



# Piramal Enterprises Limited

Investor Presentation  
March 2016



*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.*



# Unparalleled track record of developing large profitable businesses

What we did?	Outcome / Potential Outcome
<b>Entered pharma business in 1988</b>	<ul style="list-style-type: none"> <li>Transformed from 48th to 4th largest pharma company in India</li> <li>Sold Domestic Formulations at \$3.8 Bn (9x sales &amp; 30x EBITDA)</li> </ul> 
<b>Entered Inhalation Anaesthesia business in 2002</b>	<ul style="list-style-type: none"> <li>M&amp;As till 2009 &amp; organic initiatives later - Now world's 3rd largest business.</li> <li>Presence in around 120 countries</li> <li>Revenues grew at 18% CAGR over last 5 years</li> </ul> 
<b>Entered pharma CDMO business in 2003</b>	<ul style="list-style-type: none"> <li>Now amongst top integrated global CDMOs offering both APIs &amp; Forms</li> <li>10 facilities located in NA, Europe &amp; Asia – All key ones are FDA approved</li> <li>Revenues grew at 16% CAGR over last 5 years</li> </ul> 
<b>Aggressively grew pharma OTC business since 2007</b>	<ul style="list-style-type: none"> <li>From 40<sup>th</sup> largest in 2007, business grown to become 7<sup>th</sup> largest currently.</li> <li>Most brands among top two in their respective market</li> <li>Revenues grew at 18% CAGR over last 7 years</li> </ul> 
<b>Entered Financial Services in 2011</b>	<ul style="list-style-type: none"> <li>Created one of largest Real Estate developer financing business of India</li> <li>Deployed over Rs.19,700 Crores in &gt;160 transactions across debt &amp; equity</li> <li>APG and CPPIB chose us for partnership</li> <li>Entered retail financing through stakes in Shriram Group of Companies</li> </ul> 



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

## Key capital allocations

**Invested Rs.11,070 Crores (on B/S) & Rs.8,638 Crores (off B/S) in FS**

- Average yields on loan - 17%
- RoE in FS business – 25%+
- Vodafone deal - Realized IRR @ 19% p.a

**~Rs.4,583 Crores invested in Shriram Group**

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

**~Rs.3,000 Crores invested in Healthcare**

- 5 Year Revenue CAGR - ~17%
- Selective acquisitions in OTC and Pharma Solutions
- Discontinued NCE research
- Exited non-strategic businesses

**~Rs.4,000 Crores invested in Information Management**

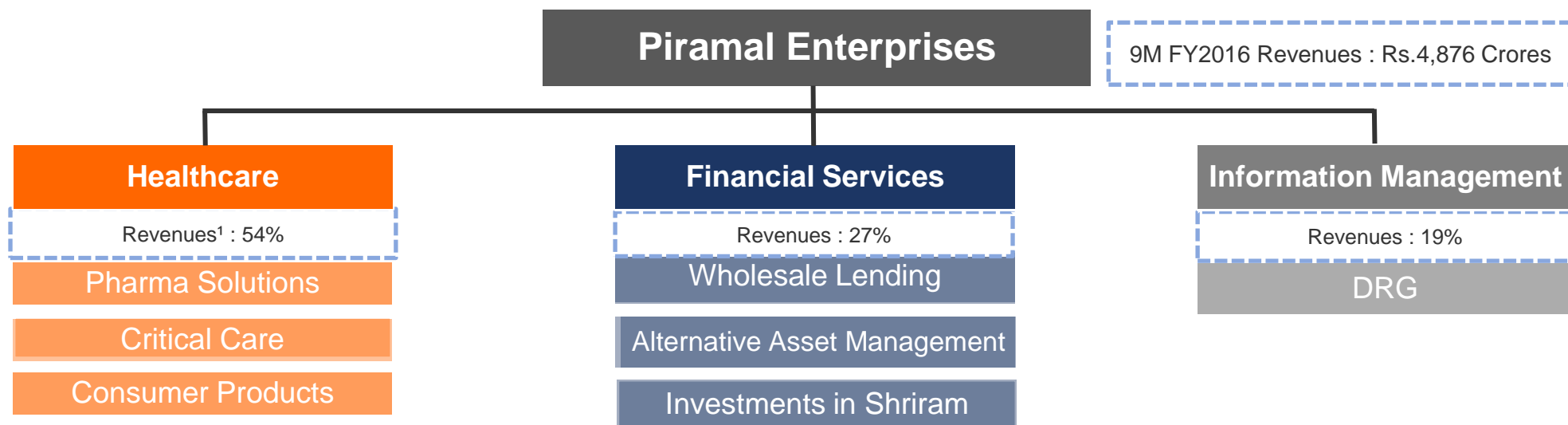
- Business, geographic, currency diversification
- Strong profitability margins

**Rs.4,564 Crores of capital returned to shareholders**

- Capital returned to shareholders through:
- Buyback
  - Annual dividends
  - Special dividend

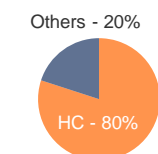


# Created a strong business portfolio

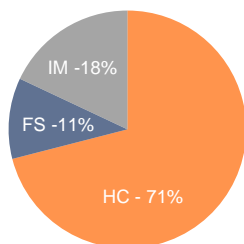


## Diversification of revenues towards high growth business segments

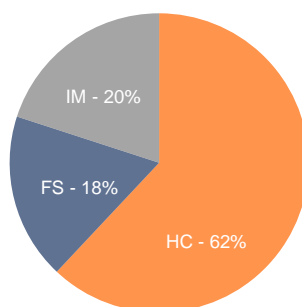
Movement in revenue mix (%)



**FY2011<sup>2</sup>**  
Rs.2,009 Cr



**FY2013**  
Rs.3,544 Cr



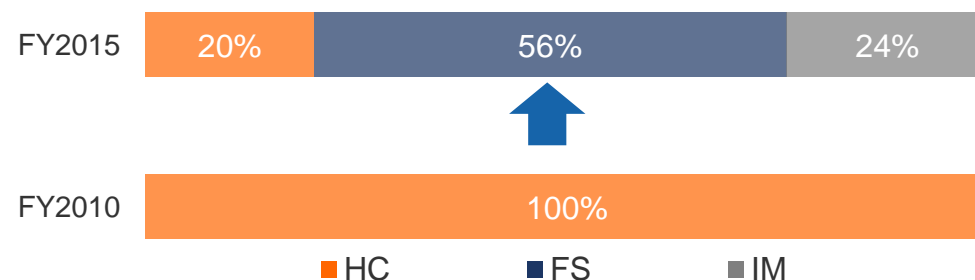
**FY2015**  
Rs.5,123 Cr

Note:

1. Healthcare revenues include revenues from other businesses contributing 1% of the total revenues for FY2015
2. Others include treasury income.

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

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

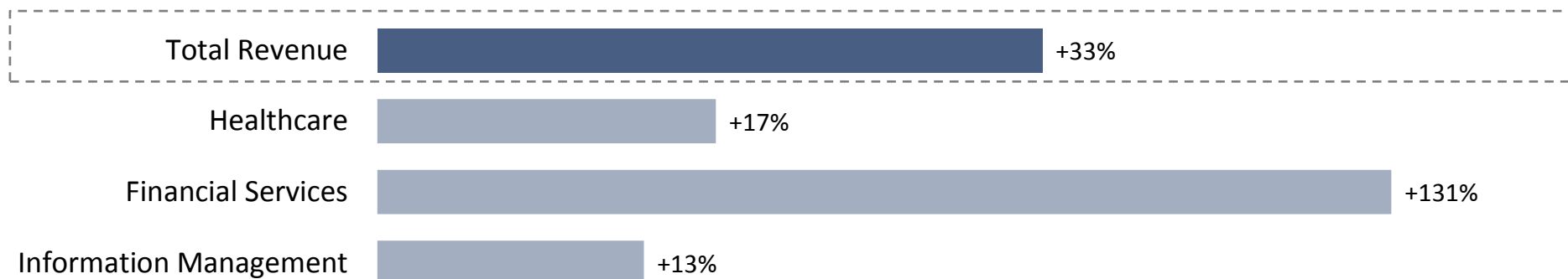


3. As per books. Excludes unallocated portion of capital employed to various business segments

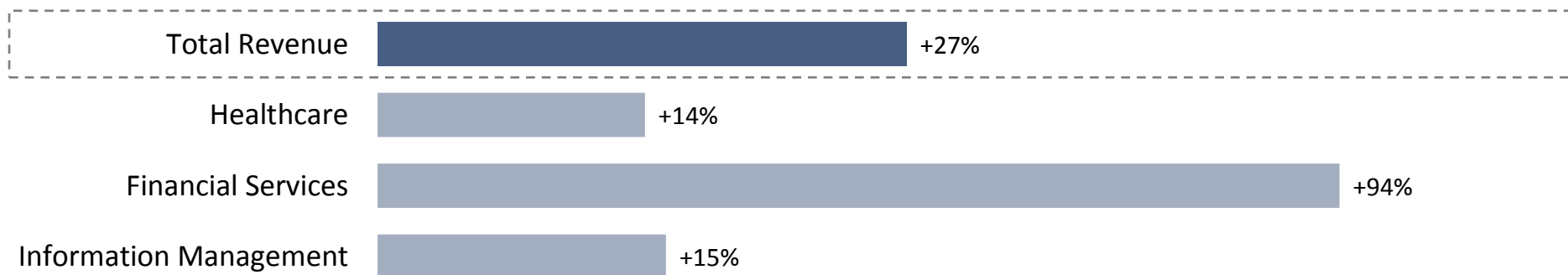


# Revenue growth across business segments

## % change - Q3 FY2016 Vs. Q3 FY2015 Revenues



## % change - 9M FY2016 Vs. 9M FY2015 Revenues



**Strong growth in revenues driven by improved operating performance across business segments**

Note: Healthcare revenues does not include revenues from others businesses

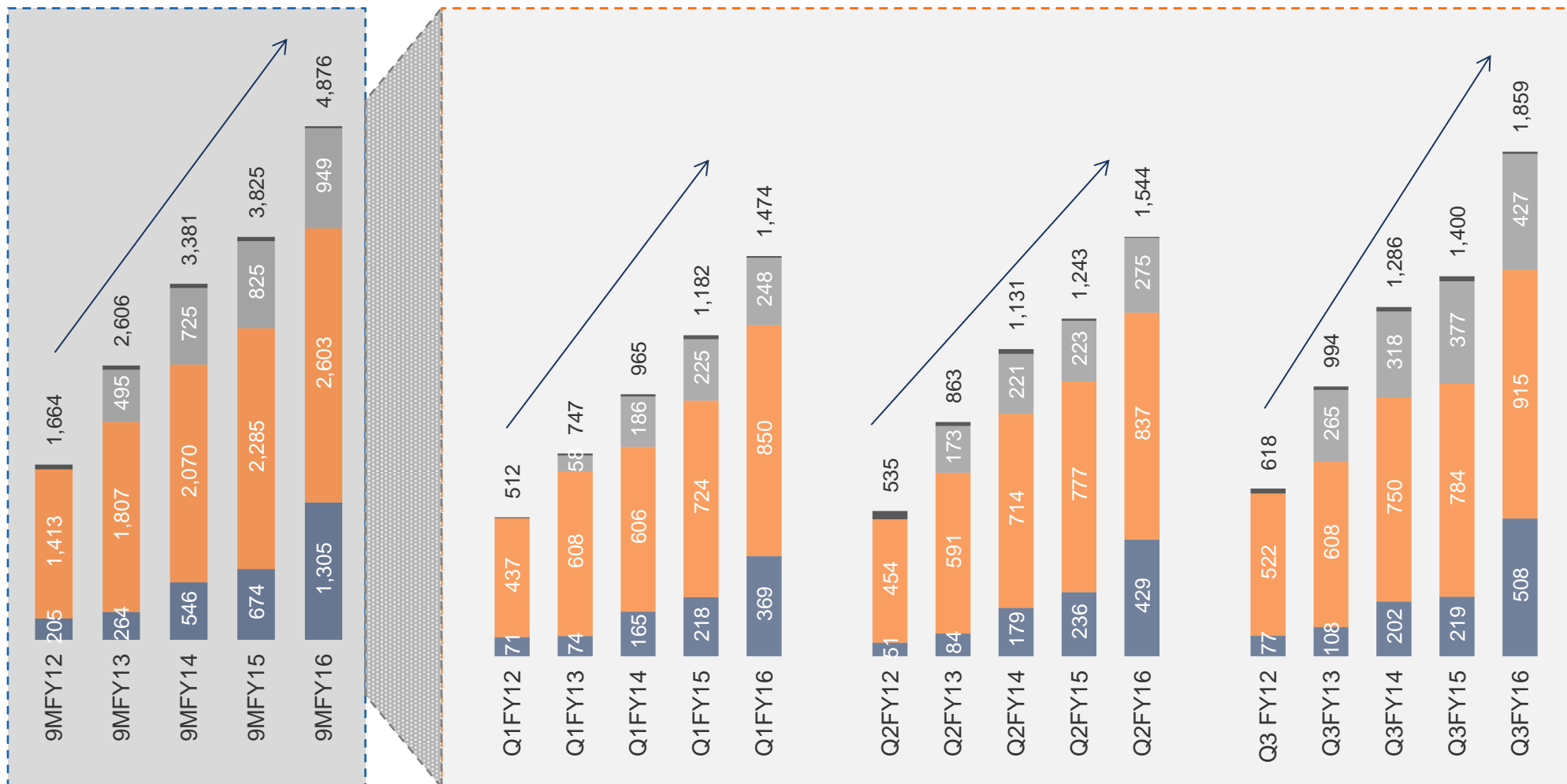


# Consistent and strong revenue performance across all business segments....

In Rs. Crores

## Business-wise revenue trend

Financial Services Healthcare Information Management Others

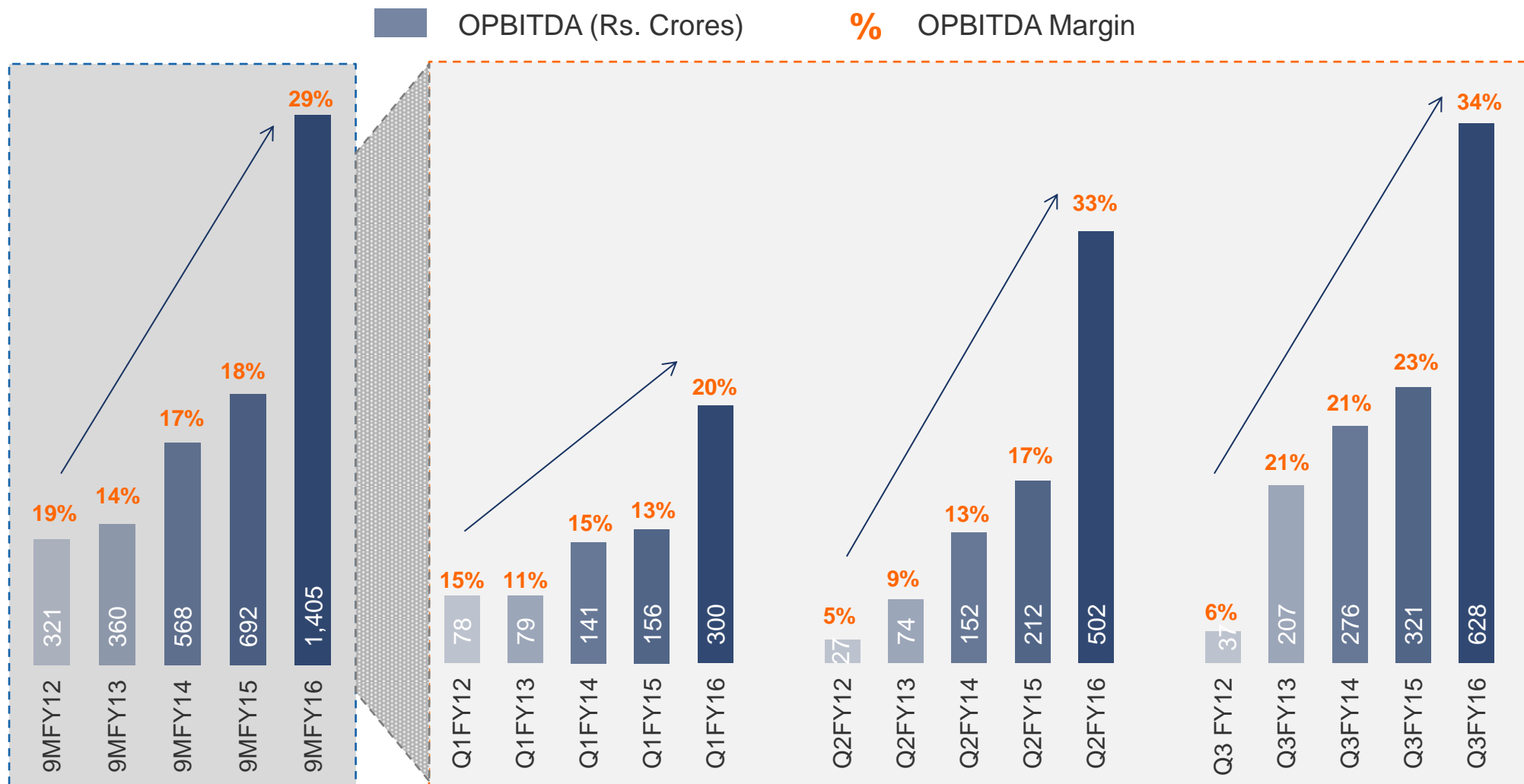


Note: All historical numbers used in our analysis are the numbers as reported in those respective periods.



.....resulting in significant growth in operating profits.....

### Operating profit and margin trend



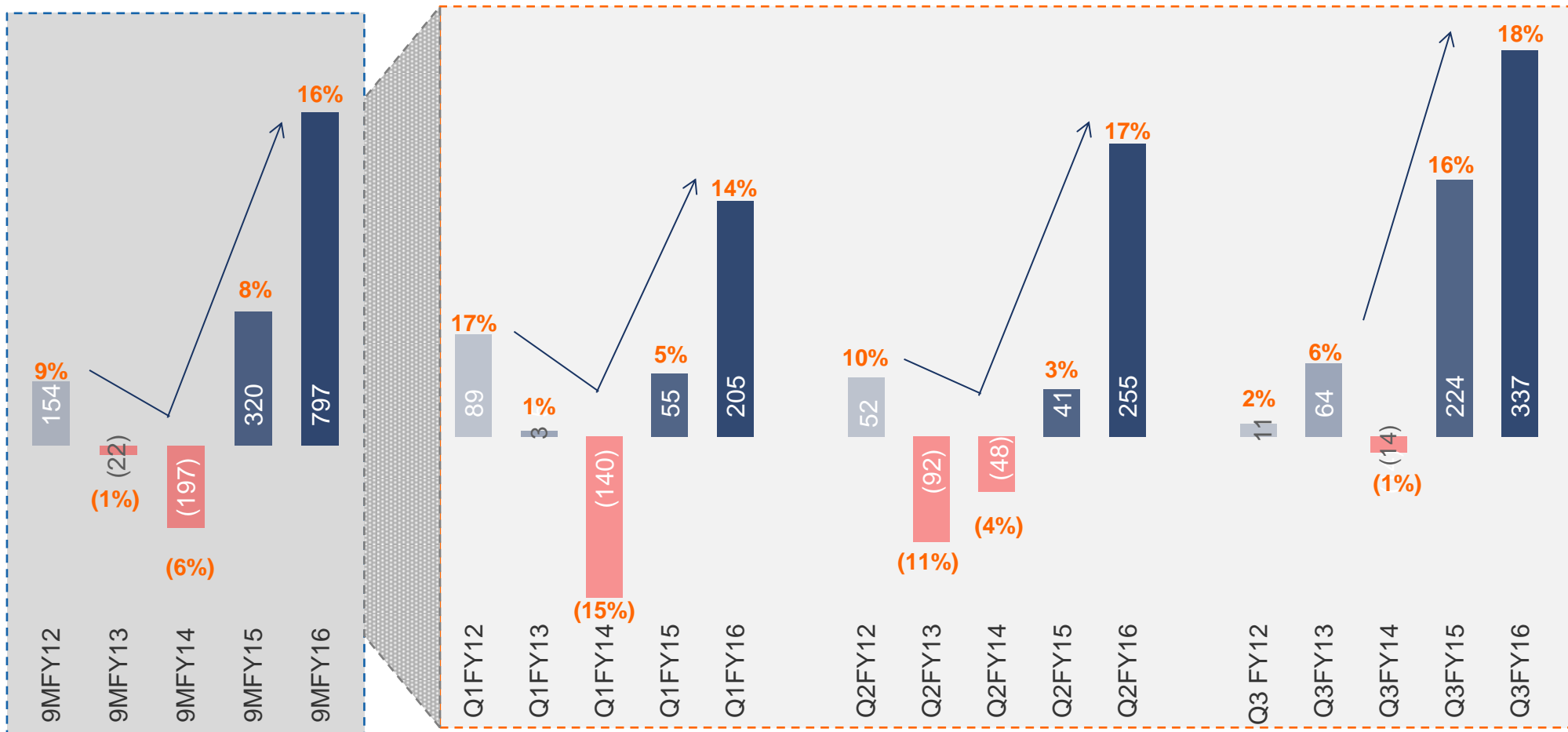
Note: All historical numbers used in our analysis are the numbers as reported in those respective periods.



# .....and net profits

## Net profit and margin trend

■ Net profit excluding exceptional items (Rs. Crores)      % Net Profit Margin



Note:

1. All historical numbers used in our analysis are the numbers as reported in those respective periods.

2. Net profit excluding exceptional item has been calculated by adjusting back the pre-tax exceptional item to the reported net profit number for various periods except for FY2015, where the post-tax exceptional gain from Vodafone transaction has been adjusted back to the reported net profit for the quarter.



# Consolidated revenues growth in last 20 quarters

Matrix showing YoY revenue growth over last 20 quarters

Businesses	FY11	FY12				FY13				FY14				FY15				FY16		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Healthcare																				
Fin. Services																				
Information Mgt	Before acquisition of DRG																			
Total Revenues																				
<div></div> 21% and above <div></div> 11%-20% <div></div> 1%-10% <div></div> 0% <div></div> Below 0%																				

\* Investment income from treasury operations for various periods has been clubbed under Financial Services to make numbers more comparable

## Consolidated revenues grew in 19 out of 20 quarters

- Positive growth across business segments in last 10 quarters
- In FY16, overall growth has been higher than 20% in all three quarters
- Financial Services grew at >20% in 13 out of last 15 quarters
- Healthcare grew in 19 out of last 20 quarters
- Information Management grew in all 11 quarters since acquisition despite economic volatility in West



# High standards of corporate governance



## **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

SERVED ON PM TASK FORCE ON KNOWLEDGE BASED INDUSTRIES AND PM COUNCIL FOR TRADE & INDUSTRY

CHAIRMAN



## **SIDDHARTH (BOBBY) MEHTA**

FORMER PRESIDENT & CEO  
TRANSUNION



## **PROF. GOVERDHAN MEHTA**

EMINENT SCIENTIST

FORMER DIRECTOR - IISc

AWARDED PADMA SHRI



## **DR. RAGHUNATH MASHELKAR**

EMINENT SCIENTIST

FORMER DG, CSIR

AWARDED PADMA VIBHUSHAN



## **DEEPAK M SATWALEKAR**

FORMER MD & CEO,  
HDFC STANDARD LIFE



## **KEKI DADISETH**

FORMER CHAIRMAN,  
HINDUSTAN UNILEVER LTD



## **S RAMADORAI**

FORMER VICE-CHAIRMAN,  
TCS

INDEPENDENT



## **GAUTAM BANERJEE**

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



## **N VAGHUL**

FORMER CHAIRMAN,  
ICICI BANK



## **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

EXECUTIVE



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

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

### HEALTHCARE

#### Pharma Operations Board

- Executive Directors
- External Expert
- 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 Special Situation 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

- 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

#### Tara Subramaniam

- Director - Sun Group
- Past experience in HDFC Limited.

#### 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> <b>Total AUM - €405 Bn</b>	<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 – Real Estate Financing</b> <b>Total AUM - C\$283 Bn</b>	<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> <b>Total AUM – Rs.900+ Bn</b>	<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> <b>Market Cap - \$112 Bn</b>	<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> <b>Market Cap - \$81 Bn</b>	<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> <b>Total Assets - \$41 Bn</b>	<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>
	<b>Financial Partner</b> <b>Total AUM – &gt;US\$ 343 Bn</b>	<ul style="list-style-type: none"> <li>One of the world's largest global investors, wholly owned by the Government of Singapore</li> <li>Among top investors in Nicholas laboratories in early 90s</li> </ul>
<b>PROVIDENCEEQUITY</b>	<b>Strategic Partner</b> <b>Total AUM – US\$ 45 Bn</b>	<ul style="list-style-type: none"> <li>A leading US based global private equity firm</li> <li>Exited from Decision Resources Group in 2012 for ~US\$ 635 mn</li> </ul>



# Creating and delivering significant value for our shareholders

## Shareholder value creation in less than 3 decades

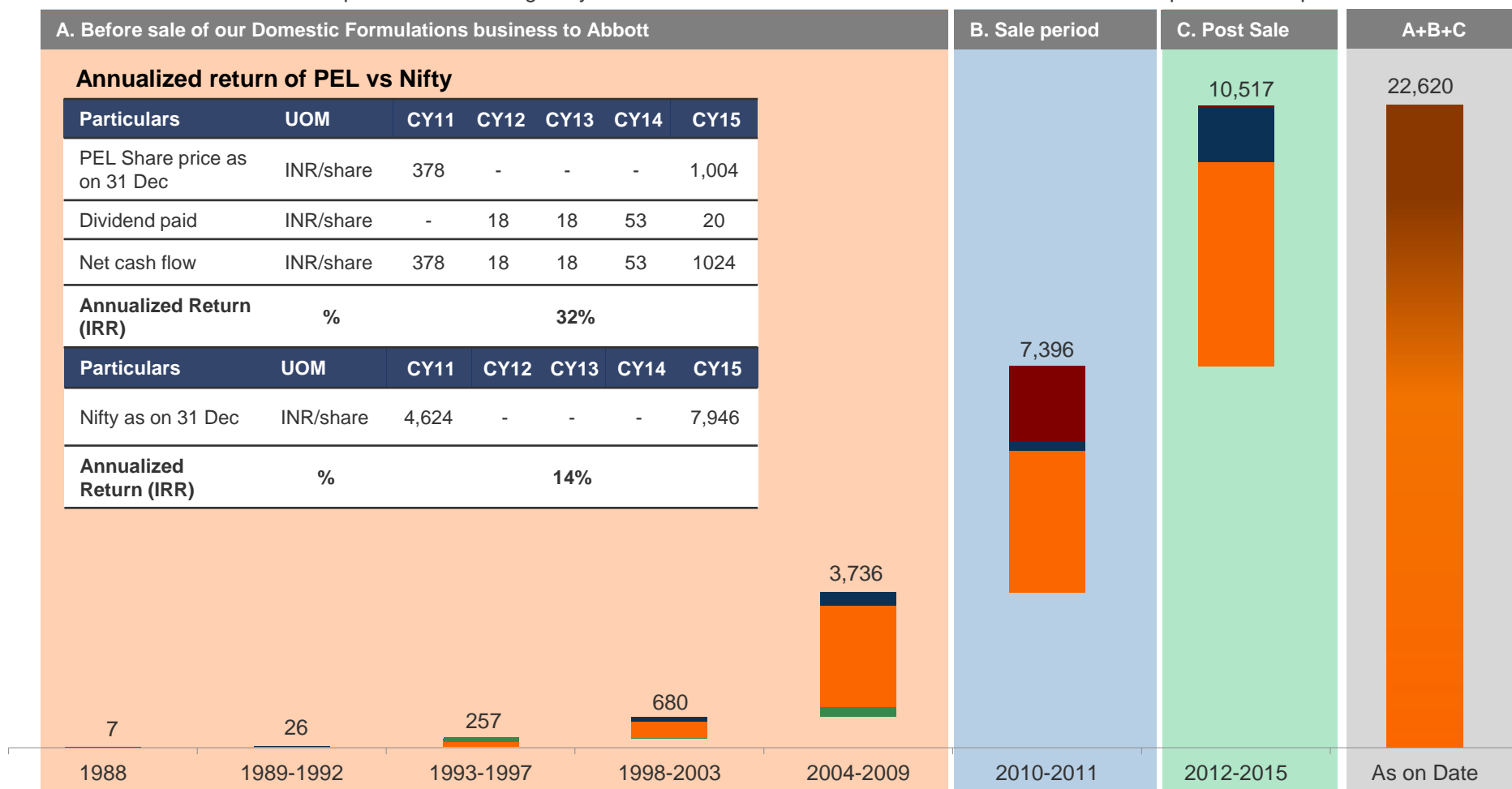
(In Rs. Crores)

■ Capital returned through buyback

■ Dividend Paid

■ Incremental Market Cap

■ Capital Raised<sup>1</sup>



Note:

1. Company raised merely Rs.477 Crores during the entire period (includes initial capital invested in the company in 1988)

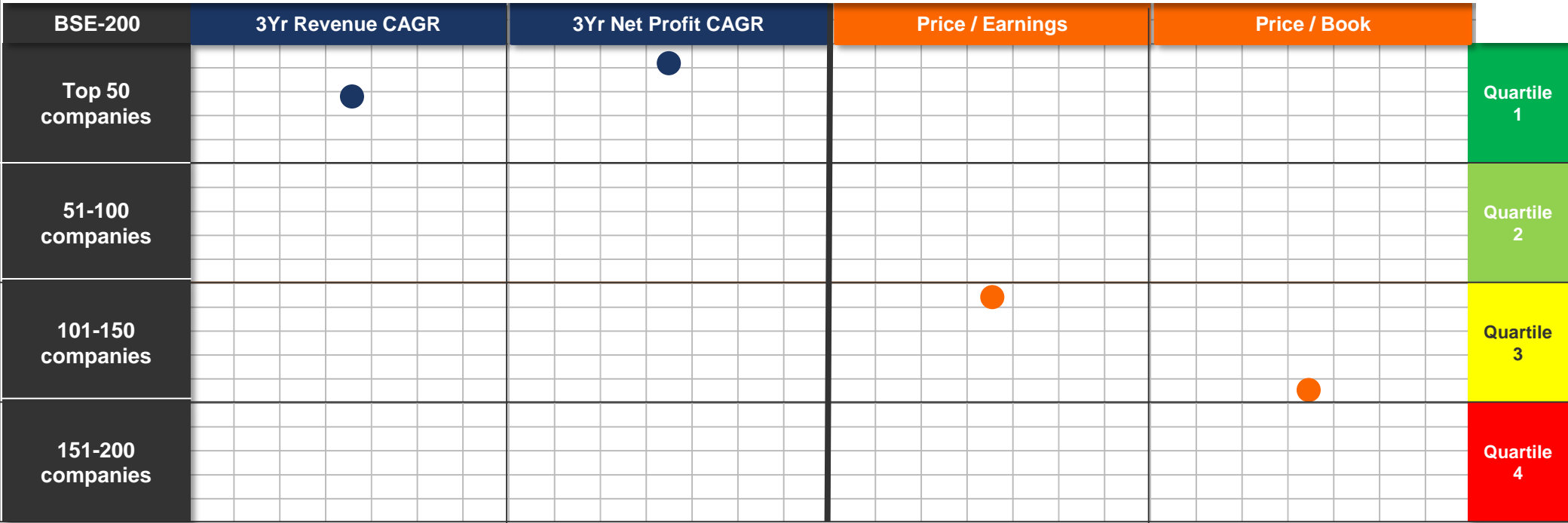
2. All numbers till 1992 represents book value

3. Analysis carried out based on market information till 31 Dec 2015



# PEL among top performing companies of India on key parameters

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



Source: Bloomberg, Company Financials



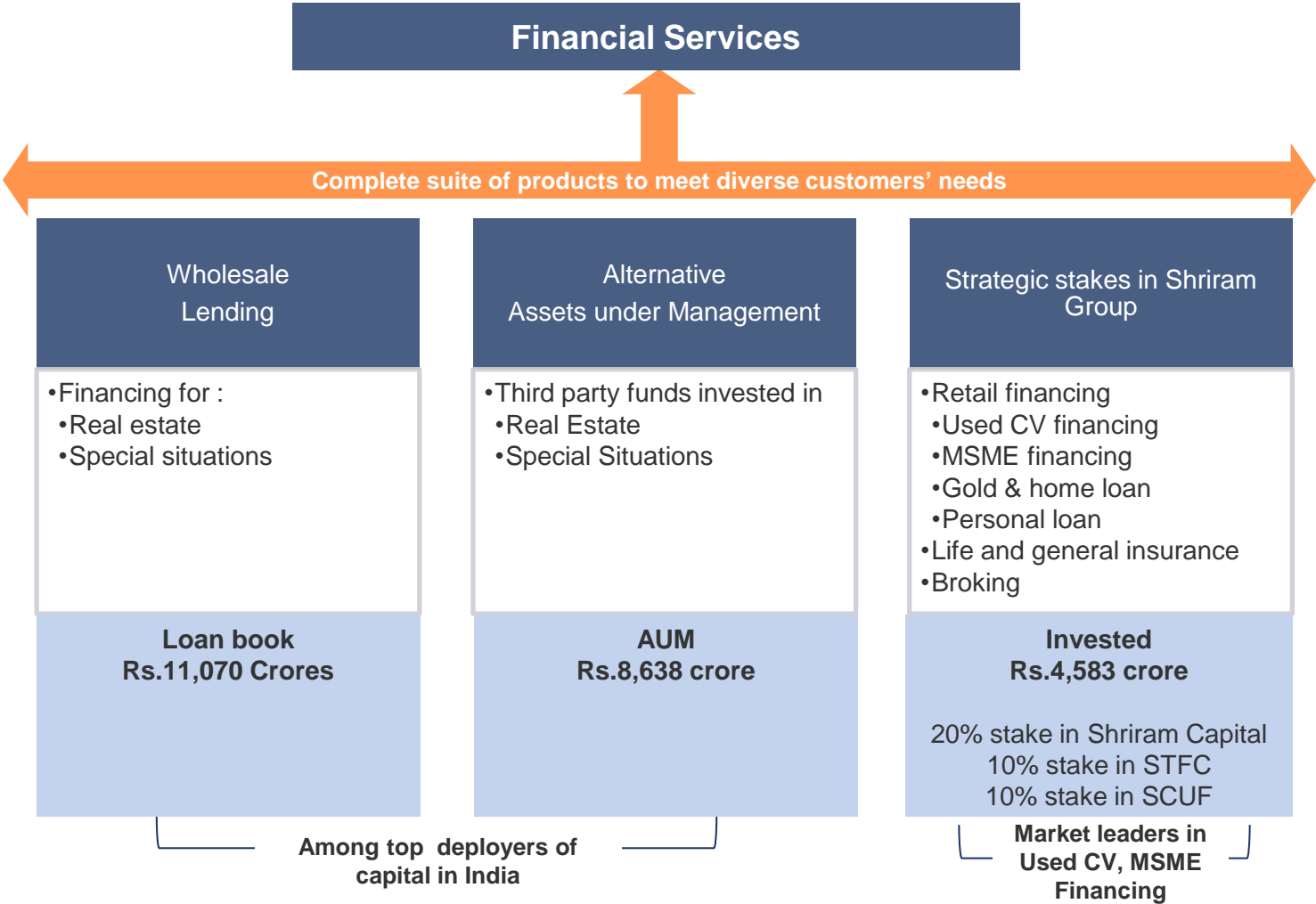


# Financial Services





# Financial Services : Diversified exposure across segments



**Strong portfolio with a total investments, loans and assets under management of Rs.24,291 Crores**

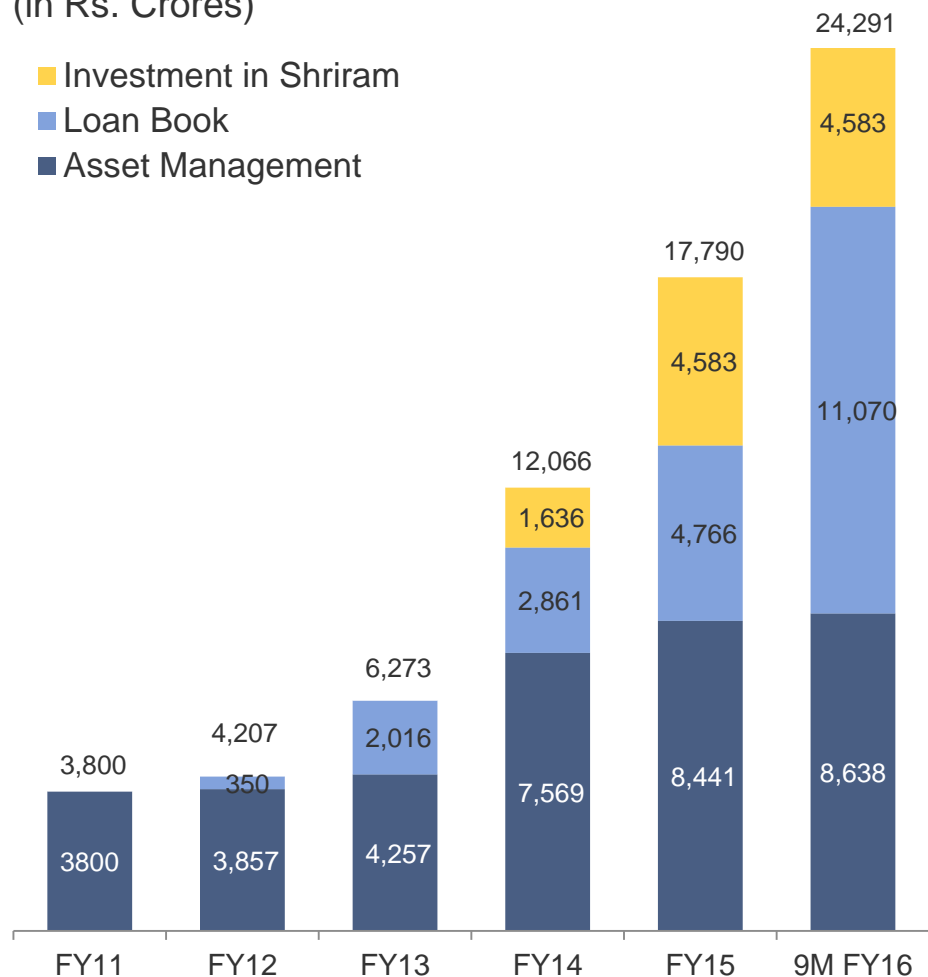


# Financial Services : Built a robust and scalable financial services platform

## Built a solid financial services portfolio<sup>1</sup>

(in Rs. Crores)

- Investment in Shriram
- Loan Book
- Asset Management



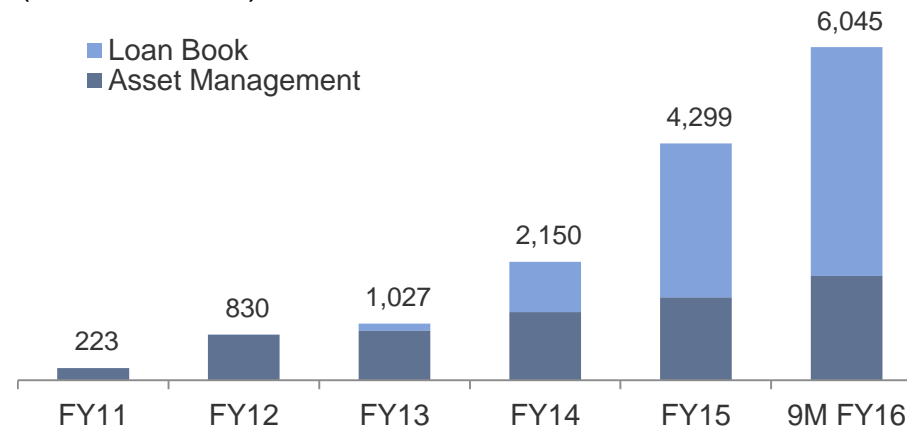
Notes:

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)

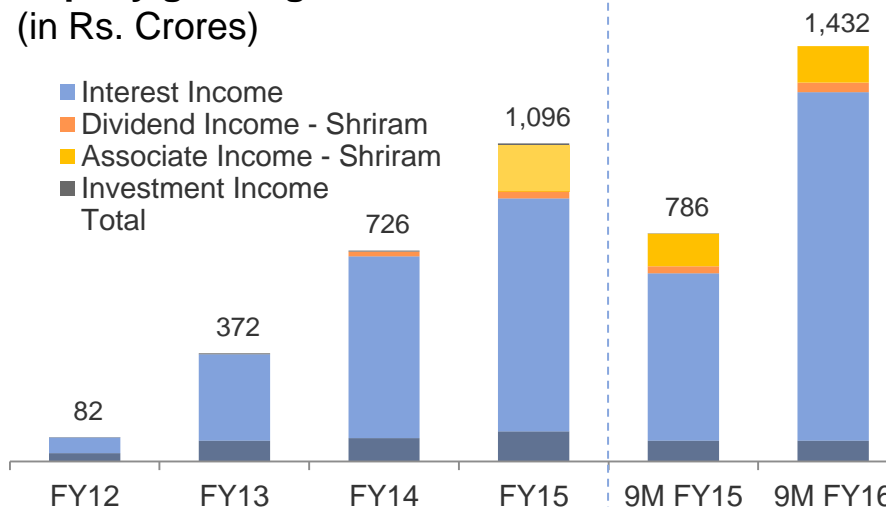
- Loan Book
- Asset Management



## Rapidly growing income from FS business

(in Rs. Crores)

- Interest Income
- Dividend Income - Shriram
- Associate Income - Shriram
- Investment Income
- Total





# Wholesale Lending : Growing exponentially, robust asset quality

**Total Loan Book of Rs.11,070 Crores as on 31 Dec 2015 vs. Rs.3,933 Crores, as on 31 Dec 2014**

- Significant growth due to our entry into construction finance few quarters earlier
- Robust asset quality with negligible NPAs
  - Gross NPAs at 1%; provided for more than required

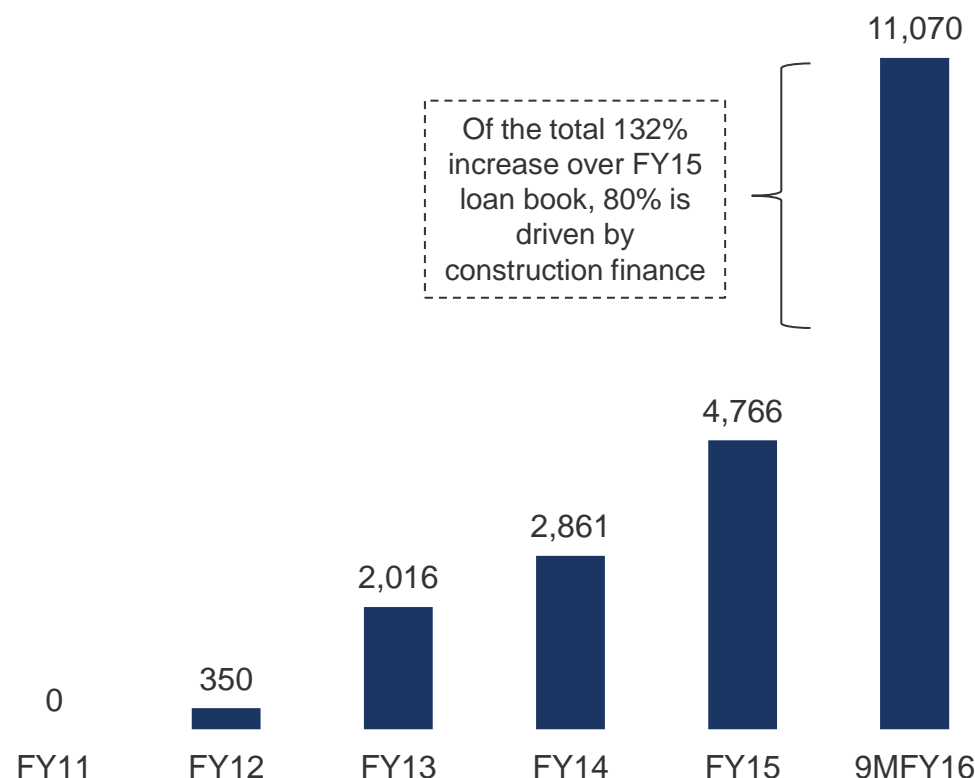
## Real Estate Lending:

- >70% portfolio with grade 'A'
- Among leaders in residential developer financing in India – Getting quality deals from top developers
- Strong growth in Construction Financing – Now 38% of book size
- Strategic alliance with CPPIB

## Special Situation :

- Healthy security and cash cover of 1.5x - 2x
- Minimum construction/execution risk
- Strategic alliance with APG for investments in infra

**Trend showing significant scaling up of loan book<sup>1</sup>**  
(In Rs. Crores)



Note:

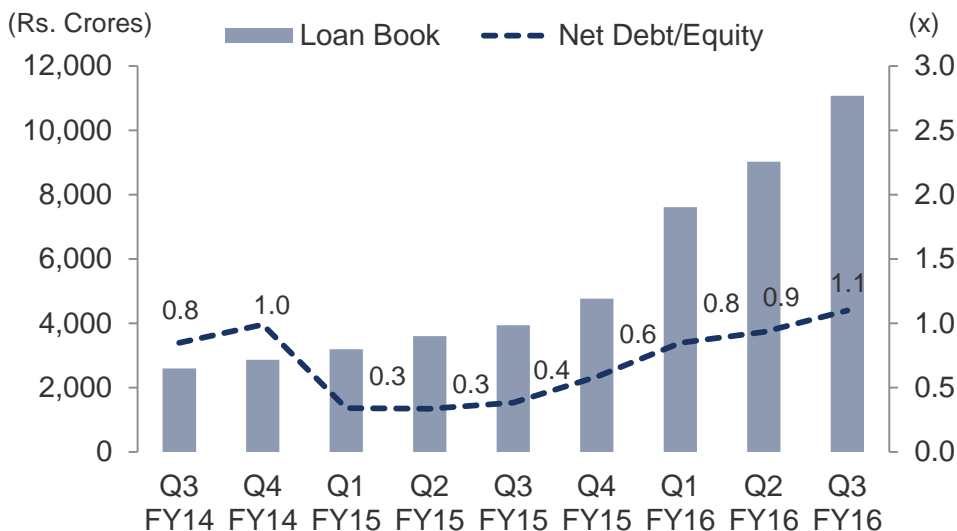
1. Excludes our investment in Vodafone India, which was exited during FY2015 and includes special situation investments



# Strong balance sheet gives huge potential to grow our Financial Services segment

- Maintaining strong balance sheet in challenging economic scenario.
  - B/S headroom - key competitive advantage
- Still significant potential to grow business by increasing leverage
- ROE expected to further improve with increase in scale of business, optimum leverage levels, more trusted partnerships and down-selling opportunities.

**PEL overall Net Debt / Equity trend**



## PEL performance against key ratio matrices

Particulars	Ratios
PEL overall Debt / Equity	1.1x
Average Yield on Loans	~17%
Credit rating	AA (ICRA)
Cost of Capital	9-10%
Gross NPA Performance	1%
RoE on Loan Book	25%+

## Comparison of PEL with other large NBFCs on key parameters

Top NBFCs	Gross NPA ratio <sup>1</sup>	RoE <sup>1</sup>
HDFC (Consolidated)	0.7%	19%
Bajaj Finance	1.3%	21%
Indiabulls Housing Fin.	0.8%	27%
LIC Housing Finance	0.6%	19%
Mahindra Finance	10.1%	7%
Cholamandalam Fin	3.3%	15%
L&T Finance Holdings	2.9%	11%
Dewan Housing Fin	0.8%	19%
<b>Median</b>	<b>0.7%</b>	<b>19%</b>
<b>Piramal Enterprises<sup>2</sup></b>	<b>~1%</b>	<b>25%+</b>

1. All numbers are as on 31 Dec 16/ for 9M FY2016

2. PEL ratios are for its lending business



**Total gross Assets under Management grew to Rs.8,638 Crores**

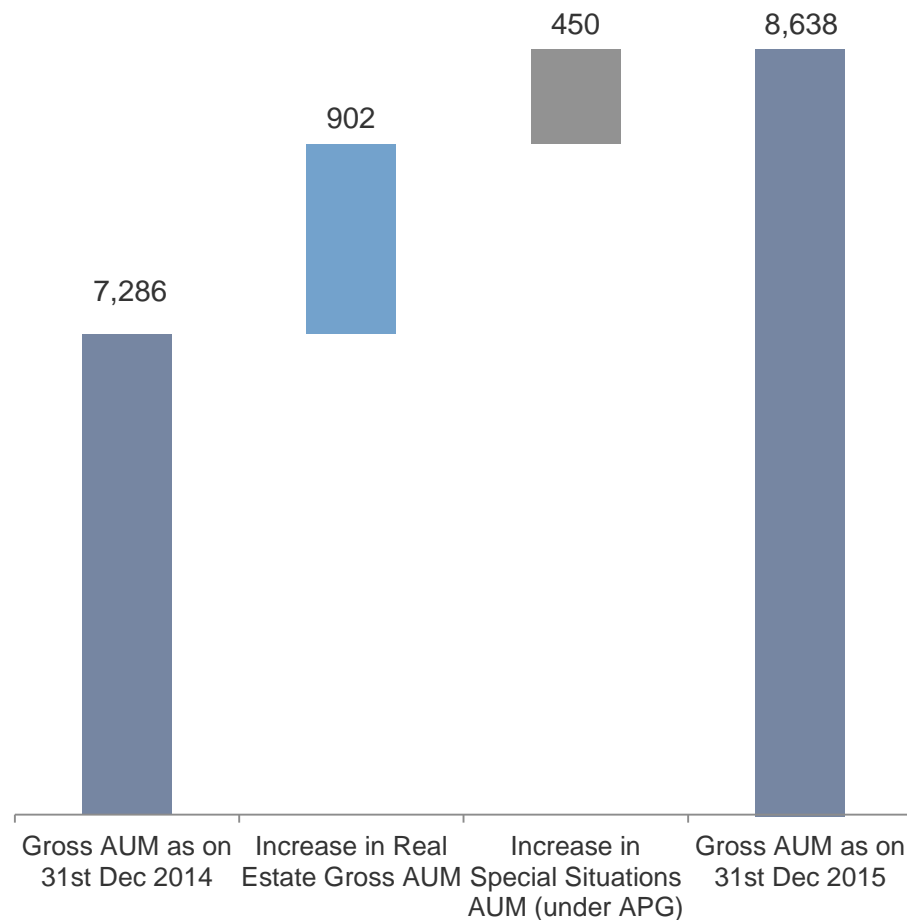
## Real Estate :

- Real Estate gross AUM of Rs.8,188 Crores
- Invested in 61 projects in 7 cities with 24 top developers
- Exited more than 92% of corpus in vintage funds
  - Expecting to reach 100% in next few months
- Strong sponsor commitment of 7.5%

## Special Situations :

- Rs.450 Crores funded under alliance with APG
  - PEL earns Management Fees and Carry

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





# Partnership with Shriram – Strategic in nature



**US\$ 16 bn** Assets under management in financial services

**US\$ 4.5 bn** Market capitalization of listed entities<sup>1</sup>

**3,000+** Number of branches

**76,000+** Manpower strength

**12 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

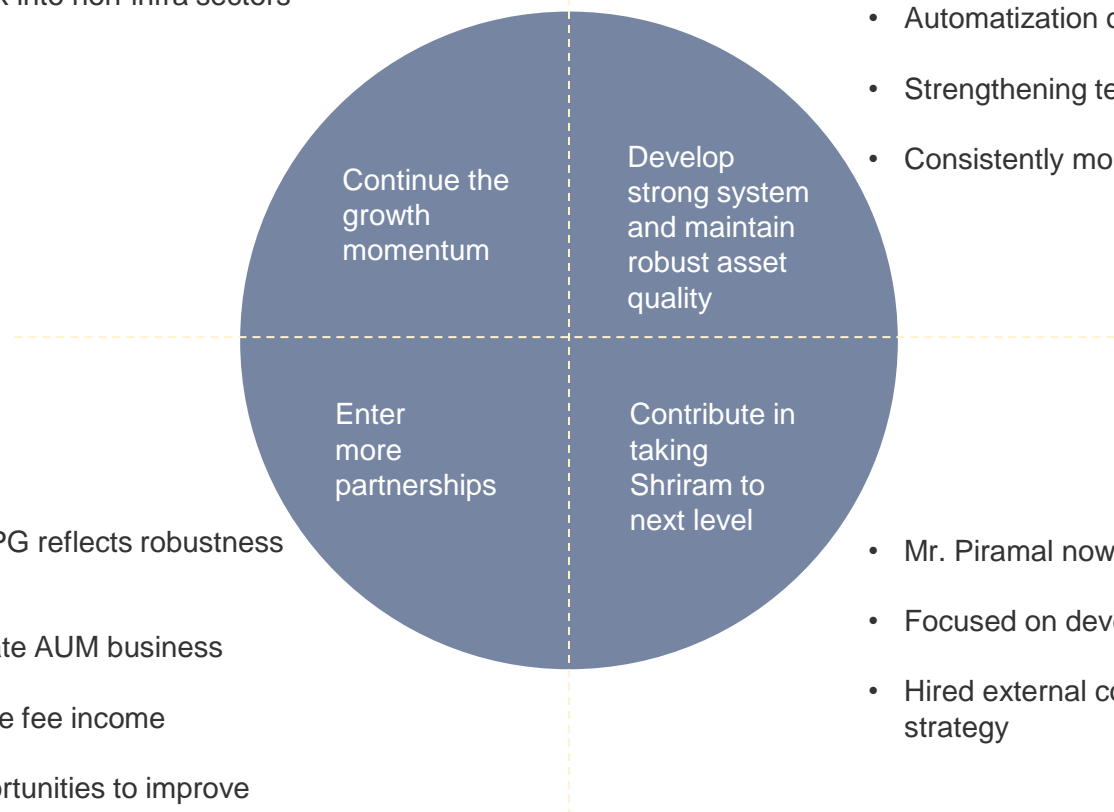
Source: Livemint, 17 April, 2014



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

- Potential to grow through optimizing leverage level
- Real Estate financing to grow construction finance
- Special Situations to also look into non-infra sectors

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



- Partnerships like CPPIB & APG reflects robustness of business model
- Multiple partners in Real Estate AUM business
- Partnerships to generate more fee income
- To explore down-selling opportunities to improve ROEs

- Mr. Piramal now Chairman of Shriram Capital
- Focused on developing long term strategy
- Hired external consultant to assist in developing strategy

**Inorganic opportunities could also become the key drivers of growth in future**





Healthcare



# Pharma Solutions: Our unique positioning

- Address customers' needs across drug lifecycle
- Amongst top integrated CDMOs offering both APIs & Forms
- 10 sites in NA, Europe and India. All key sites approved by FDA.
- Along with various customers, serving 5 of top 7 global pharma cos.
- Rated<sup>1</sup> among best global CDMO in quality, reliability & regulatory
  - 2 years in a row
- Business head globally awarded as 'CEO of the year' in 2015
- Acquisition, Debottlenecking and Capacity Expansion
  - Doubled capacity at Discovery services sites.
  - Enhanced capacity at Grangemouth
  - Acquired Coldstream facility. Commenced capacity expansion.

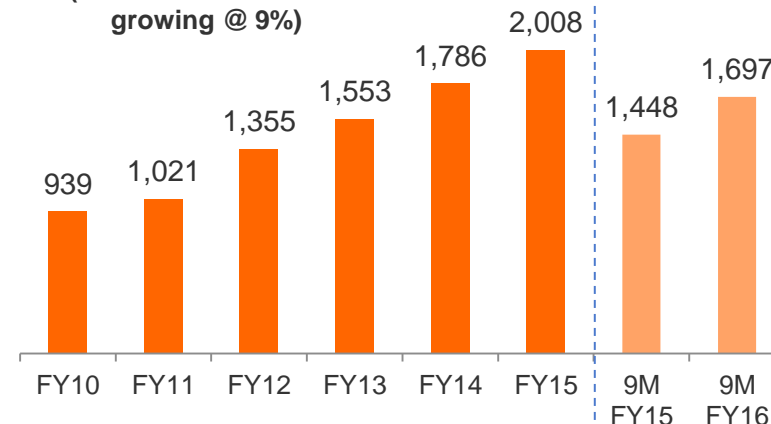
## Coldstream Laboratories, Kentucky



## Strong revenue performance

(in Rs. Crores)

5 years CAGR @ 16%  
(Global CDMO market  
growing @ 9%)

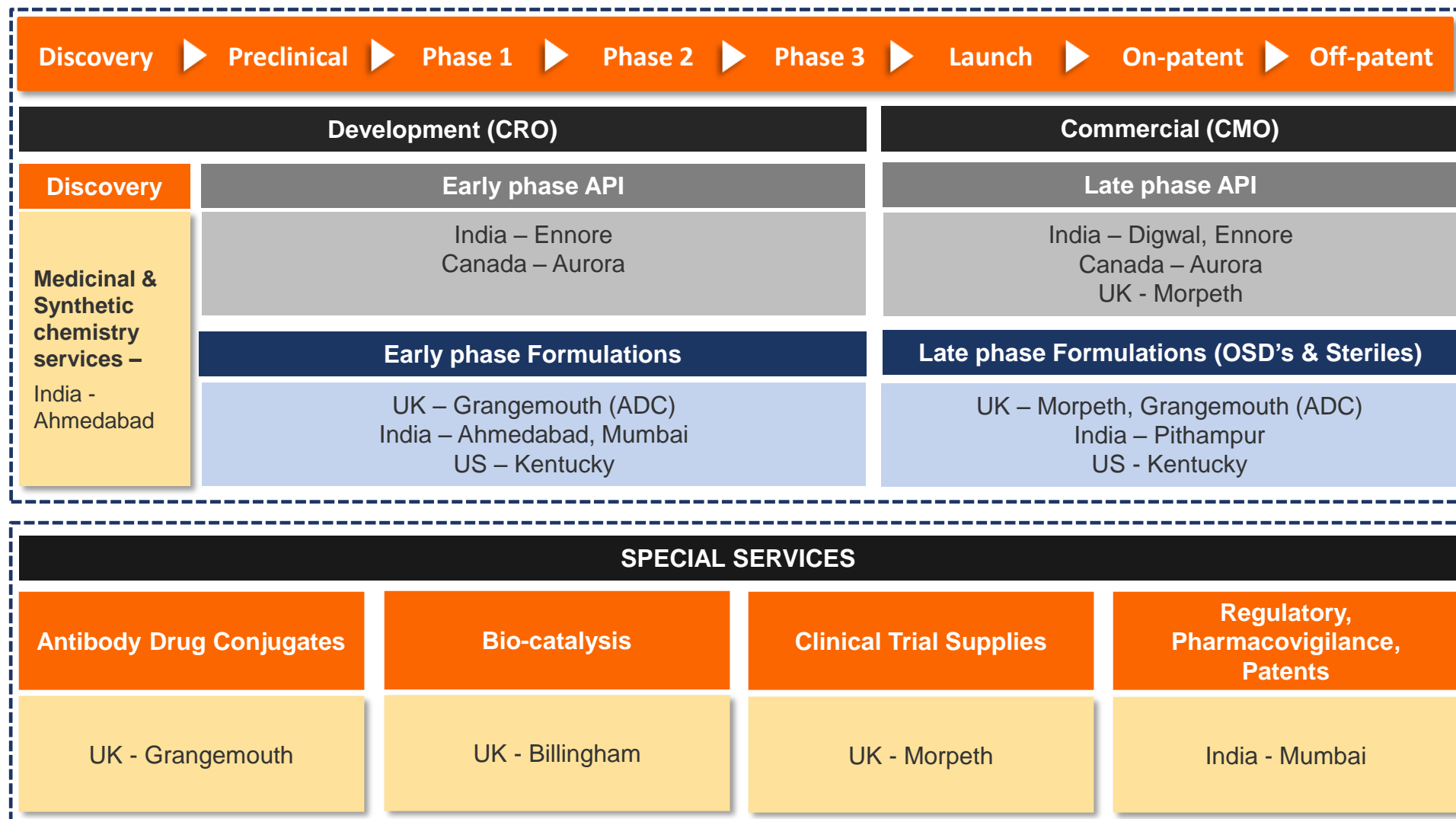


Note:

1. CMO Leadership Awards
2. CPhI Awards 2015

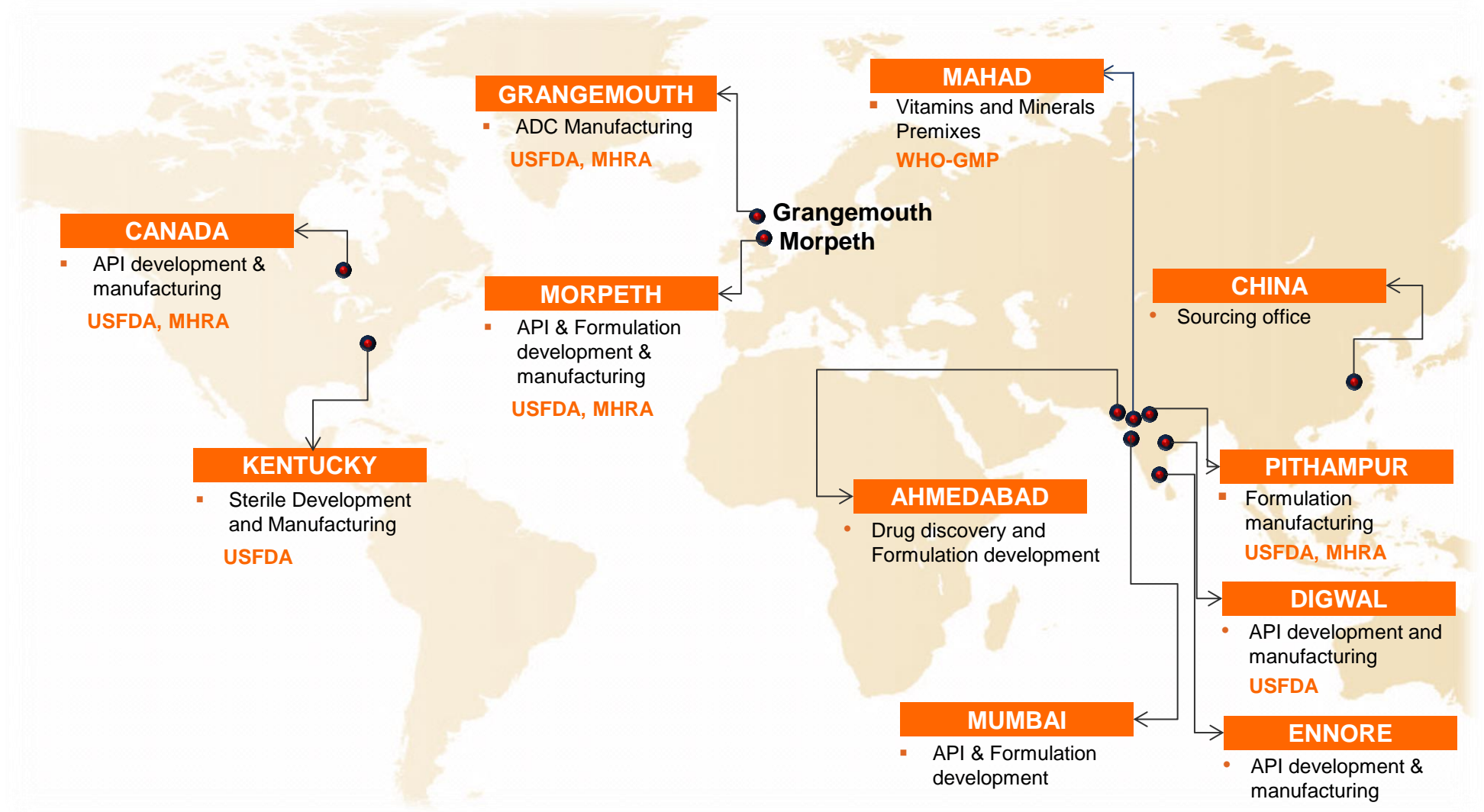


# Pharma Solutions: End-to-end service provider





# Pharma Solutions: Strong global footprint

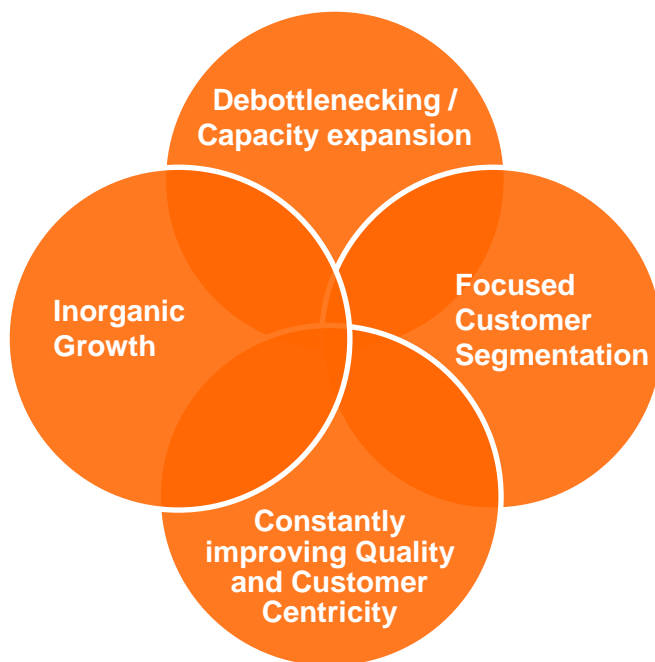




# Pharma Solutions' strategy : Series of initiatives undertaken to deliver strong performance in coming years

- Capacity expansion at Discovery Services, Grangemouth and Cold Stream
- Executed debottlenecking initiatives in API plants to handle higher volumes.

- Acquired U.S. based CDMO Coldstream in 2015, for development & manufacturing injectables.
- Continue to look at attractive M&As.



- Targeting late phase opportunities
- Targeting Biotech, medium, virtual companies

- **Quality, EHS & Reliability:** Invested in processes / capabilities
- **Customer Centricity:** Organization wide initiative to improve customer experience & service delivery.

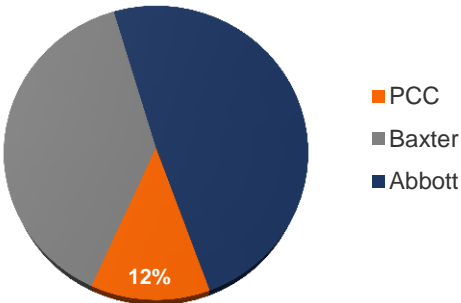
**Focus on execution to ensure sustainable performance**



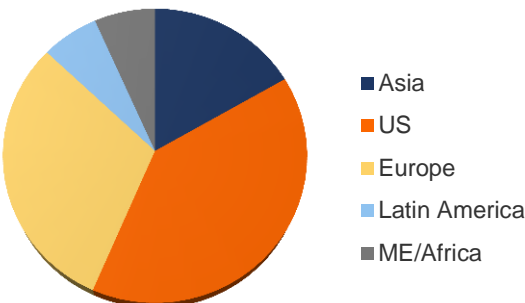
# Critical Care : Significant positioning in global inhalation anaesthetic market

2014 global inhalation anaesthesia market – ~\$1.2 billion

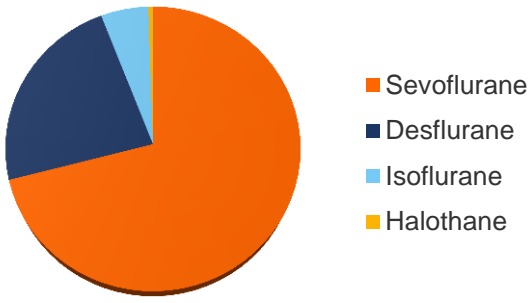
Market Share



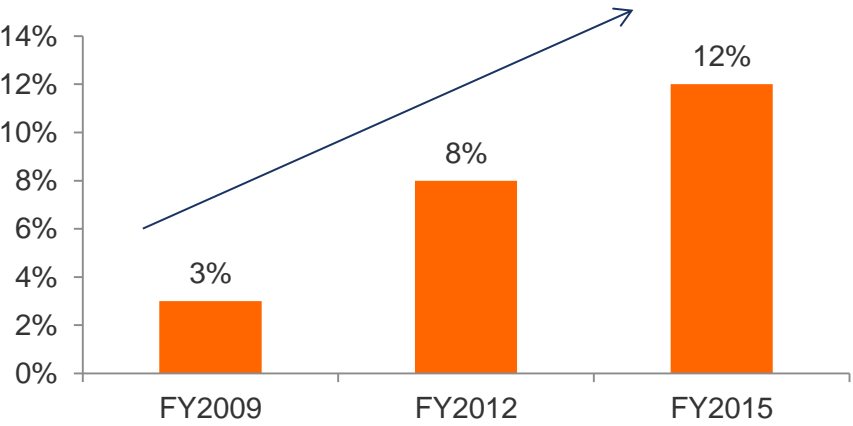
Geography-wise



Product-wise



PEL growing global market share



Only company with entire portfolio of Inhalation Anaesthesia

	AbbVie	Baxter	Piramal
Desflurane*		✓	✓*
Sevoflurane	✓	✓	✓
Isoflurane	✓	✓	✓
Halothane			✓

\* Desflurane is expected to get launched in 2017

PEL rapidly gaining share in the global inhalation anaesthetic market

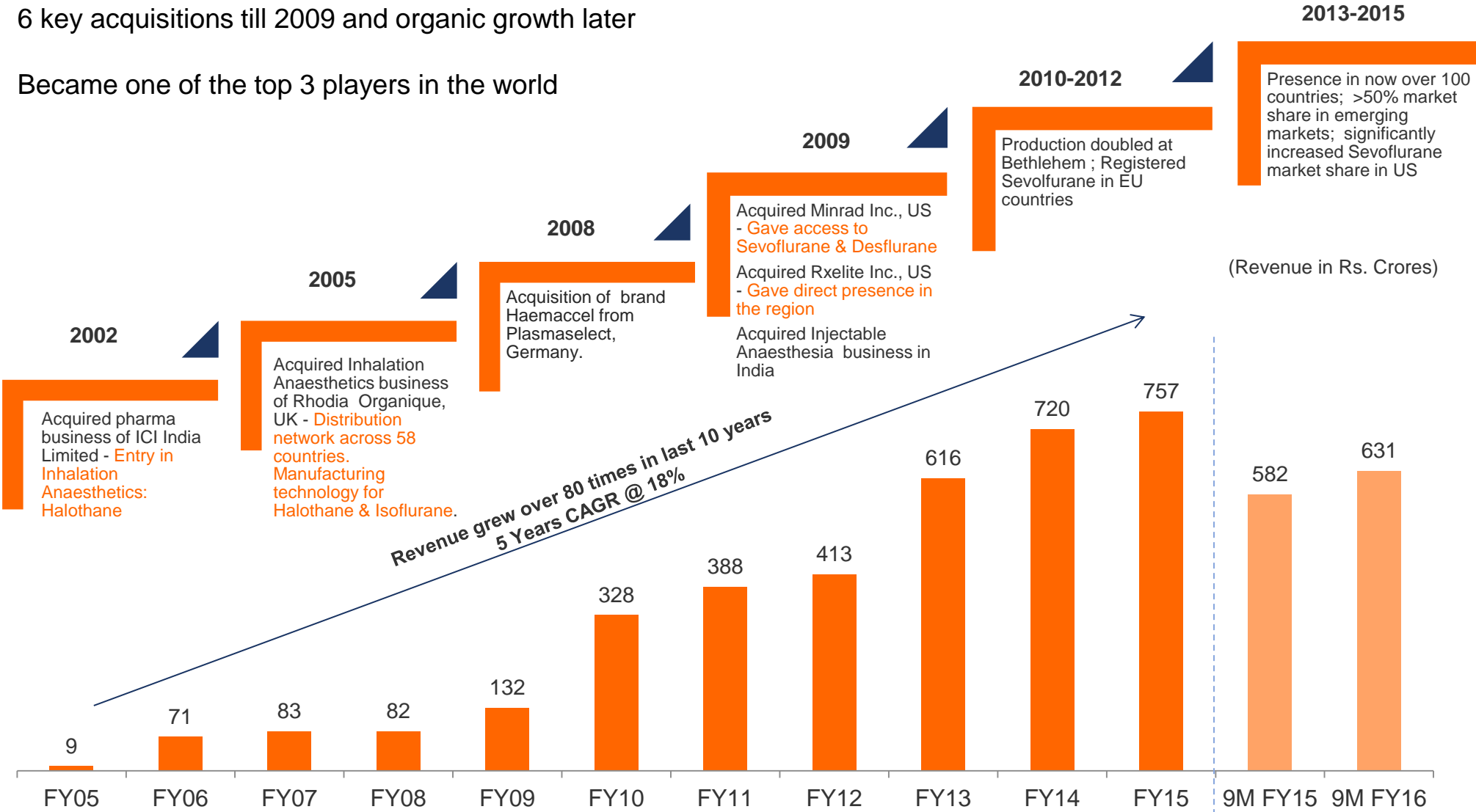
Source : Internal estimates, secondary market research



# Critical Care: Successful growth strategy

6 key acquisitions till 2009 and organic growth later

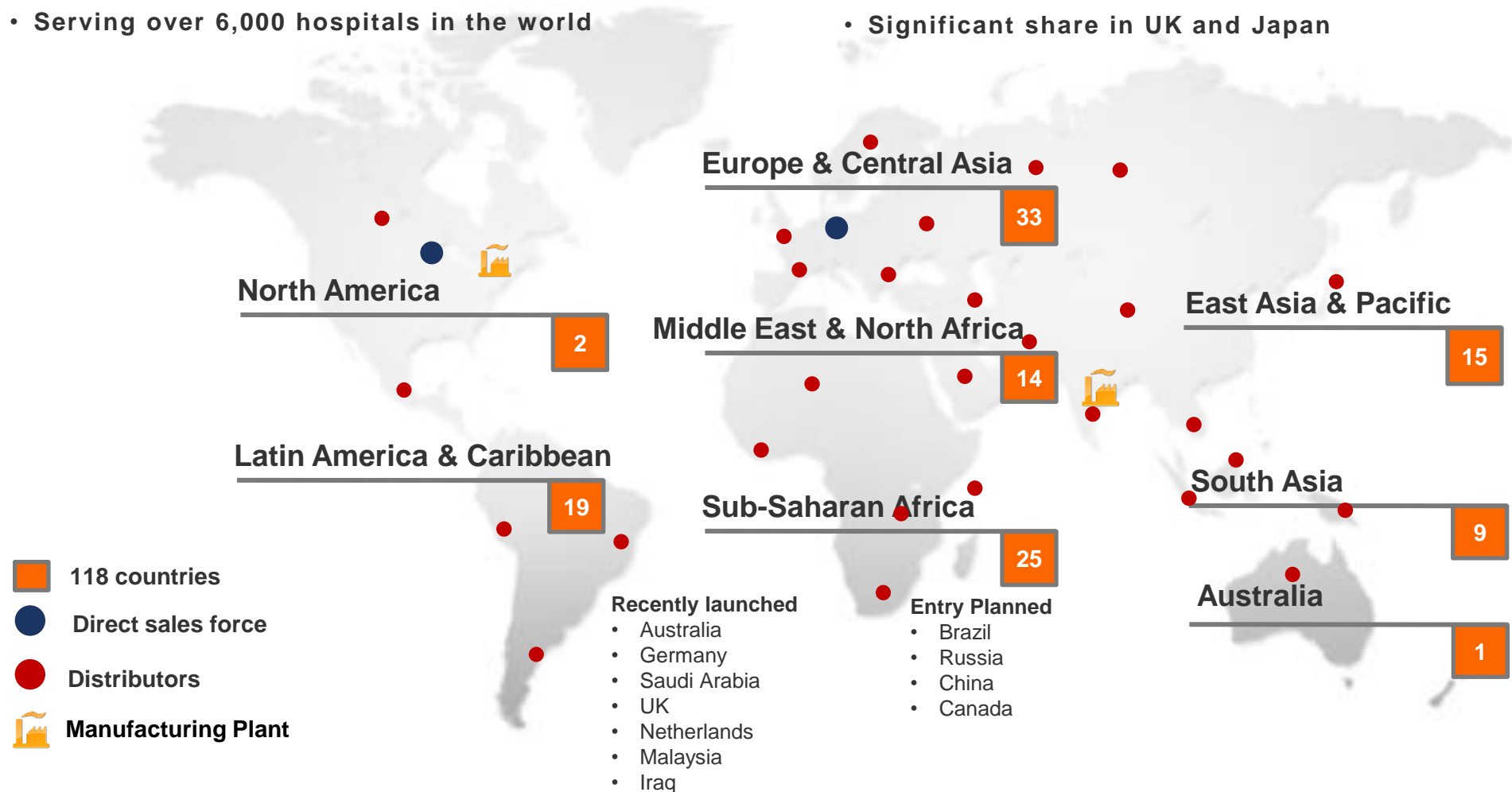
Became one of the top 3 players in the world





# Critical Care: Unparalleled global footprint

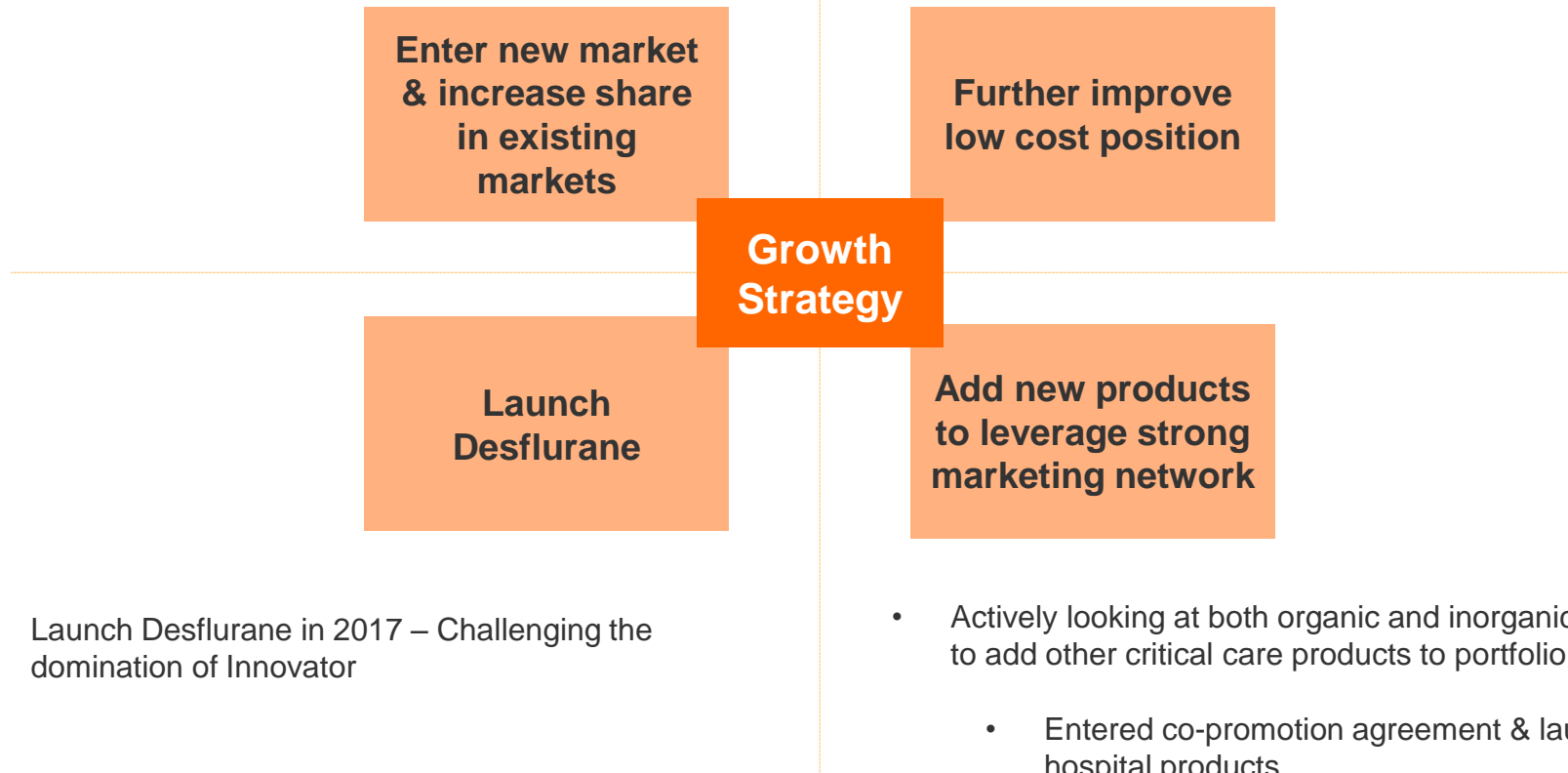
- Presence in over 100 countries
- Global workforce with ~75% staff located outside India
- Manufacturing facilities in the US and India
- Serving over 6,000 hospitals in the world
- 6 million surgeries globally
- Market share in US grew from 20% in 2011 to 30% now
- Over 50% market share in Emerging Markets
- Significant share in UK and Japan





# Critical Care's growth drivers : Efforts delivering results. Further efforts are on...

- Having established in US, Japan and EMs, focusing on growth in Europe
- Significantly improved market share in UK with expansion in Scotland, Wales and London region
- Lowest cost producer - progressing well on further cost reduction initiatives
- Investments in Bethlehem site are yielding results



Note: All market data is based on primary & secondary research carried out internally



# Consumer Products: Brands in leadership position



Value Offtake

Saridon

Rs.131 Crores

Lacto

Rs.46 Crores

i-pill

Rs.50 Crores

- **Saridon** – Largest in oral analgesic
  - Recognized as “Super Brand”
- **i-pill** – 2<sup>nd</sup> largest in emergency contraceptive
- **Caladryl** – Largest in anti-allergy and anti-itch topical application segment
- **Lacto** – No. 1 among calamine lotions
- **Polycrol** – Largest antacid in East India
- **Tetmosol** – Largest in medicated soaps for scabies
- **Jungle Magic** – Leading brands for kids
- **Quikkool** - Respected brand in Mouth Ulcer
- **Throatsil** - Sore throat pain relief product
- Acquired **Little's** – a baby care brand for babies in the 0-4 age group
- Acquired brands in **Gastro-Intestinal**
- Allergan India, a JV with Allergan - India leader in ophthalmology
- Focused on launching innovative products for children

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

Source : Independent syndicated research providers



# Consumer Products : Acquired two brand portfolios to leverage strong distribution

## Acquired 5 brands from Organon India & MSD BV in Dec 15

- Includes key brands like Naturolax, Lactobacil & Farizym – leading brands in Gastro-Intestinal segment (GI)
- PEL to expand this segment - already has presence through Polycrol.
- To launch new formats and target wider reach.



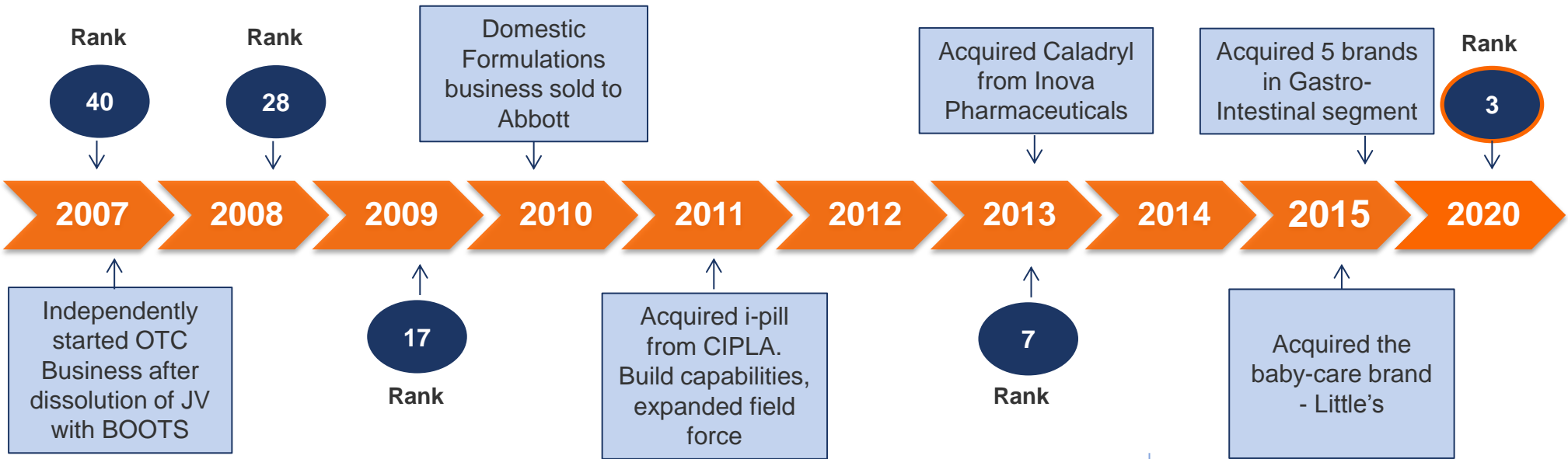
## Acquired baby-care brand “Little’s” in Nov 2015

- Includes entire product range across 6 categories.
- Little’s is a 30 year old brand with high consumer recall
- Operates in the Rs.1,000 Crores non-food baby-care category, which is growing at 13%.
- Will leverage on our India-wide strong network.
  - Potential to increase distribution to 1,50,000 outlets

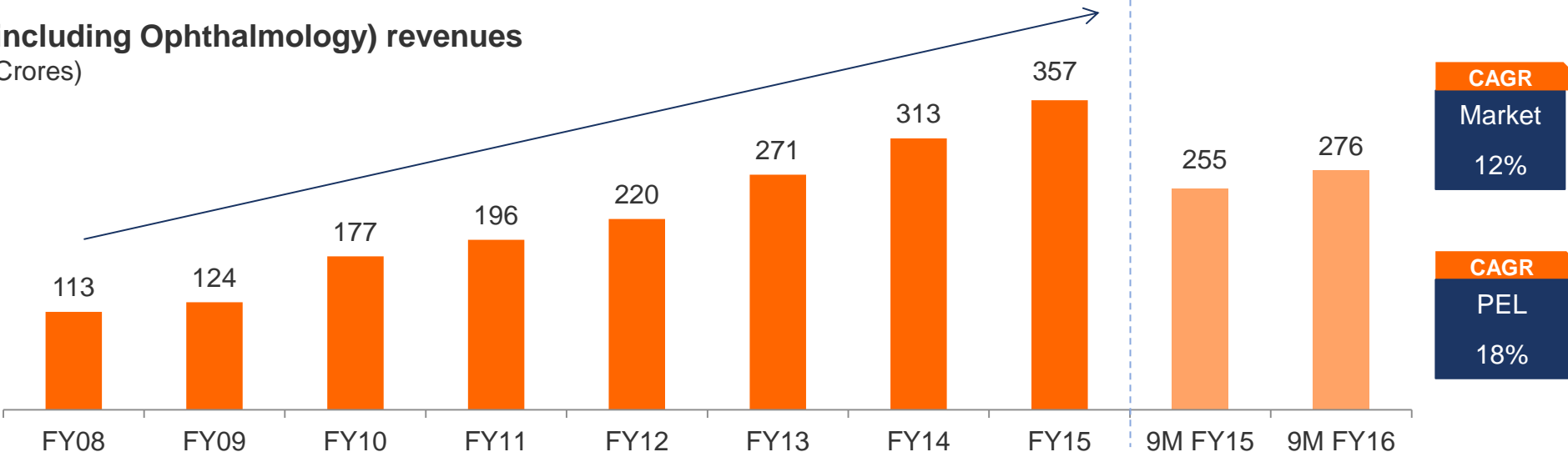




# Consumer Products: Growing faster than market



**OTC (including Ophthalmology) revenues**  
(in Rs. Crores)





# Consumer Product's initiatives : Simultaneously focused towards improving growth and profitability margin

## Geographical Expansion

- Geographical expansion program to get fully operational by end FY16 - coverage to all 20,000 population towns
- Exports to nearby geographies started contributing to business

## New Product Development

- New product field force launched which will be ramped up in phases, should be completed by the end of FY16

## Sales Force Automation

- Sales Force Automation Program successfully rolled out PAN India across channels. Enabled efficient productivity at every retailer under direct coverage

## Inorganic Initiatives

- Continue to aggressively look at acquiring quality brands at attractive valuations

**Growing organically & inorganically**

**~1,500 towns  
with population over 20,000**

**Servicing 3.5 lacs outlets, out of  
which chemist stores  
are 2.2 lacs**

**Industry leading field force and India-wide coverage will enable drive significant growth and boost profitability in coming years**



## HEALTH DATA

surgery 0  
clinical test  
medications  
blood pressure  
lab test 52%  
vaccination 82%  
BMI normal

10-may-14



patient #08001

# Information Management

gender ♂  
age 23  
HR 95 bpm  
120/60  
ECHO D  
CD PWR<500  
Frq 2.0 MHz  
1800 mm  
AO 100%





# What we do in our Information Management business : 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>

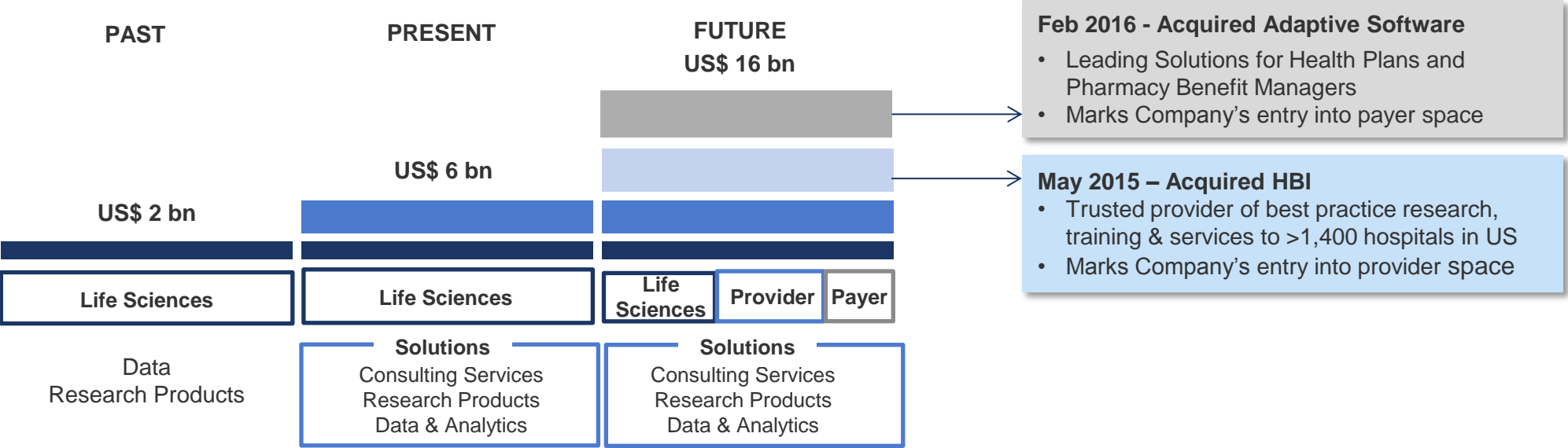




# Information Management : strong positioning to monetize significant market opportunity

Serves major Developed and Emerging Markets	>75% recurring revenue
CY2015 Revenue - \$178 Mn	Capabilities across customer’s product life cycle
15 office locations globally	900+ employees globally

## Expanding into New End Markets, Products and Geographies



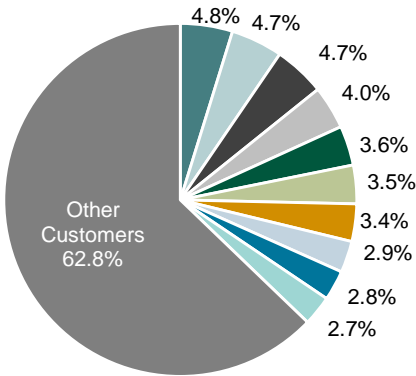
Source: Based on proprietary market research and internal DRG estimation



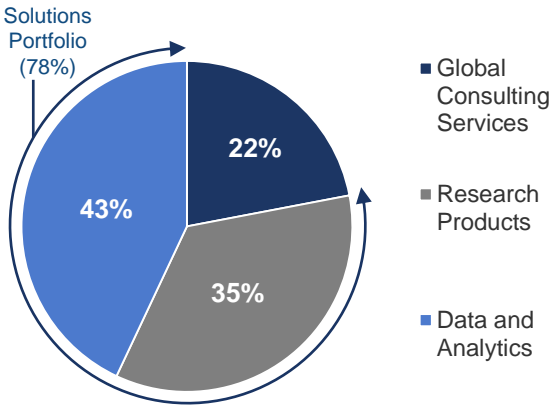
# Information Management : diversified customer base with high long term revenue visibility

- DRG serves nearly all leading life sciences companies
- DRG’s clients utilize multiple portfolio offerings leading to deeply entrenched relationships
- 97% client retention by value during CY2015
  - 100% among top 20 customers

Top 20 relationships comprise ~57% of revenue



Over 75% of Revenue is recurring



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

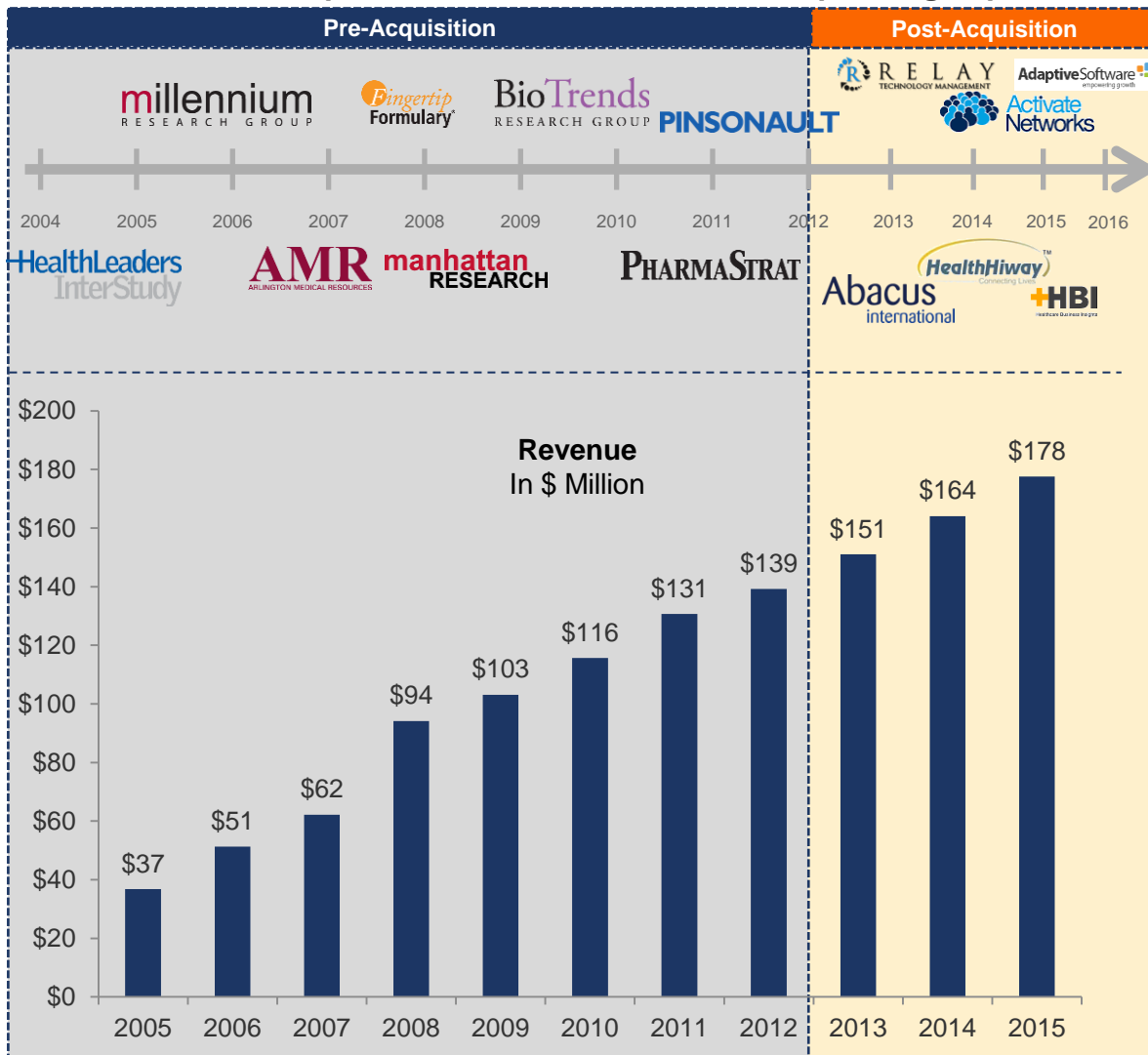
Customer	# of Years
Astellas Pharma	>10 yrs
AstraZeneca	>10 yrs
Bayer	>10 yrs
Boehringer Ingelheim	>10 yrs
Bristol-Myers Squibb	>10 yrs
Johnson & Johnson	>10 yrs
Merck & Co	>10 yrs
Novartis	>10 yrs
Pfizer	>10 yrs
Roche	>10 yrs

With 97% retention and ~ 75% recurring revenues, the business has high revenue visibility



# 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
- **HealthHiway**
  - ✓ Strength in providing analytics & solutions to Indian healthcare providers
- **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



# Information Management : DRG's Peer valuations

## DRG's peers valuation multiples

DRG Peers	2015 Multiples		
	EV/Revenue (x)	EV/EBITDA (x)	EV (US\$ mn)
Verisk Analytics, Inc	7.4	16	14,628
Inovalon Holdings, Inc	6.1	18	2,495
Athenahealth, Inc.	5.5	84	5,116
Medidata Solutions, Inc.	4.9	48	1,914
Veeva Systems Inc.	7.0	29	2,669
Median	6.1	29	-

Source : Capital IQ

\* As of 9/30/15 filing

## Sector M&A valuation multiples

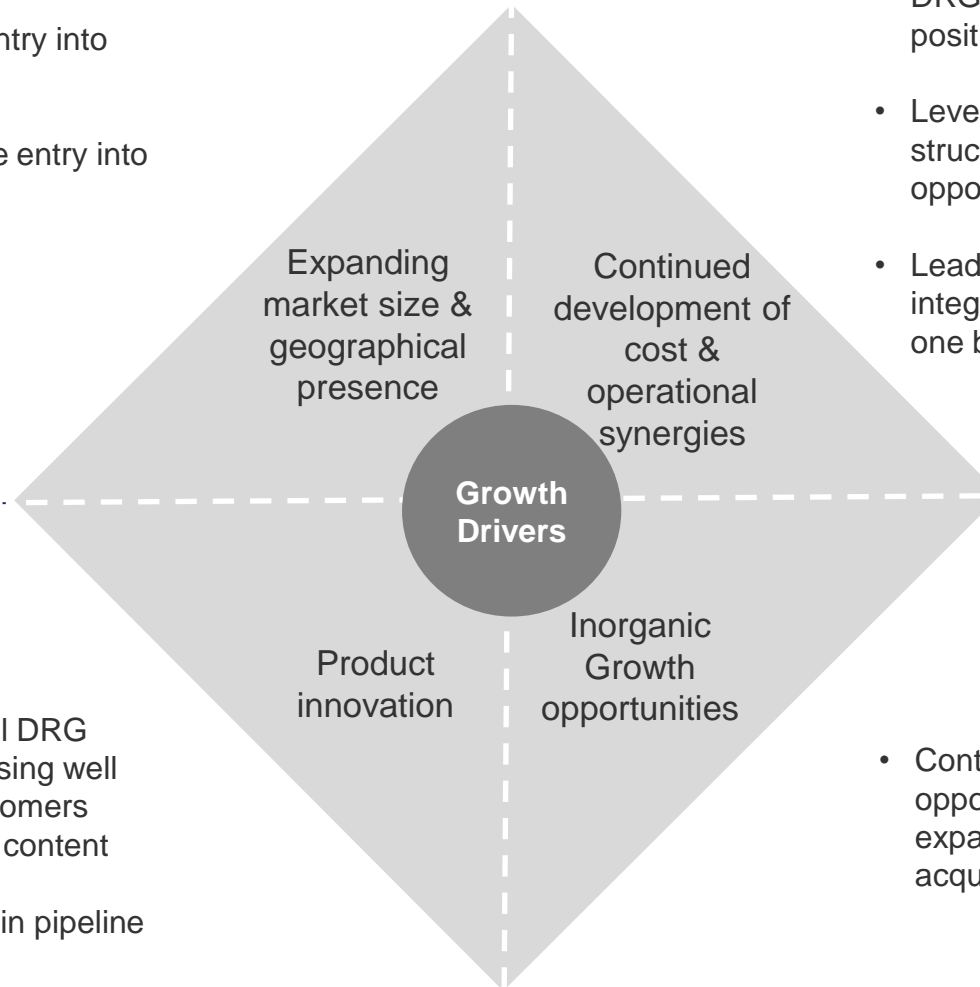
Target	Buyer / Investors	Acquisition Price (US\$ mn)	Value / LTM Revenue (x)	Transaction Value / LTM EBITDA (x)
iHealth	Connolly	\$ 1,200	7.5	14
Heartbeat Experts	Truven	\$ 136	5.2	22
Vitruvian	CRF	\$ 374	4.5	18
Altegra	Emdeon	\$ 910	4.3	16
Truven Health	IBM Watson	\$ 2,600	4.2	17
Merge Healthcare	IBM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



# Information Management's growth initiatives : targeting multiple ways to enhance growth and increase profitability

- HBI acquisition to enable entry into provider market
- Adaptive software to enable entry into payers market

- DRG India office on target with 120+ positions on-boarded in two offices
- Leveraging India and reviewing cost structure to identify margin enhancement opportunities
- Leadership team progressing well on integrating products and services under one brand



- New delivery platform for all DRG research reports is progressing well and will transform how customers access and consume DRG content
- Multiple new product ideas in pipeline

- Continue to look at attractive opportunities to enhance capabilities / expand geographically through acquisitions





# Appendix



# 9M FY2016 Diversified Revenue Mix

(In Rs. Crores or as stated)

Net Sales break-up	Quarter III ended			% Sales	Nine months ended		
	31-Dec-15	31-Dec-14	% Change		31-Dec-15	31-Dec-14	% Change
Healthcare	915	784	16.7%	53.4%	2,603	2,285	13.9%
Pharma Solutions	587	487	20.4%	34.8%	1,697	1,448	17.2%
Critical Care	232	213	8.8%	12.9%	631	582	8.4%
Consumer Products <sup>1</sup>	97	84	15.4%	5.7%	276	255	8.1%
Financial Services	508	219	131.3%	26.8%	1,305	674	93.6%
Information Management	427	377	13.1%	19.5%	949	825	15.0%
Others	9	19	-	0.4%	19	41	-
<b>Total <sup>2</sup></b>	<b>1,859</b>	<b>1,400</b>	<b>32.8%</b>	<b>100%</b>	<b>4,876</b>	<b>3,825</b>	<b>27.5%</b>

Note:

1. Including Ophthalmology
2. Foreign Currency denominated revenue in 3Q FY2016 was Rs.1,173 Crores (63% of total revenue) and in 9M FY2016 was Rs.3,062 Crores (63% of the total revenue)



# 9M FY2016 Consolidated P&L

(In Rs. Crores or as stated)

Particulars	Quarter III ended			Nine months ended		
	31-Dec-15	31-Dec-14	% Change	31-Dec-15	31-Dec-14	% Change
Total Revenues	1,859	1,400	33%	4,876	3,825	27%
R&D Expenses	31	47	(33%)	97	221	(56%)
Other Operating Expenses	1,199	1,032	16%	3,375	2,912	16%
OPBIDTA	628	321	96%	1,405	692	103%
OPBIDTA Margin %	34%	23%	-	29%	18%	-
Non-operating other income	31	67	(54%)	203	181	12%
Interest expenses	250	101	149%	635	392	62%
Depreciation	87	80	9%	237	219	8%
Profit before tax & exceptional items	322	207	55%	736	262	181%
Exceptional items (Expenses)/Income <sup>1</sup>	(15)	35	-	(27)	2,692	-
Income tax <sup>2</sup>	25	33	(24%)	66	311	(79%)
Profit after tax (before MI & Prior Period items)	282	209	35%	643	2,642	(76%)
Minority interest	(0)	-	-	(0)	(0)	-
Share of profit/(loss) of associates <sup>3</sup>	40	40	(1%)	127	112	13%
Net Profit after Tax	322	249	29%	770	2,755	(72%)
EPS (Rs./share)	18.6	14.4	29%	44.6	159.6	(72%)

## Notes:

1. Exceptional gain for 9M FY2015 majorly included gain on sale of 11% stake in Vodafone India for Rs.8,900 Crores (Investment of Rs.5,864 Crores made in FY2012) partly offset by the amount written down on account of scaling back of our investments in NCE research
2. Tax expense for 9M FY15 include Rs.258 Crores on gain from sale of stake in Vodafone India.
3. Income under share of associates primarily includes our share of profits at Shriram Capital.



# Consolidated Balance Sheet

(In Rs. Crores or as stated)

Particulars	Dec 31 2015	Mar 31 2015
<b>Shareholders' Funds</b>		
(A) Share Capital	35	35
(B) Reserves & Surplus	12,589	11,701
<b>Minority Interest</b>	29	29
<b>Loan Funds</b>	14,011	7,306
<b>Deferred Tax Liability</b>	3	3
<b>TOTAL</b>	<b>26,667</b>	<b>19,074</b>
<b>Fixed Assets</b>	8,175	7,342
<b>Investments</b>	13,337	7,768
<b>Deferred Tax Asset</b>	12	29
<b>Current Assets, Loans and Advances</b>		
Inventories	780	675
Sundry Debtors	902	832
Cash and Bank Balances	465	460
Other Current Assets	568	354
Loans and Advances	4,226	3,475
Less : Current Liabilities and Provisions		
Current Liabilities	1,475	1,229
Provisions	325	633
<b>TOTAL</b>	<b>26,667</b>	<b>19,074</b>

Break Up Loan Funds (In Rs. Crores)	INR Debt	FX Debt	Total
As on 31-Dec-15	11,319	2,692	14,011
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.



# Real Estate Financing : Robust asset quality is no.1 priority for us

## Diligence before transaction

- Developer selection – >70% portfolio with grade ‘A’ developers
- Location and project selection - Mostly in Tier-1 cities in select projects having intrinsic end-user demand
- Ability to mine primary data from existing portfolio to make more informed decisions about product, price and sales mix

## Post-transaction monitoring

- Local teams based out of 6 cities to constantly access the performance of the project
- Significant time spent for post-disbursement monitoring by both investment and asset management teams to detect and react to early warning signals
- Established a dedicated asset management team of financial and techno-commercial people across cities to further enhance focus on asset quality

## Care during transaction

- Unique structuring of each transaction to address specific risks with ability to enforce security in event of default
- Strong financial, legal and business diligence.
- Independent legal and risk teams critically looking at transaction
- Independent Directors & External Experts in investment committees
- Large reputed partners like CPPIB re-assuring the investment thesis

## Healthy Security, Balanced Portfolio

- Healthy security and cash cover of 1.5x-2x based on conservative underwriting assumptions
- Piramal group has a history of strong project development capabilities - can take over, complete, sell project, if required
- De-risking portfolio by changing mix towards construction finance & senior debt vis a vis equity / mezzanine structures

**All accruals realized till last quarter. Superior asset quality with negligible NPAs**



# Pharma Solutions : Entry into Sterile Injectable Space

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

## Acquisition playing out well

- Significant traction at Coldstream site, post our acquisition.
  - Site already has its order book running full
  - Execution of capex for capacity expansion on track



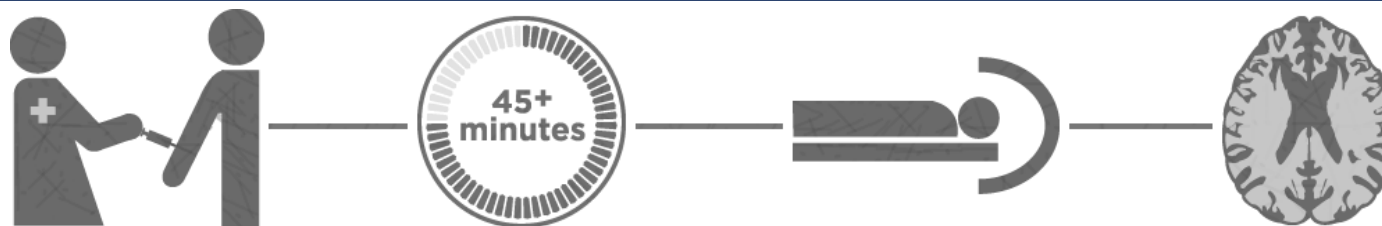
**View of Coldstream Laboratories facility**



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



# Imaging : Well positioned to be a market leader



## Entry into Business

- Acquired molecular imaging research and development portfolio of Bayer in 2012
- Commercial Operations in US & UK and R&D hub in Germany

## Lead Compound - Florbetaben

- Reliably detects Beta-Amyloid plaques in the brain, which is the pathological hallmark of Alzheimer's disease
  - Approved by US FDA in March 2014, European Commission in February 2014 and MFDS (South Korea) in December 2014
- Registered first sales during Q2 FY2015
  - Currently selling in European key markets and the US
  - Manufacturing & distribution agreements executed in EU and US
  - Licensing agreements signed with partners in South Korea, Australia, Canada & Ireland
- The teams are focused on driving sales by educating dementia experts and supplying Pharma trials as well as creating health economic evidence for payors in registry trials.
- We are seeking for a strategic co-investor to fund the business through key inflection points

## Our Unique Positioning

- |   |  |
|---|--|
| • <b>Promising Field</b> - Future of diagnostic imaging   | • AD is a growing world-wide clinical challenge: >20mn patients today, costs to grow from \$200 bn in 2013 to \$1.2 tn by 2050 |
| • <b>Attractive Pipeline</b> in Neurology, Oncology & Cardiovascular Imaging                              | • <b>High Market Potential</b> - Molecular Imaging potential market size of \$1-1.5bn between 2020-2025                        |
| • <b>High Quality R&amp;D Team</b> - Core members of Bayer's team joined Piramal Imaging leadership team. | • <b>Well Positioned to be a market leader</b> - in Europe, NA and selected Asia-Pacific markets                               |





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