> </ul>	<ul style="list-style-type: none"> <li>Brand Acquisitions: <ul style="list-style-type: none"> <li><b>Pfizer</b>: 4 brands</li> <li><b>MSD</b>: 5 brands</li> <li><b>Little's</b> baby-care brand</li> <li><b>Digeplex</b> and associated brands</li> </ul> </li> </ul>



## Global Pharma

# Global Pharma : 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





# Global Pharma: 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

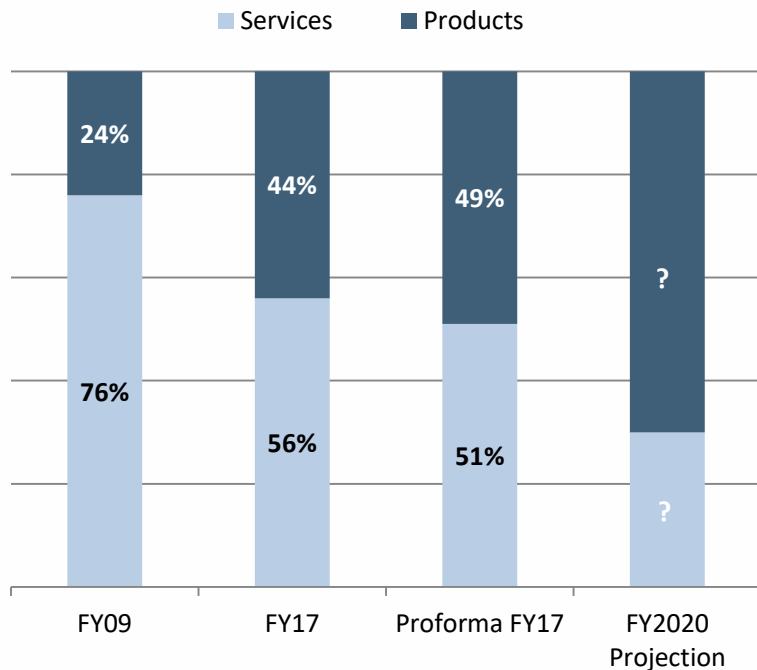


- **Entry barrier** – Complex to manufacture, sell and distribute resulting in limited competition
- **Expands addressable market size** from US\$ 1 bn Inhalation Anaesthesia market to US\$20 bn generic hospital product market

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

# Global Pharma : How are we increasing the share of products?

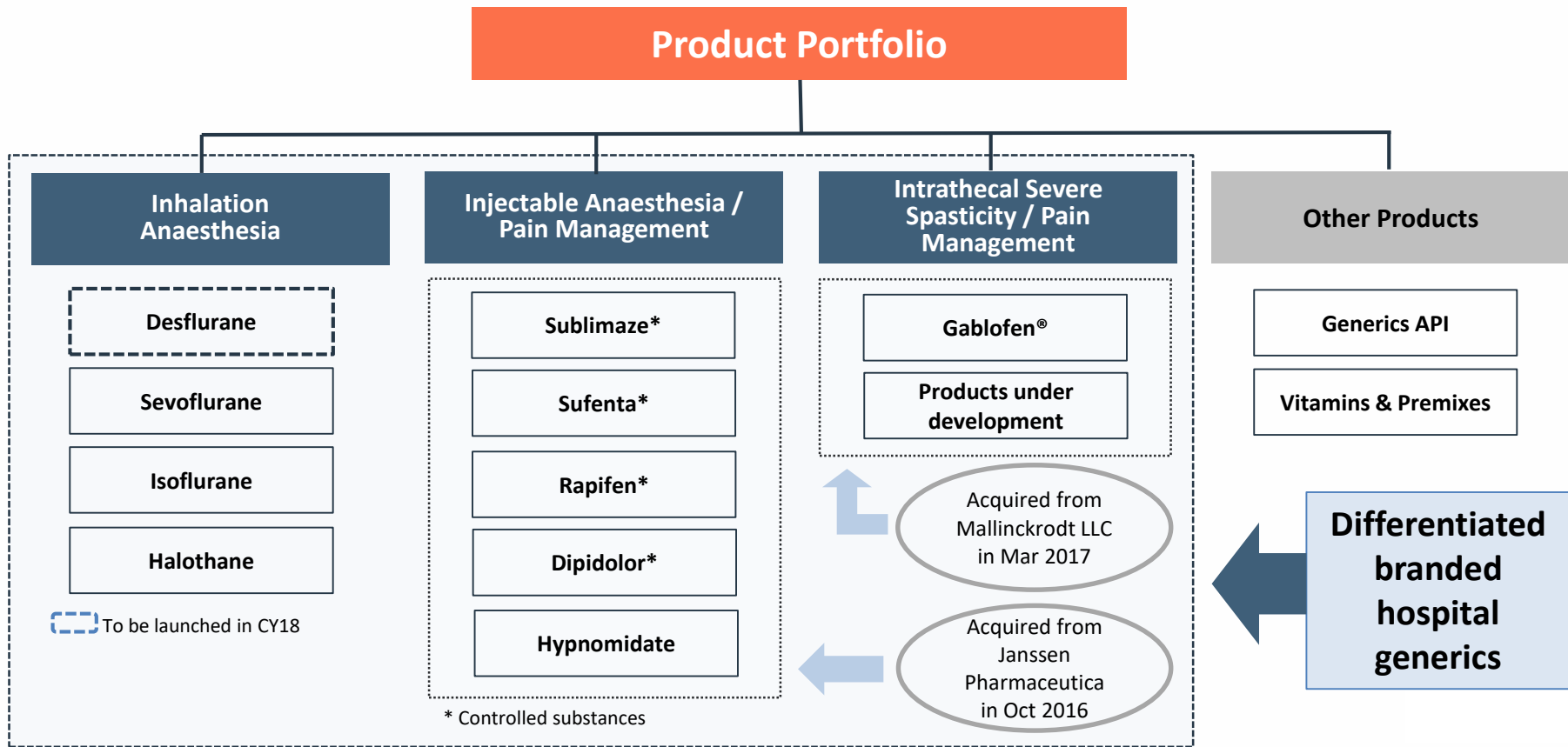
## Global Pharma Revenue Mix (%)



- Revenue from products grew at a 18% CAGR over last 5 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



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



# Global Pharma : Strengthening presence in key geographies



## Strong presence in North America



## Expanding presence in Europe

### Manufacturing Facilities

- Aurora : API Development & manufacturing
- Lexington : Sterile Development & Manufacturing
- Riverview : HPAPI Development & Manufacturing
- Bethlehem : Anaesthesia Manufacturing

- Grangemouth : ADC Manufacturing
- Morpeth : API & Formulation Development & Manufacturing

### % Global Business Revenues (as on 31<sup>st</sup> Dec 2017)

41%

27%

### % Global Business Assets (as on 31<sup>st</sup> Dec 2017)

24%

42%

### 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



# Global Pharma : 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

### ➤ 34% of Total Assets of Global business is in India



## Expanding Presence in Japan

- One of the two approved generics in the market for Sevoflurane, with leading market share
- Leading market share for Fentanyl with the only currently approved generic in the market

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

Since 2011, cleared all inspections :

- 29 USFDA inspections
- 91 other regulatory inspections
- 698 customer audits

Recognized at reputed global forums :

- PEL won the ‘**Regulatory Procedures and Compliance**’ award at **CPhI Pharma Awards (2017)** in Germany in Oct 2017
- PEL won the ‘**Industry Partner of the Year**’ award at Global Generics and Biosimilars Awards 2017 in Germany in Oct 2017
- **Ash Stevens** won six awards in **CMO Leadership Awards** of Life Science Magazine in Mar 2017

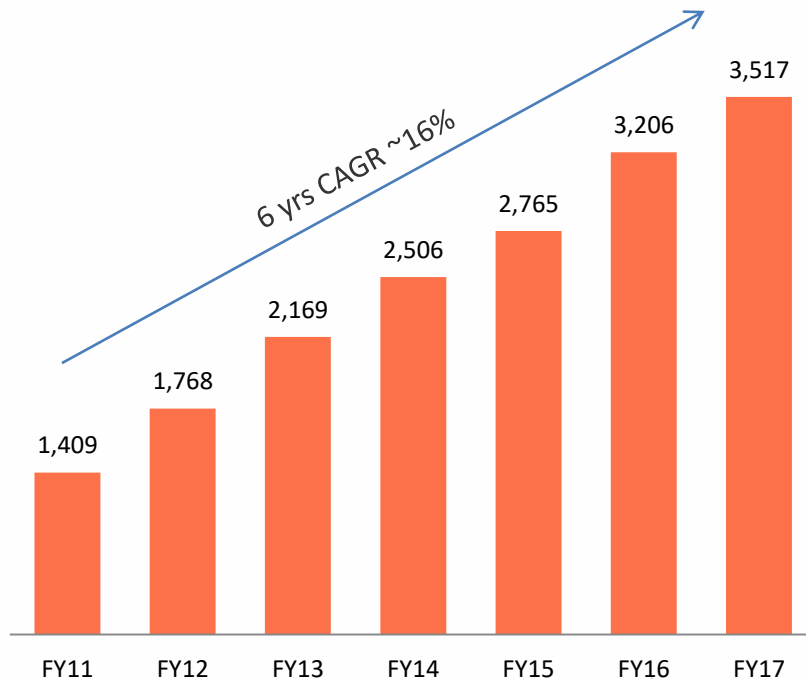


# Global Pharma : Growth Strategy

- **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 enhance cross selling opportunities
  - Announced USD 55 mn expansion for API manufacturing in North America and Asia
- **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

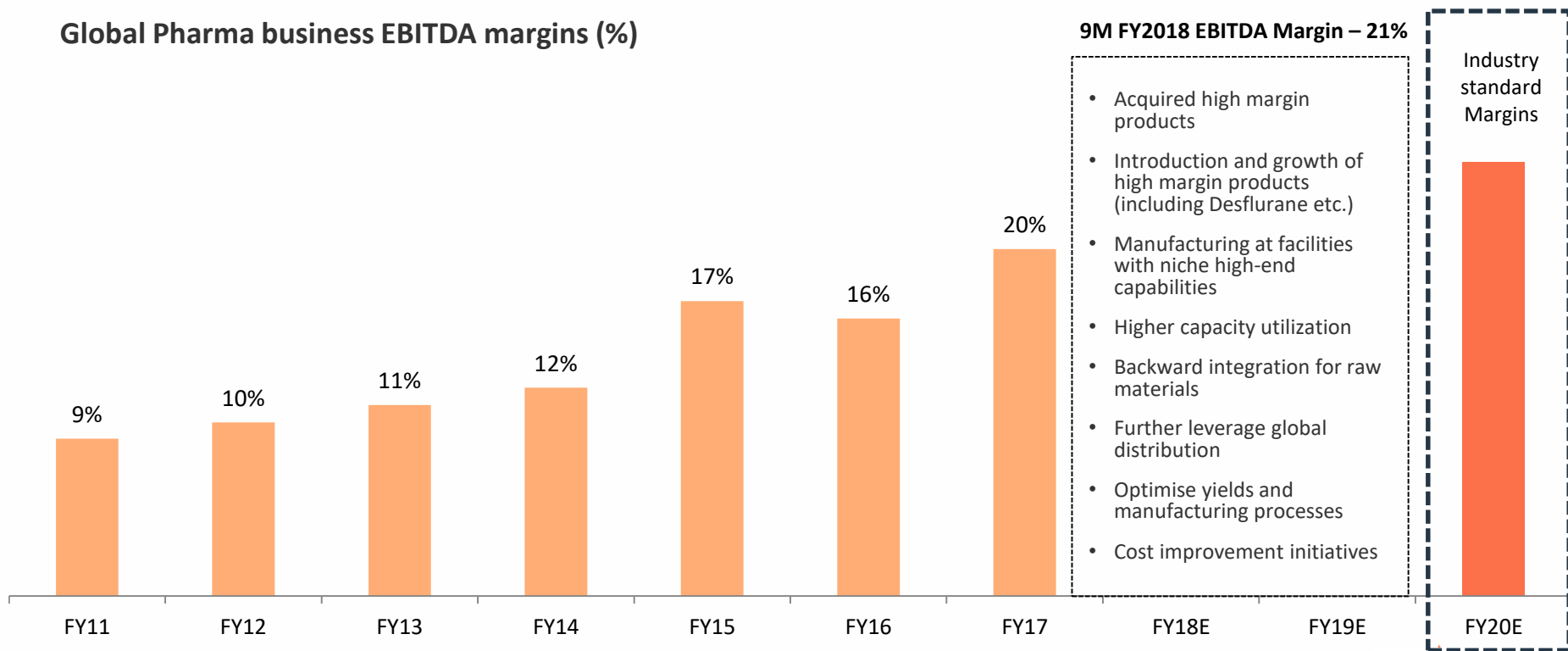
(In Rs. Crores)



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

# Global Pharma : 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

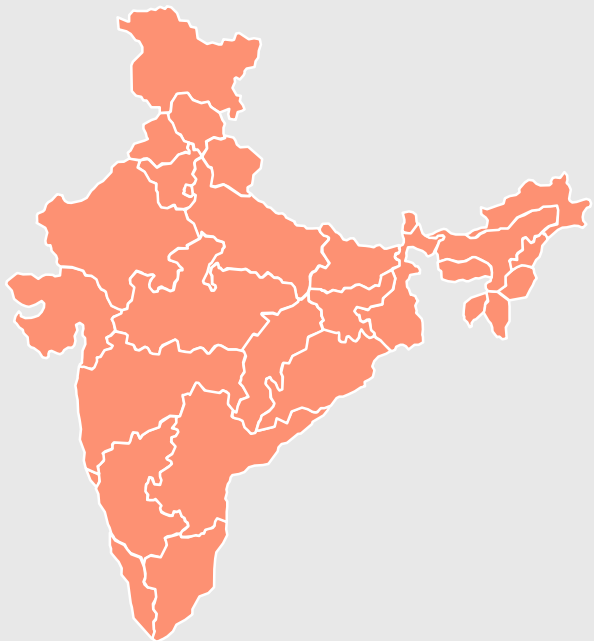
Six brands among India's top 100 OTC brands








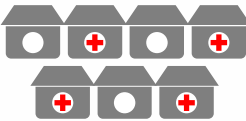

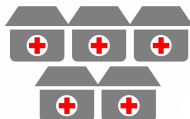
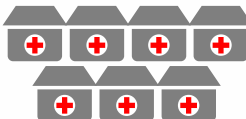



Most brands are among the top two in their respective representative market

# 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	 2000
Total Outlet presence	 24,000	 200,000	 420,000
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



Oil Balance Face Wash & Face Scrub



A sore throat pain relief product



A pregnancy test kit



Paan flavoured antacid



Ovulation test kit



Detoxifies the after effects of socializing, etc.



Educational game Jungle Magic Garden Sciencz

## Product portfolios added through acquisition



4 brands from Pfizer Ltd



5 brands from Organon India & MSD BV



Baby-care brand 'Little's'



Digeplex and associated brands



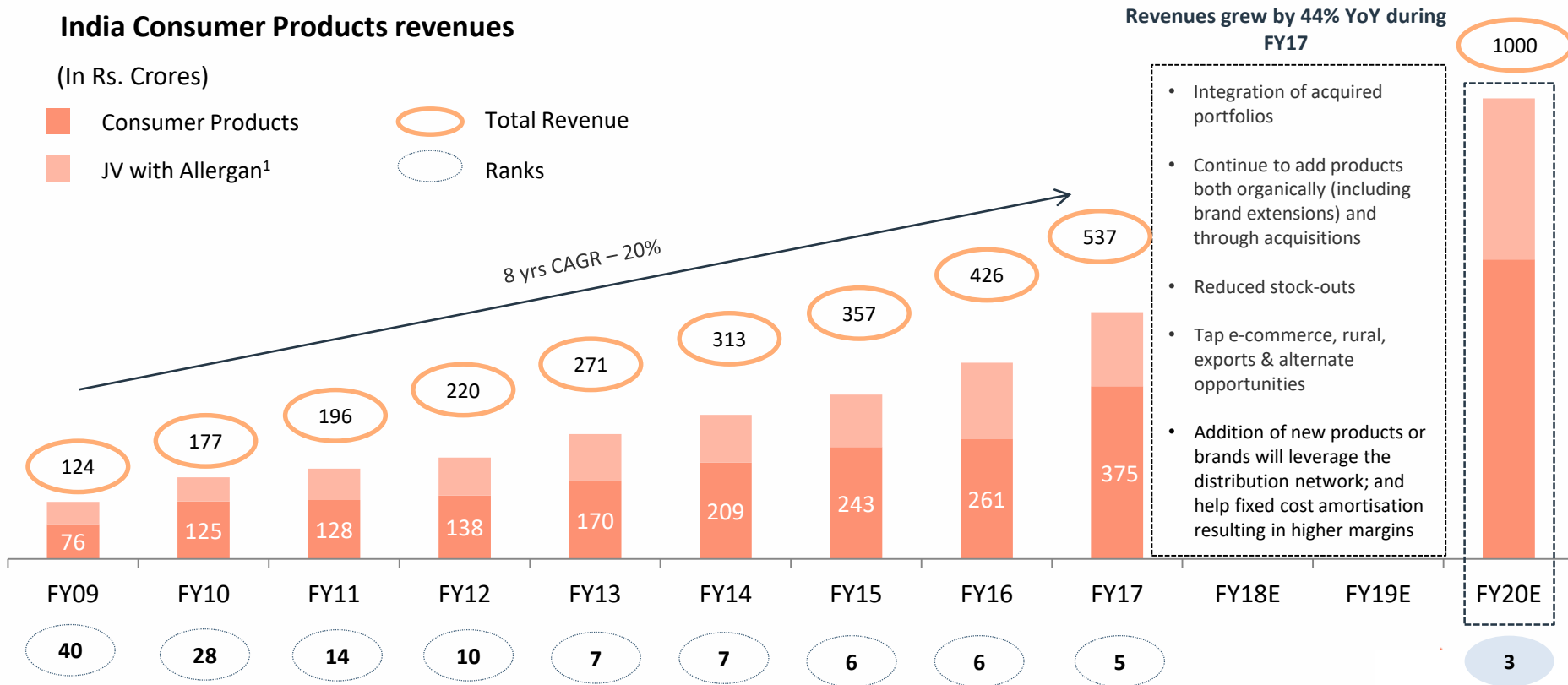
# Strong growth track record

## India Consumer Products revenues

(In Rs. Crores)

■ Consumer Products  
■ JV with Allergan<sup>1</sup>

○ Total Revenue  
○ Ranks



Note: 1. Allergan JV revenue includes only Piramal's revenue share of 49%



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





# Overall

# Our differentiated business model enabling better performance vs. peers

## Revenue Growth Rates of Top Pharma companies

Top Pharma Companies	FY16	FY17	H1FY18
Sun Pharma	4%	11%	-22%
Lupin	12%	23%	-11%
Aurobindo Pharma	15%	8%	8%
Cipla	22%	6%	3%
Dr. Reddy's Lab	5%	-9%	1%
Cadila Healthcare	11%	0%	15%
Glenmark Pharma	17%	20%	10%
Jubilant Lifesciences	1%	2%	13%
Peers Average	11%	8%	2%
PEL Overall Pharma business	15%	12%	14%

Source : Companies reported numbers, Stock Exchange Filings

## Overall Revenue and Profitability performance

Overall Pharma	FY2016	FY2017	FY2020 Projections
Revenue*	Rs. 3,467 Crores	Rs. 3,892 Crores	Rs. 6,500 - 7,000 Crores
Imaging	(Rs. 179 Crores)	(Rs. 68 Crores)	NIL
EBITDA Margins	Single Digit	Mid teens	20% - 25%

Note: \* Revenue includes only Global Pharma business and Consumer Products business, excluding JV with Allergan

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

S.No.	Pharma Companies	FY17 Revenue (Rs. Crores)	EBITDA Margin (%)	Enterprise Value (Rs. Crores)	Market Cap <sup>1</sup> (Rs. Crores)
1	Sun Pharmaceutical Industries Ltd	30,264	29%	1,37,404	1,39,132
2	Lupin Ltd	17,120	27%	45,155	39,951
3	Aurobindo Pharma Ltd	15,090	20%	38,998	36,884
4	Cipla Ltd	14,630	17%	50,768	47,668
5	Dr.Reddy's Laboratories Ltd	14,081	24%	40,008	36,903
6	Cadila Healthcare Ltd	9,625	21%	47,100	43,591
7	Glenmark Pharmaceuticals Ltd	9,186	22%	20,772	17,105
	PEL Pharma (FY20 Projected Revenue)	6,500 – 7,000	20-25%		
8	Jubilant Life Sciences Ltd	6,006	23%	17,823	14,548
9	Torrent Pharmaceuticals Ltd	5,857	27%	23,885	23,055
10	Alkem Laboratories Ltd	5,853	17%	26,387	26,289
11	Divi's Laboratories Ltd	4,181	36%	25,920	27,593
12	Biocon Ltd	4,079	28%	37,667	36,894
13	PEL Pharma (FY17 Revenue)	4,054	Mid Teens		
14	Strides Shasun Ltd	3,652	22%	8,415	6,829
15	Alembic Pharmaceuticals Ltd	3,131	20%	10,618	10,691

Source : Company Reports, Bloomberg

Note : 1. MCAP as on 1<sup>st</sup> Feb 2018



## Healthcare Insight & Analytics



# Healthcare Insight and Analytics: At A Glance

Historically viewed as a syndicated healthcare market research company, Decision Resources Group (DRG) has transformed itself into a data-driven, technology enabled, healthcare insights business

We assist our clients in the Pharma, MedTech, Insurance (Payer), and Provider sectors, addressing many of the most pressing questions in the healthcare industry:

- Where to invest?
- How to get approved, contracted and paid?
- How to prove value?
- How to drive commercial success?

We do this by leveraging a large team of area experts, Real World Health Data, sophisticated analytics tools and data science to deliver:

- Market Research
- Services
- Data
- Analytics

We are increasingly:

- Embedded in our clients' workflows
- Delivering critical client solutions, which have a bespoke front end, but which are based upon a series of common back-end algorithms



# Answering 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>

Leaders Interview

Hospital Audit

Our Business

Analytical Tools

Market Forecasts

Health Plan Data

Proprietary Survey Data

Customized Services

Proprietary Databases

# Strong positioning with high long term revenue visibility

## Key Business Highlights

Serves major Developed and Emerging Markets

FY2017 Revenue - US\$182 mn

Capabilities across customer's product life cycle

17 offices across 6 locations globally

1,300+ employees globally (330+ in India)

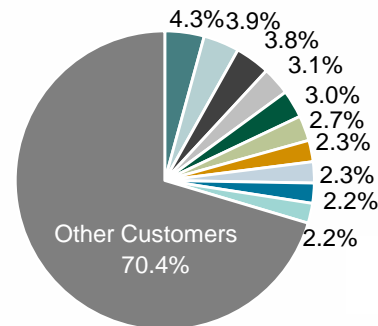
## Significant revenue visibility

- DRG serves nearly all leading life sciences companies
- Over 70% of revenue is recurring in nature
- 96% client retention by value
  - 100% among top 50 customers

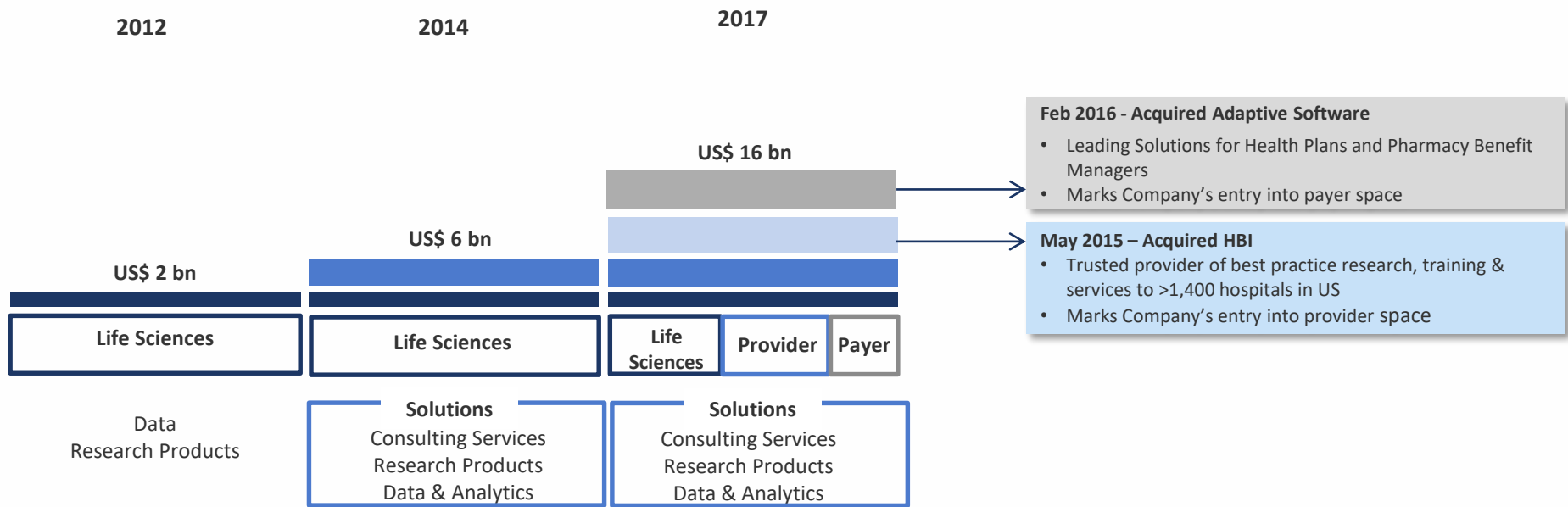
## >10yr Relationships With All of Our Top Ten Customers

Customer	# of Years
AstraZeneca	>10 yrs
Bayer	>10 yrs
Boehringer Ingelheim	>10 yrs
Johnson & Johnson	>10 yrs
Merck & Co	>10 yrs
Novartis	>10 yrs
Novo Nordisk	>10 yrs
Pfizer	>10 yrs
Roche	>10 yrs
Takeda	>10 yrs

## Top 10 Relationships Comprise <30% of Revenue



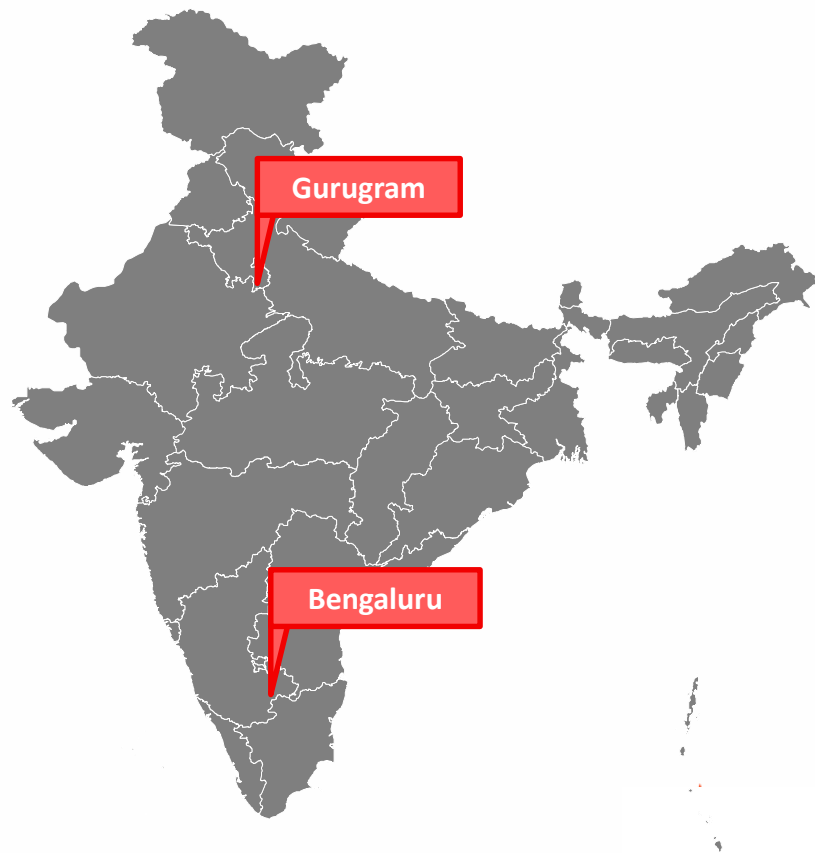
# Expanding into New Markets



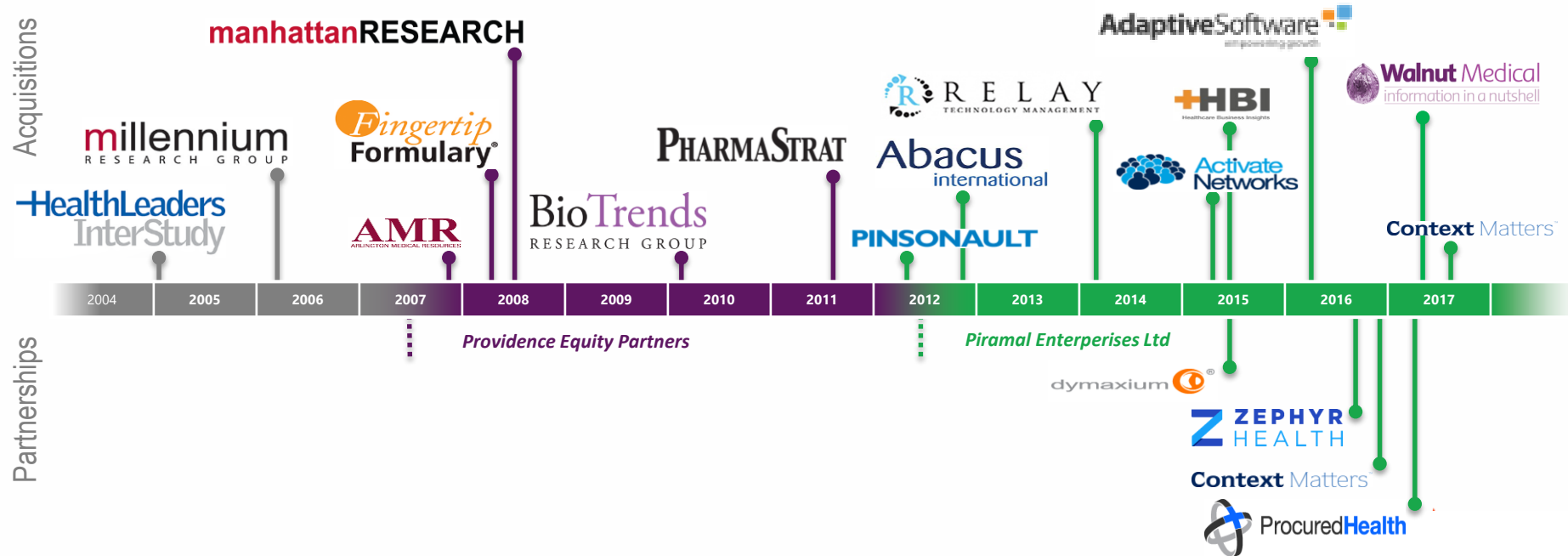
Source: Based on proprietary market research and internal DRG estimation

## Established 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 250 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



Strategic **DECISION** making is easier when you have  
access to proprietary data and expert **RESOURCES** from  
an integrated **GROUP** of best-in-class companies.



# Comparable Company Analysis

## Public Company Peer Valuation Trading Multiples

DRG Peers	2017 Multiples		
	EV/Revenue	EV/EBITDA	EV (US\$ MM)
Gartner, Inc. (NYSE: IT)	3.5x	21.1x	8,640
HealthStream, Inc. (NASDAQ: HSTM)	3.1x	24.9x	692
IHS Market Ltd. (NASDAQ: INFO)	6.6x	23.2x	18,073
Inovalon Holdings, Inc. (NASDAQ: INOV)	2.9x	16.3x	1,219
Medidata Solutions, Inc. (NASDAQ: MDSO)	5.9x	40.2x	2,750
National Research Corporation (NASDAQ: NRCIB)	4.7x	14.5x	514
Quintiles IMS Holdings, Inc. (NYSE: Q)	4.7x	22.4x	25,072
<b>Median</b>	<b>4.7x</b>	<b>22.4x</b>	<b>2,750</b>

Source: CapIQ, Wall Street equity research, SEC Filings

# Comparable Transaction Analysis

## Sector M&A Valuation Multiples









Target	Buyer / Investors	Transaction Value (USMM)	Transaction Value / LTM Revenue	Transaction Value / LTM EBITDA
iHealth	Connolly	1,200	7.5x	14x
Heartbeat Experts	Truven Health	136	5.2x	22x
Vitruvian	CRF	374	4.5x	18x
IMS Health	Quintiles	13,346	4.4x	15x
Altegra	Emdeon	910	4.3x	16x
Truven Health	IBM Watson Health	2,600	4.2x	17x
Merge Healthcare	IBM Watson Health	1,000	4.2x	24x
WebMD	KKR	2,800	4.0x	15x
Median			4.4x	17x

Source: CapIQ, Wall Street equity research, SEC Filings;

\* ND – Not Disclosed



## Future Roadmap : Growing business and improving margins

- Continuously expanding our capabilities, geographic presence and addressable market through strategic acquisitions
  - Expanded market access capabilities** by acquisition of  (FY13)
  - Enhanced analytics** by acquisition of  (FY14)  (FY15)  (FY16)
  - Entry into provider and payer space** by acquisition of  (FY16)  (FY16)
  - Access to European hospital data** by acquisition of  (FY18)  (FY18)
- Continue to **transform our customer offering towards higher end value-added insights and solutions** by leveraging proprietary data and analytics tools and deploying user-centric, technology-driven applications
- Further invest into developing our consulting skills and talent pool
- Selectively enter new high growth markets
- Improve margins by leveraging our India base

**Continue to pursue a carefully crafted strategy of leveraging the significant opportunity in high-end data analytics through our strong customer positioning and by leveraging our India presence**



# Financials

## Diversified Revenue Mix for Q3 & 9M FY2018

(In Rs. Crores or as stated)

Net Sales break-up	Quarter III ended			% Sales	Nine Months ended		
	31-Dec-17	31-Dec-16	% Change		31-Dec-17	31-Dec-16	% Change
Financial Services	1,316	902	45.8%	46.9%	3,586	2,352	52.5%
Pharma	1,022	954	7.2%	39.1%	2,992	2,679	11.7%
Global Pharma	923	869	6.2%	-	2,732	2,414	13.1%
India Consumer Products	100	85	17.4%	-	261	265	(1.5%)
Healthcare Insight and Analytics	468	464	0.9%	12.8%	976	995	(2.0%)
Others	52	22	-	1.2%	95	57	-
<b>Total</b>	<b>2,858</b>	<b>2,342</b>	<b>22.1%</b>	<b>100%</b>	<b>7,648</b>	<b>6,084</b>	<b>25.7%</b>

Note:

1. Foreign Currency denominated revenue in Q3 FY2018 was Rs.1,305 Crores (46% of total revenue) and in 9M FY2018 was Rs.3,530 Crores (46% of the total revenue)

# Diversified Revenue Mix for FY2017

(In Rs. Crores or as stated)

Net Sales break-up	Quarter IV ended			% Sales	Full Year ended		
	31-Mar-17	31-Mar-16	% Change		31-Mar-17	31-Mar-16	% Change
Pharma	1,214	929	30.7%	45.5%	3,893	3,467	12.3%
Global Pharma	1,103	853	29.4%	-	3,517	3,206	9.7%
India Consumer Products	111	76	45.1%	-	375	261	44.0%
Financial Services	999	552	81.1%	39.2%	3,352	1,744	92.2%
Information Management	227	209	8.8%	14.3%	1,222	1,156	5.7%
Others	23	2	-	0.9%	80	15	-
<b>Total</b>	<b>2,463</b>	<b>1,691</b>	<b>45.6%</b>	<b>100%</b>	<b>8,547</b>	<b>6,381</b>	<b>33.9%</b>

Note:

1. Foreign Currency denominated revenue in Q4 FY2017 was Rs. 1,190 Crores (48% of total revenue) and in FY2017 was Rs. 4,372 Crores (51% of the total revenue)

# Consolidated P&L for Q3 & 9M FY2018

(In Rs. Crores or as stated)

Particulars	Quarter III Ended			Nine Months ended		
	31-Dec-17	31-Dec-16	% Change	31-Dec-17	31-Dec-16	% Change
Net Sales	2,858	2,342	22%	7,648	6,084	26%
Non-operating other income	64	52	22%	223	147	51%
Total income	2,922	2,394	22%	7,871	6,232	26%
Other Operating Expenses	1,411	1,257	12%	3,869	3,617	7%
OPBIDTA	1,511	1,137	33%	4,002	2,614	53%
Interest Expenses	750	591	27%	2,148	1,441	49%
Depreciation	110	110	0%	362	260	39%
Profit before tax & exceptional items	651	436	49%	1,492	913	63%
Exceptional items (Expenses)/Income	-	(2)	-	-	(2)	-
Income tax	212	76	180%	504	125	303%
Profit after tax (before MI & Prior Period items)	439	359	22%	988	786	26%
Minority interest	-	-	-	-	-	-
Share of Associates <sup>1</sup>	51	45	12%	188	155	21%
Net Profit after Tax	490	404	21%	1,176	941	25%
Net Profit Margin %	17%	17%	-	15%	15%	-
EPS (Rs./share) <sup>2</sup>	26.4	23.4	13%	66.5	54.6	22%

## Notes:

- Income under share of associates primarily includes our share of profits at Shriram Capital and profit under JV with Allergan, as per the new accounting standards.
- As per the accounting guidelines, EPS for Q3 & 9M FY2018 is calculated considering the conversion of CCDs

# Consolidated P&L for FY2017

(In Rs. Crores or as stated)

Particulars	Quarter IV Ended			Full Year Ended		
	31-Mar-17	31-Mar-16	% Change	31-Mar-17	31-Mar-16	% Change
Net Sales	2,463	1,691	46%	8,547	6,381	34%
Non-operating other income	86	52	67%	234	252	(7%)
Total income	2,549	1,743	46%	8,781	6,633	32%
R&D Expenses	29	42	(30%)	101	145	(30%)
Other Operating Expenses	1,401	1,225	14%	4,947	4,560	8%
OPBIDTA	1,119	476	135%	3,733	1,929	94%
OPM %	44%	27%	-	43%	29%	-
Interest Expenses	590	311	90%	2,031	959	112%
Depreciation	122	76	60%	382	255	49%
Profit before tax & exceptional items	407	89	359%	1,320	714	85%
Exceptional items (Expenses)/Income	(8)	72	-	(10)	46	-
Income tax	103	17	515%	228	50	361%
Profit after tax (before MI & Prior Period items)	296	144	105%	1,082	711	52%
Minority interest	(0)	-	-	(0)	-	-
Share of Associates	15	49	(70%)	170	194	(13%)
Net Profit after Tax	311	193	61%	1,252	905	38%
EPS (Rs./share)	18.0	11.2	61%	72.5	52.4	38%

## 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 Balance Sheet for 9M FY2018

(In Rs. Crores)

Particulars	31 Dec 2017	31 Mar 2017
Equity Share Capital	35	35
Other Equity	20,690	14,848
Non Controlling Interests	12	13
Borrowings (Current & Non Current)	39,455	30,451
Deferred Tax Liabilities (Net)	38	31
Other Liabilities	2,659	2,675
Provisions	167	187
<b>Total</b>	<b>63,056</b>	<b>48,239</b>
PPE, Intangibles (Under Development), CWIP	5,490	5,425
Goodwill on Consolidation	5,554	5,427
Financial Assets		
Investment	22,726	21,717
Others	17,209	5,887
Other Non Current Assets	453	399
Deferred Tax Asset (Net)	656	625
Current Assets		
Inventories	883	723
Trade receivable	1,274	1,108
Cash & Cash Equivalents & Other Bank balances	1,699	1,541
Other Financial & Non Financial Assets	7,112	5,387
<b>Total</b>	<b>63,056</b>	<b>48,239</b>

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



# Appendix



## Revenue growth across key business segments

% change - 9M FY2018 vs. 9M FY2017 Revenues

Financial Services

52%

Pharma<sup>1</sup>

13%

Healthcare Insight and Analytics

-2%

Total Revenue

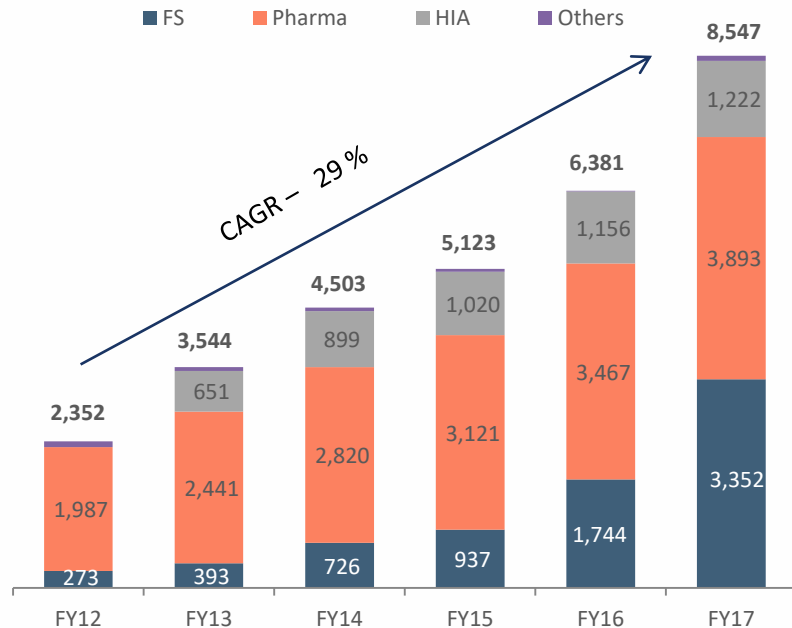
26%

Note : Pharma revenue includes revenue form others

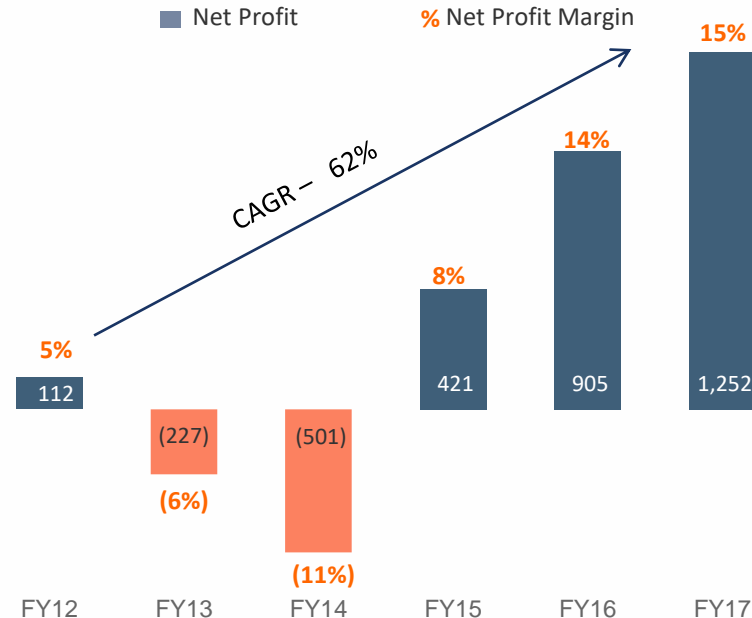


# Delivering robust performance over last many years

## Business-wise Revenue Trend



## Net profit & Margin Trend



(In Rs. Crores)

### 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. FY2017 results have been prepared based on IND AS & FY2016 results have been reinstated to make them comparable with the reported period. Prior period numbers are as reported in their respective period.

# Consistently delivering exceptional performance quarter after quarter

## Trend of key ratios

	Q4 FY15	Q1 FY16	Q2 FY16	Q3 FY16	Q4 FY16	Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	Q1 FY18	Q2 FY18	Q3 FY18
Loan book growth (%)	67%	138%	150%	181%	174%	112%	113%	105%	87%	79%	69%	68%
GNPA ratio %	1.9%	1.5%	1.1%	1.2%	0.9%	0.6%	0.4%	0.5%	0.4%	0.2%	0.2%	0.4%
RoE%	21%	25%+	25%+	25%+	25%+	25%+	25%+	25%+	25%+	25%+	25%+	21% <sup>1</sup>

Note :

1. ROE calculation also takes into account the capital allocation worth Rs. 2,300 Crore from recent fund raise

# Financial Services : Proposed merger of Piramal Finance and Piramal Capital with Piramal Housing Finance

## Benefits of merger

Optimum capital adequacy requirement to improve returns

Diversified portfolio comprising both retail and wholesale should improve credit rating, in turn reducing borrowing cost

Open up avenues for combined entity to raise funds from diversified lenders

Mutual Fund can lend higher amount to HFCs as against NBFCs

One entity to provide end-to-end financing solutions

Capitalising on the in-house Brickex arm for sourcing and facilitating home loans

Leveraging robust asset monitoring capabilities of the wholesale platform for retail construction finance loans

Restructuring will enhance management and operational efficiency due to integration of common functions like IT, HR, Finance, Legal, etc.

Note : The combined entity's name to be changed to Piramal Capital Limited

# Financial Services : Focus areas of key functions

## Asset Management Team

- Regular Site Visits
- Monitoring the project
- Providing real time feedback
- Micro-market analysis
- Performance review
- Ensuring adequate cash cover at all time

## Risk Management Team

- Independent & unbiased assessment of risk
- Provide insights using portfolio analytics
- Analyse & benchmark deal based on proprietary risk ratings model
- Recommend changes to enhance the Risk-Reward pay-off

## Legal Team

- Identifying legal risks
- Ensuring adequate mitigants
- Transaction structuring & compliance
- Legal Checks and Balances
- Due diligence and documentation
- Legal recourse in the event of default

## Finance & Compliance Team

- Budgeting and forecasting
- Continuous tracking of ROE
- Proactive monitoring of overdue accounts and exits
- Audits, compliances & internal controls
- Co-investment and down selling opportunities

## Brickex

- Micro market research to assist price and velocity assumptions
- Support developer in achieving sales velocity
- Sourcing new deals through wide channel partner network
- To Support Retail Housing Finance

## Technology Team

- End-to-end technology solutions
- Reduce turnaround time
- Centralised analytical capabilities
- Standardisation and efficiency in process
- Streamline processes

## Financial Services : Illustration 1 - How we closed our largest FS deal?

	Developer Proposal	Our Deal
Facility Amount	Rs 1,500 Crores	Rs.2,320 Crores
Purpose	Towards Lender A exit	<ul style="list-style-type: none"> <li>Rs.820 Cr – Towards takeover of existing loans on Project A and Project B (quality projects)</li> <li>Rs.1,500 Cr – Towards Lender A exit</li> </ul>
Proposed Security	2 <sup>nd</sup> charge on Project C	<ul style="list-style-type: none"> <li>1st charge on Project A and Project B (Takeover of existing loans to have full control on escrow)</li> <li>2nd charge on Project X &amp; Project Y</li> <li>2nd charge on Project W cashflows</li> <li>1st charge on Plot A (10 Acres)</li> <li>2nd charge on unutilised FSI of Project C</li> </ul>
Disbursement	Full amount upfront	<ul style="list-style-type: none"> <li>Linked to sales milestones of projects (ability to back test our sales assumptions)</li> </ul>
Deal Type	General Corporate Purpose	<ul style="list-style-type: none"> <li>Receivables discounting + Takeover of Construction Finance establishing full escrow control</li> </ul>

## Financial Services : Illustration 2 - How we resolved an old NPA case?

### Project X

- Rs.60 Crores facility disbursed in Sep 2012
- Security of multiple apartments consisting of 3BHKs & Duplex
- Account was classified as NPA in March 2014

### Resolution

#### Legal

- Pressure building through legal proceedings including mortgage enforcement
- Filed criminal complaint with Economic Offence Wing (EOW) and Crime Branch

#### Brickex (our in-house real estate advisory arm)

- Sourcing and engaging with customer for sales of security units
- Continuous dialogue with developers
- Structuring transaction

#### Finance

- Bridging the gap of Customer and Developer expectation
- Multiple meetings with EOW and Crime Branch

### Outcome

- Recovered entire Principal with interest of Rs.20 Crores, whereas other lenders are yet to recover even their principal.

# Global Pharma : 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>



# Global Pharma : 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.

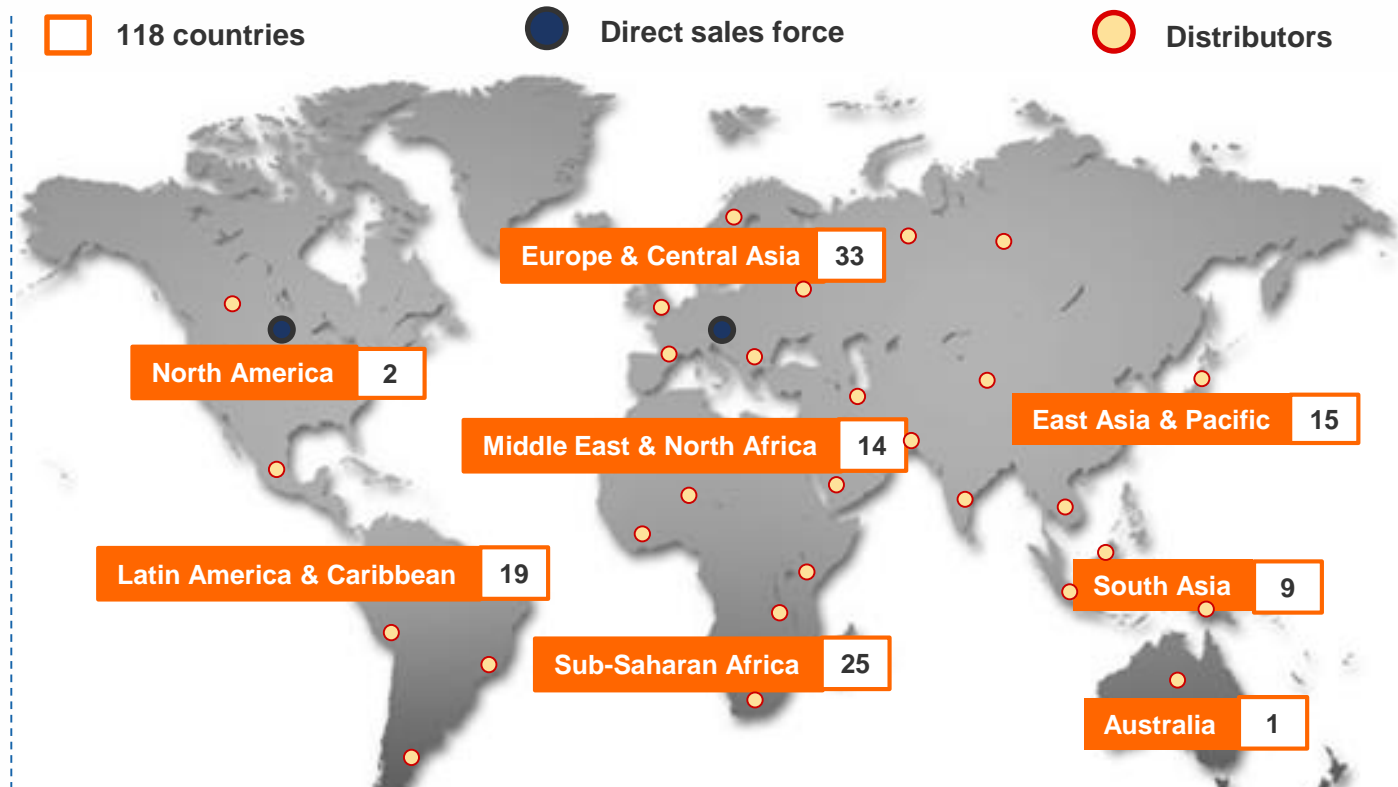
## Significantly expands the addressable market size

- 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**

# Global Pharma : 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

# Raising over a billion dollar capital via CCDs and rights issue

## CCDs QIP

Successfully raised **~Rs.5,000 Crores**  
through CCDs

- ✓ Issued 464,330 CCDs of the face value of Rs.107,600 each with a coupon of 7.80% p.a.
- ✓ It can be converted into pure equity at any time till the maturity date
- ✓ Each CCD will be compulsorily converted into 40 equity shares on maturity (at the end of the 18 months from the date of allotment)
- ✓ Conversion price fixed at Rs.2,690 per equity share

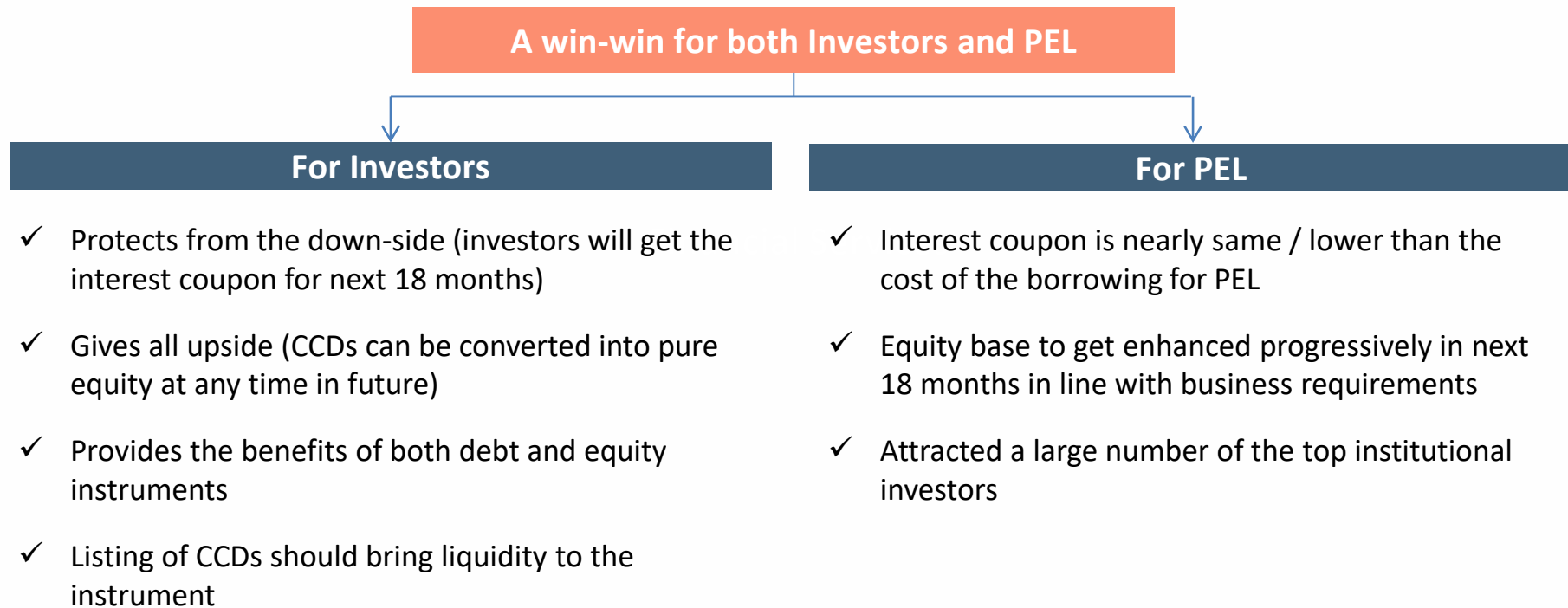


## Rights issue

Plans to raise up to **Rs.2,000 Crores**  
through Rights Issue

- ✓ Board and promoters are keen to give the existing shareholders of PEL an equal opportunity to participate in the fund raising
- ✓ Board approved a Rights Issue of equity shares at a price of Rs.2,380 for up to Rs.2,000 Crores
- ✓ Promoter Group to underwrite the Rights Issuance to an extent of 90% of the size

# The structure of the deal to set a benchmark for the future fund raising deals in India





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