

# Piramal Enterprises Limited

Investor Presentation

May 2017



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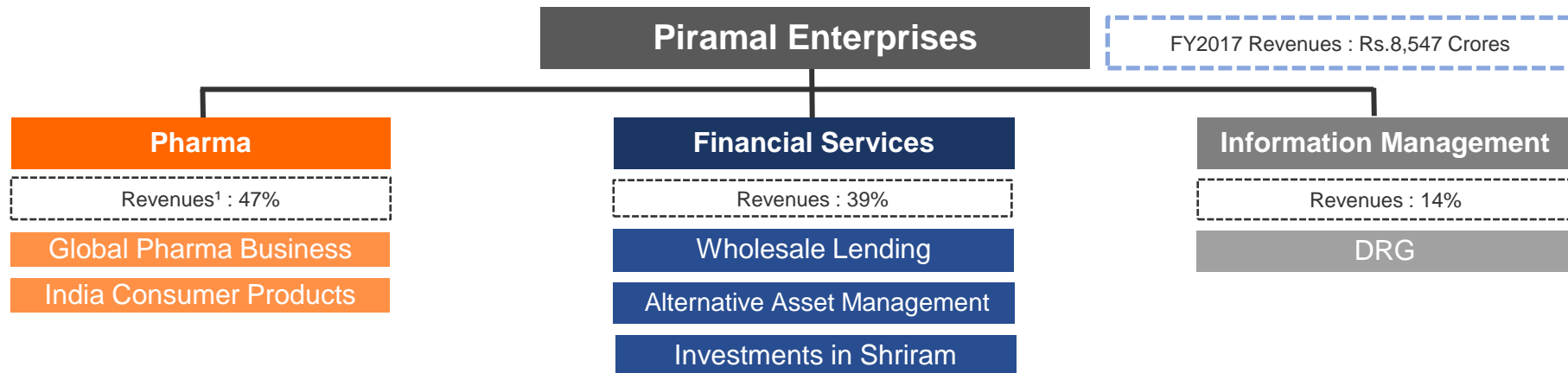
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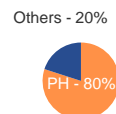
*Note: Figures in previous periods might have been regrouped or restated, wherever necessary to make them comparable to current period.*

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

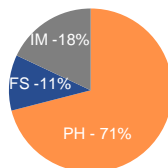


## Diversification of revenues towards high growth business segments

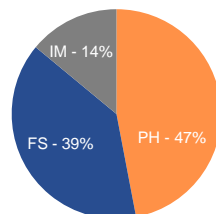
### Movement in revenue mix (%)



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



**FY2013**  
Rs.3,544 Cr



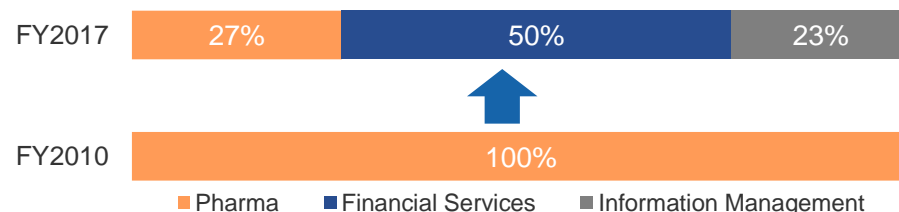
**FY2017**  
Rs.8,547 Cr

Note:

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

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

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



2. Others include treasury income.

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

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

## Key capital allocations

Invested Rs.24,400 Crores (on B/S) & Rs.7,160 Crores (off B/S) in FS

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

Rs.4,583 Crores invested in Shriram Group

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

~Rs.6,000 Crores invested in Pharma

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

~Rs.4,450 Crores invested in Information Management

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

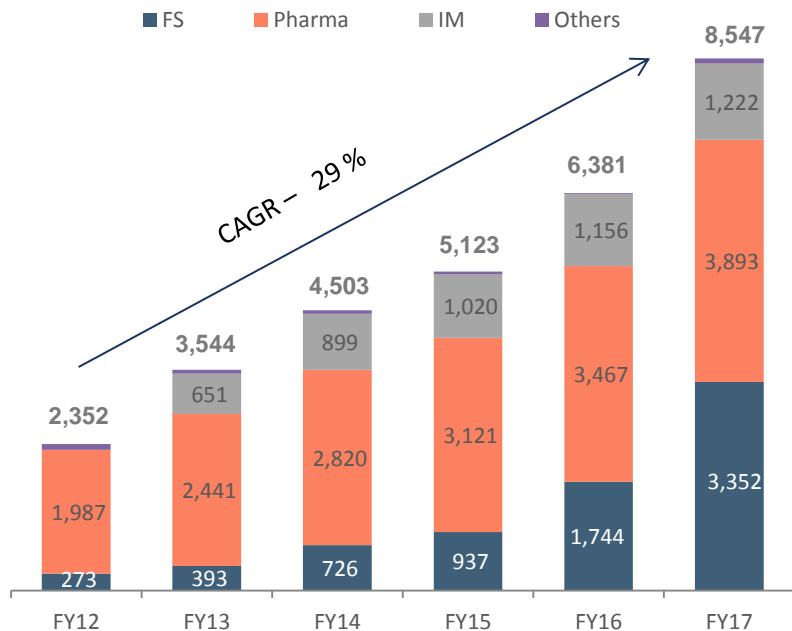
Rs.5,228 Crores of capital returned to shareholders

Capital returned to shareholders through:

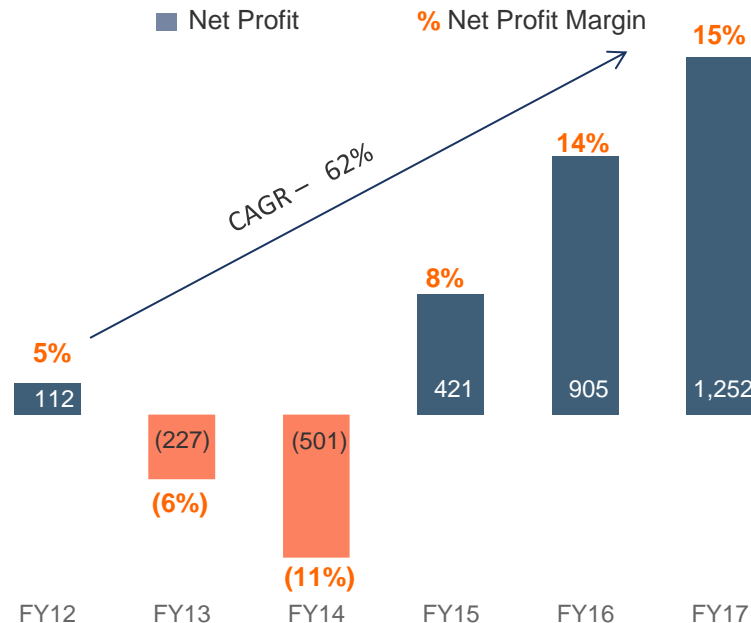
- Buyback
- Annual dividends
- Special dividend

# Delivering robust performance over last many years

## Business-wise Revenue Trend



## Net profit & Margin Trend



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.

# Improving performance every quarter

	Revenues			Net Profits		
Period	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% Change	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% 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%

**Note:**

1. All periods of FY2017 results have been prepared based on the Ind AS and all periods of FY2016 results have been reinstated to make it 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

# Various business segments growing consistently over years

## Metrics showing YoY revenue growth

Businesses	FY13		FY14		FY15		FY16		FY17	
	H1	H2	H1	H2	H1	H2	H1	H2	H1	H2
Pharma										
Fin. Services										
Information Mgt	Before acquisition of DRG									
Total Revenues										

> 20%

11%-20%

1%-10%

0%

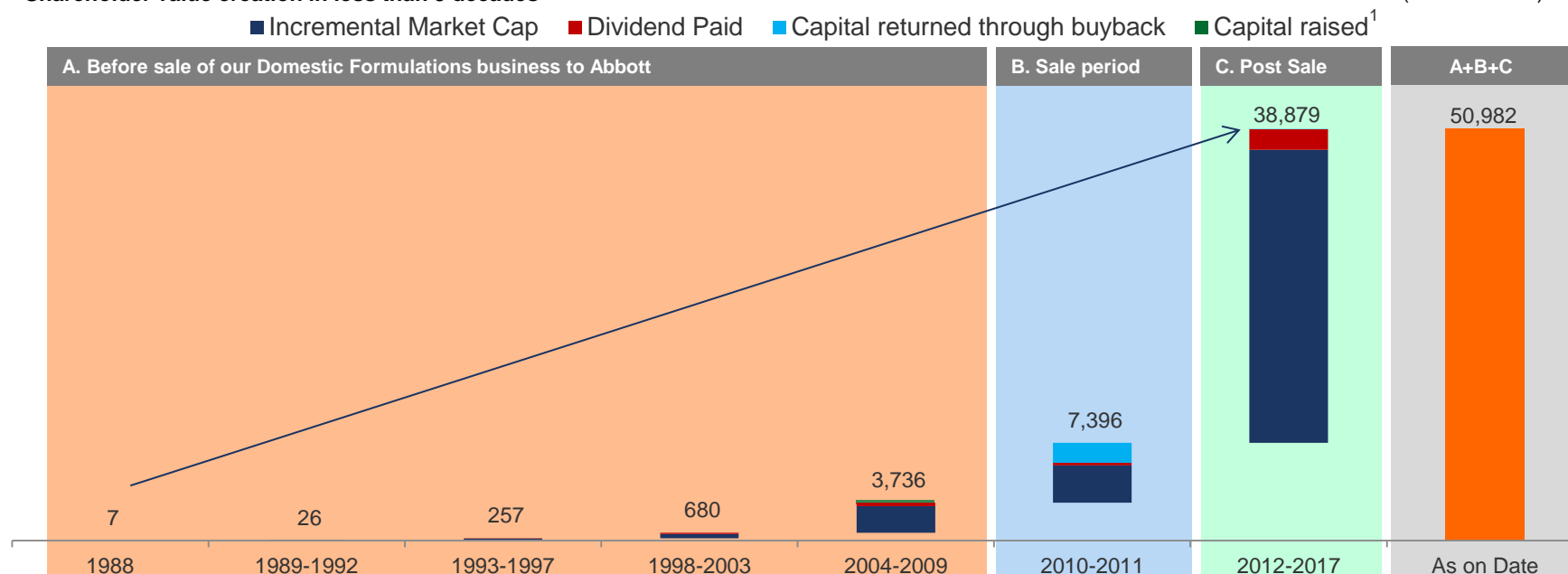
< 0%

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

# Creating significant value for shareholders

## Shareholder value creation in less than 3 decades

(In Rs. Crores)



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 12 May 2017

**24%**

Revenue CAGR for last 29 years

**29%**

Net Profit CAGR for last 29 years

**30%\***

Annualized return to shareholders over last 29 years

Rs. 1 Lac invested in the company in 1988 has generated total value of **Rs.18.7 Crores\***

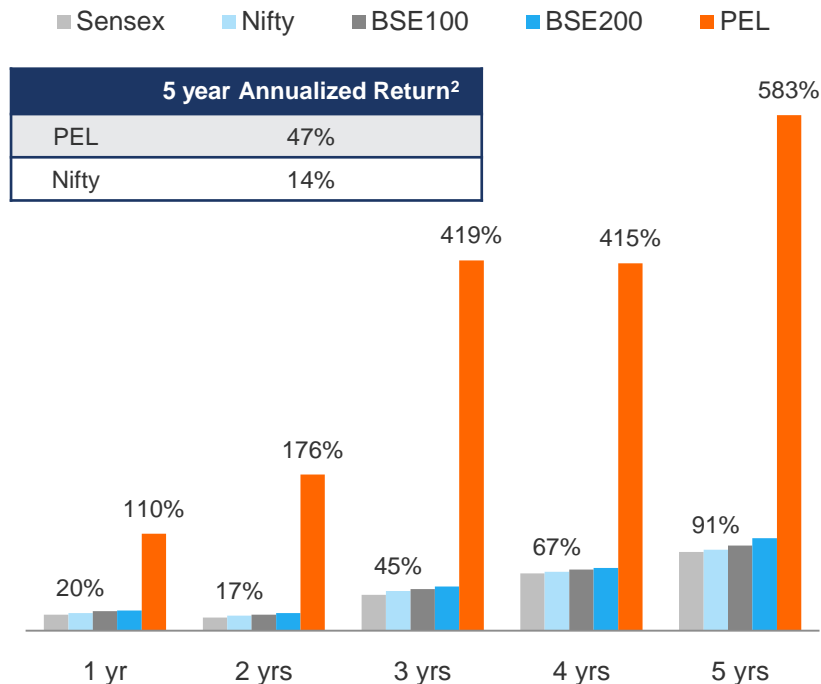
Source : Bloomberg

\* Assumed dividend reinvested in the stock

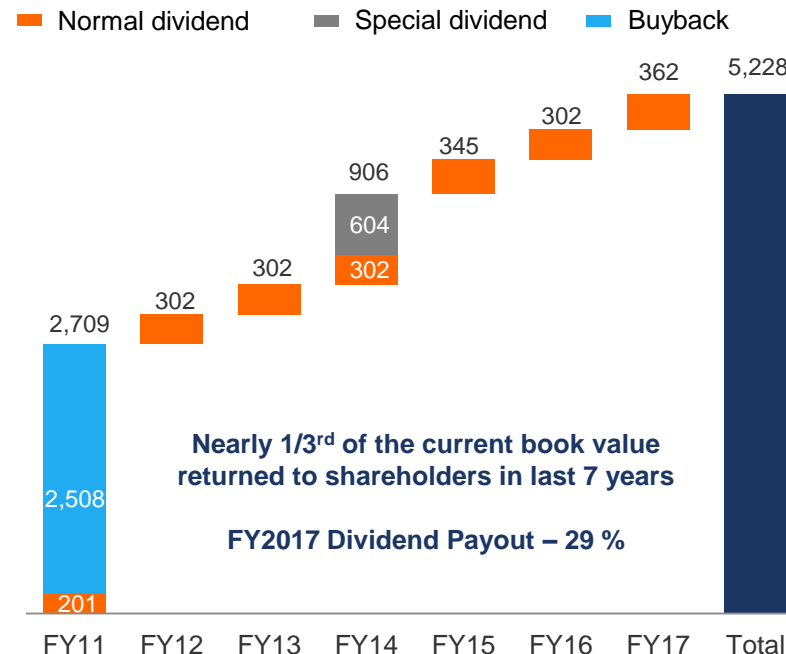


# Returns to shareholders consistently outperforming all benchmarks

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



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



Notes:

1. Total shareholder returns are as on 30 Apr 2017. Assumes re-investment of dividend in the stock (Source : Bloomberg)

2. Annualized returns are as on 30 Apr 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

- **Sarvajal-** Touching **360,000** lives every day
- **PFEL-** **3,400** Schools, **550,000** Students everyday
- **Swasthya:** Prevented **~800** suicides, **70,000** lives everyday
- **50,000+** Mid-day meals served daily
- **1,000+** volunteers from Piramal group
- **3,500+** employees in Piramal foundation

# 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



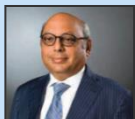
### NANDINI PIRAMAL

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 MASHELKAR

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

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

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

### PHARMA

#### Pharma Operations Board

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

#### Investment Committee for Real Estate Lending

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

### FINANCIAL SERVICES

#### Investment Committee for RE Asset Management

- Executive Director
- External Experts
- Business CEO

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

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

### INFORMATION MANAGEMENT

#### Information Management Board

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

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

#### Niraj Bhukhanwala

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

#### Ashish Dalal

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

#### Shitin Desai

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

#### Harish Engineer

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

#### Rajesh Khanna

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

#### Suhail Nathani

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

#### Deepak M. Satwalekar

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

#### Bharat D. Shah

- Chairman, HDFC Securities
- Advisor HDFC Bank

#### R A Shah

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

#### N. Vaghul

- Former Chairman, ICICI Bank

#### Shikhar Ghosh

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

## Strong partnerships



Total AUM - €443 Bn

Alliance Partner –  
Infrastructure Financing



Total AUM - \$34 Bn

Alliance Partner –  
Distressed Asset Investing



Total AUM - C\$298 Bn

Alliance Partner –  
Real Estate Financing



Total AUM - C\$55 Bn

Alliance Partner –  
Real Estate Financing



Total AUM – Rs.1 Tn

PEL invested in  
Shriram Group



Market Cap - \$92 Bn

JV Partner



Market Cap - \$66 Bn

PEL had invested  
in Vodafone India



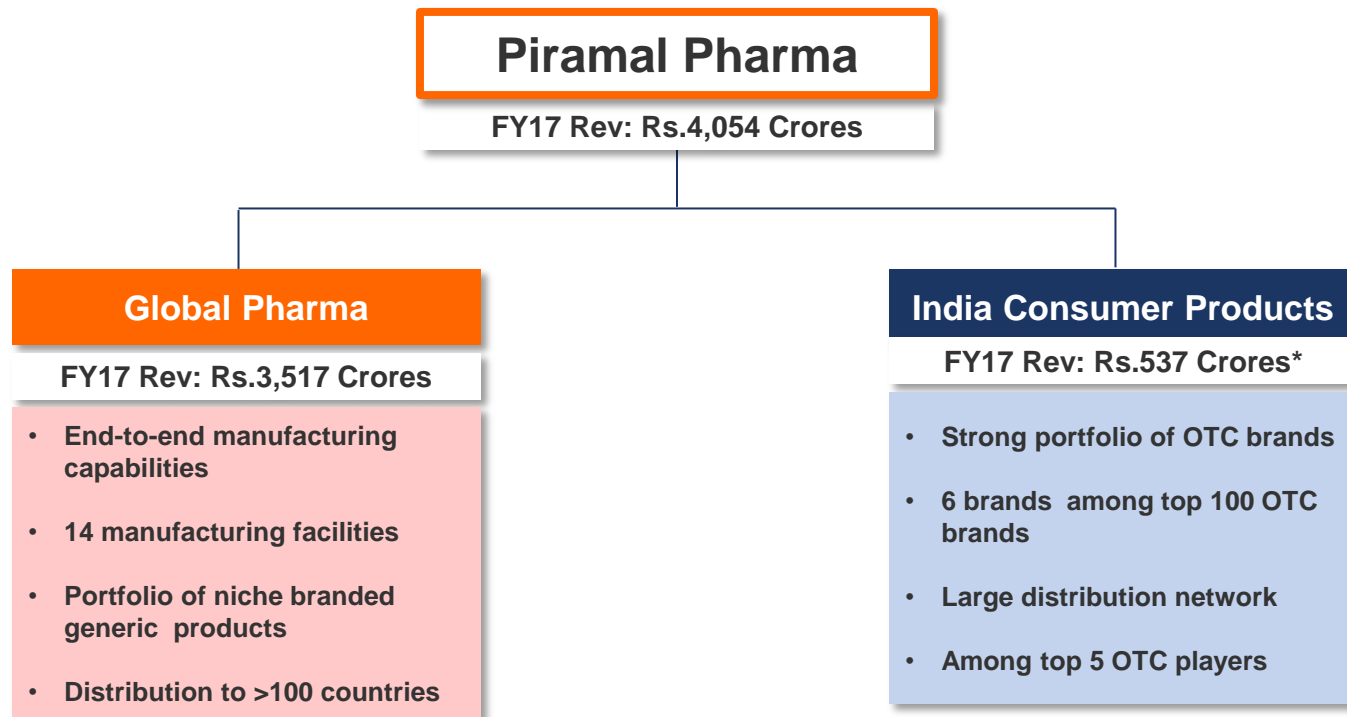
Market Cap - \$75 Bn

Acquirer – Domestic  
Formulations Business



**Pharma**

# Pharma business portfolio delivering strong growth within and outside India



*Note \* Includes Allergan JV Revenue*

# Seven value accretive acquisitions to boost growth

## Global Pharma

### Coldstream (Injectables)



### Injectable anaesthesia & pain management products



### Ash Stevens (HPAPI)



### Intrathecal severe spasticity & pain management products



## India Consumer Products

### 4 brands from Pfizer Ltd



### 5 brands from Organon India & MSD BV

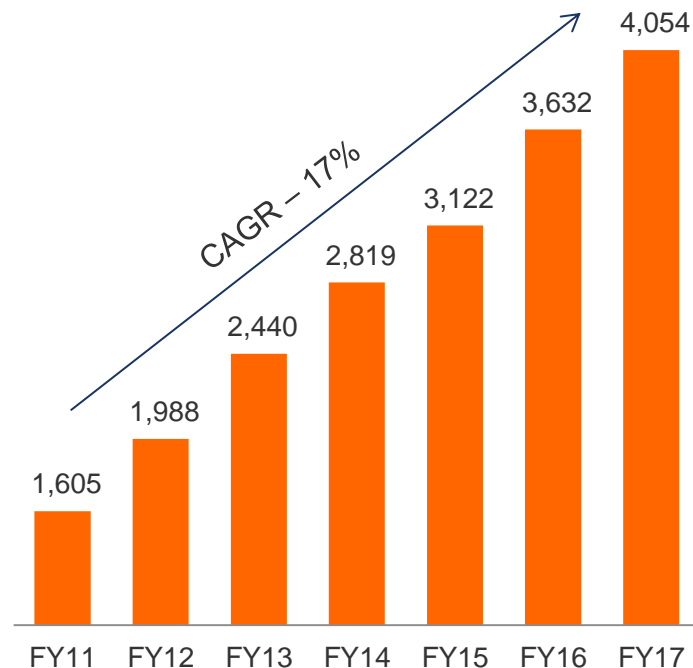


### Baby-care brand-Little's



## Growing largely organically since Abbott deal

Pharma Revenues\* (in Rs. Crores)



Notes: \* Includes Allergan JV revenues





**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

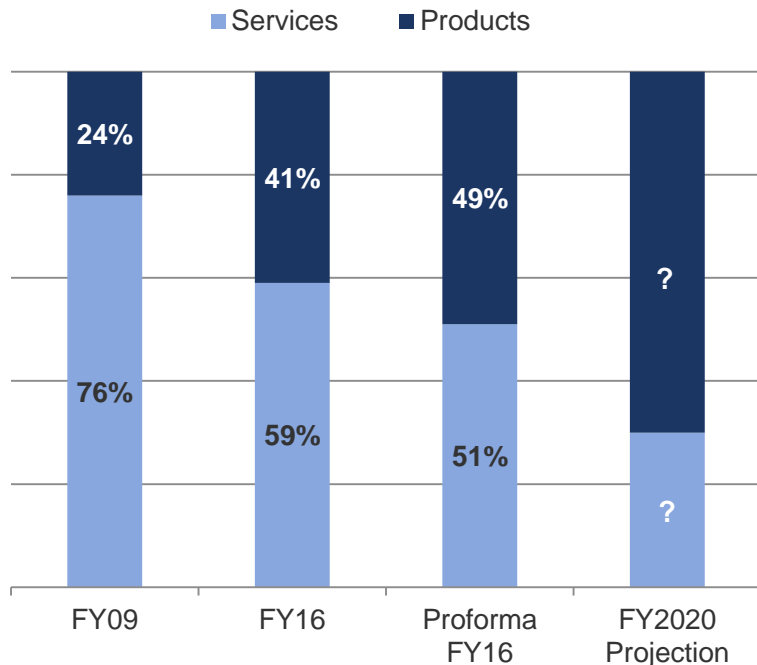


- **Entry barrier** – Complex to manufacture, sell and distribute resulting in limited competition
- **Expands addressable market size** from US\$ 1 bn Inhalation Anaesthesia market to US\$20 bn generic hospital product market

**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?

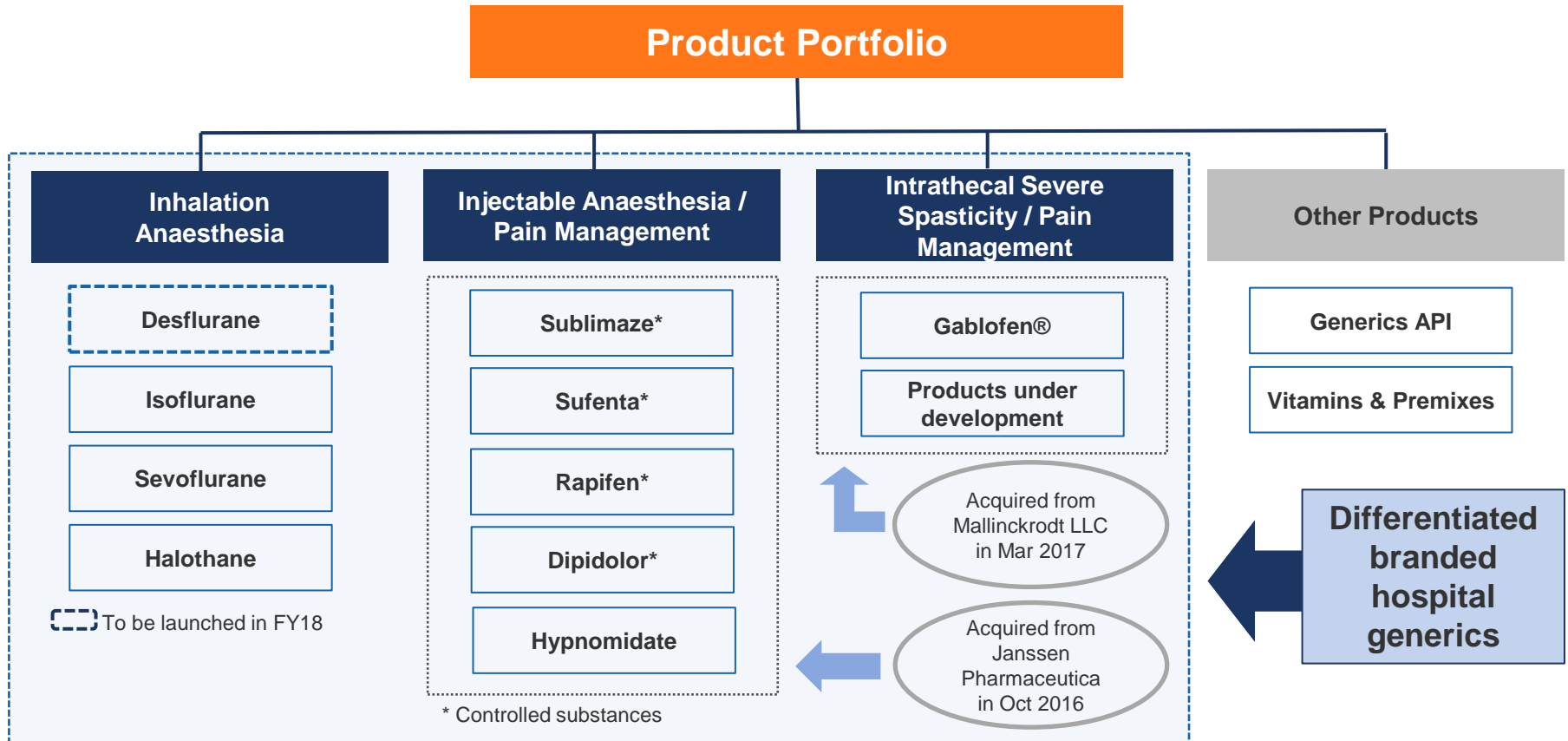
## Global Pharma Revenue Mix (%)



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

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

# Creating a solid product portfolio



# Acquisitions of two niche branded hospital generic products

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

# What makes these two acquisitions attractive for us?

## Access to niche markets with entry barriers

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

## Leverage global distribution

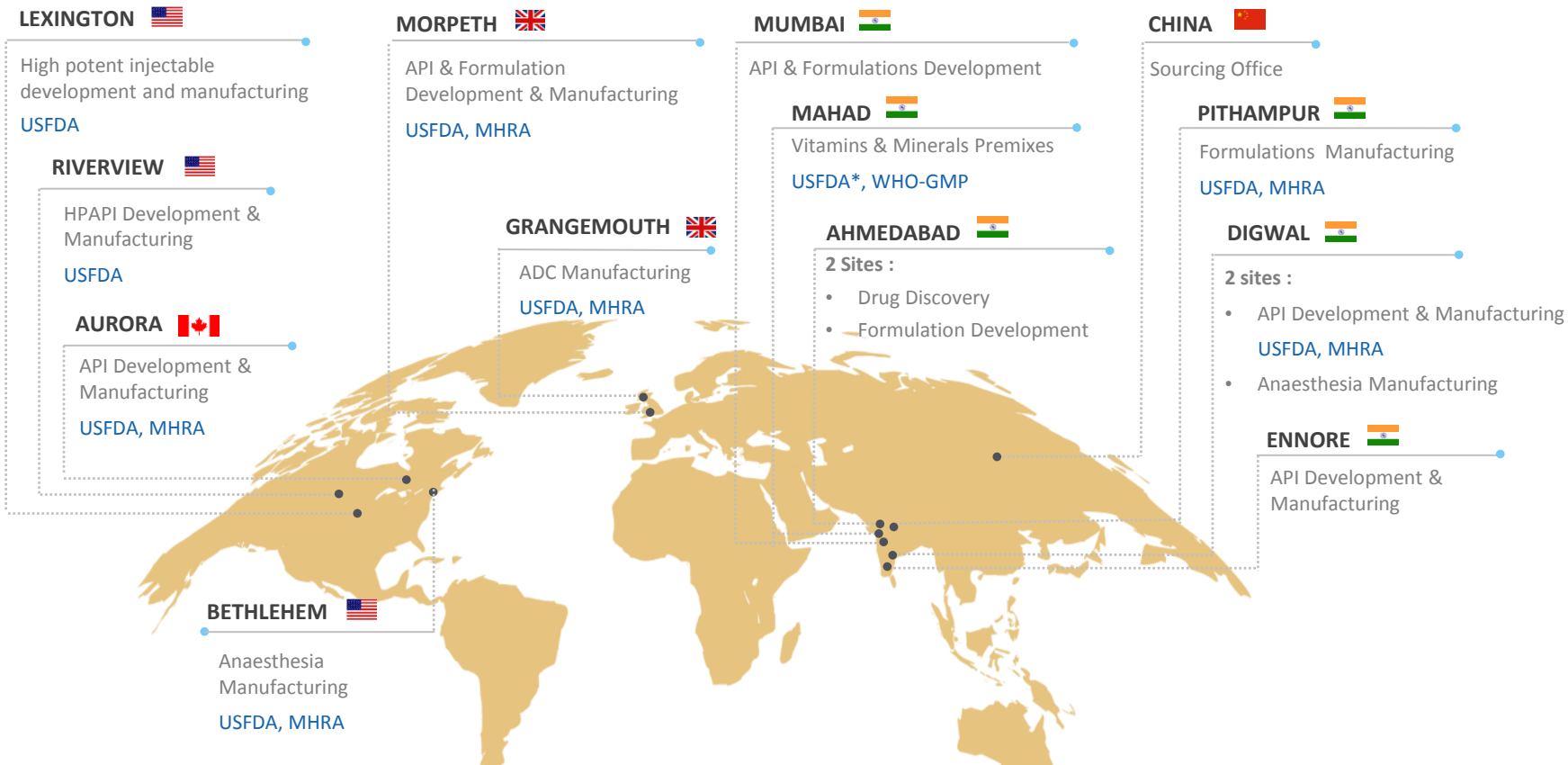
- Maximize value from existing sales infrastructure and partner network into hospitals
- Significantly expands our presence in US, EU, Japan, large EMs, etc.

## Significantly expands the addressable market size

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

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

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





# Global Pharma : Strengthening presence in key geographies



## Strong presence in North America



## Expanding presence in Europe

### Manufacturing Facilities

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

### % Global Business Revenues

35%

34%

### % Global Business Assets

28%

47%

### 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



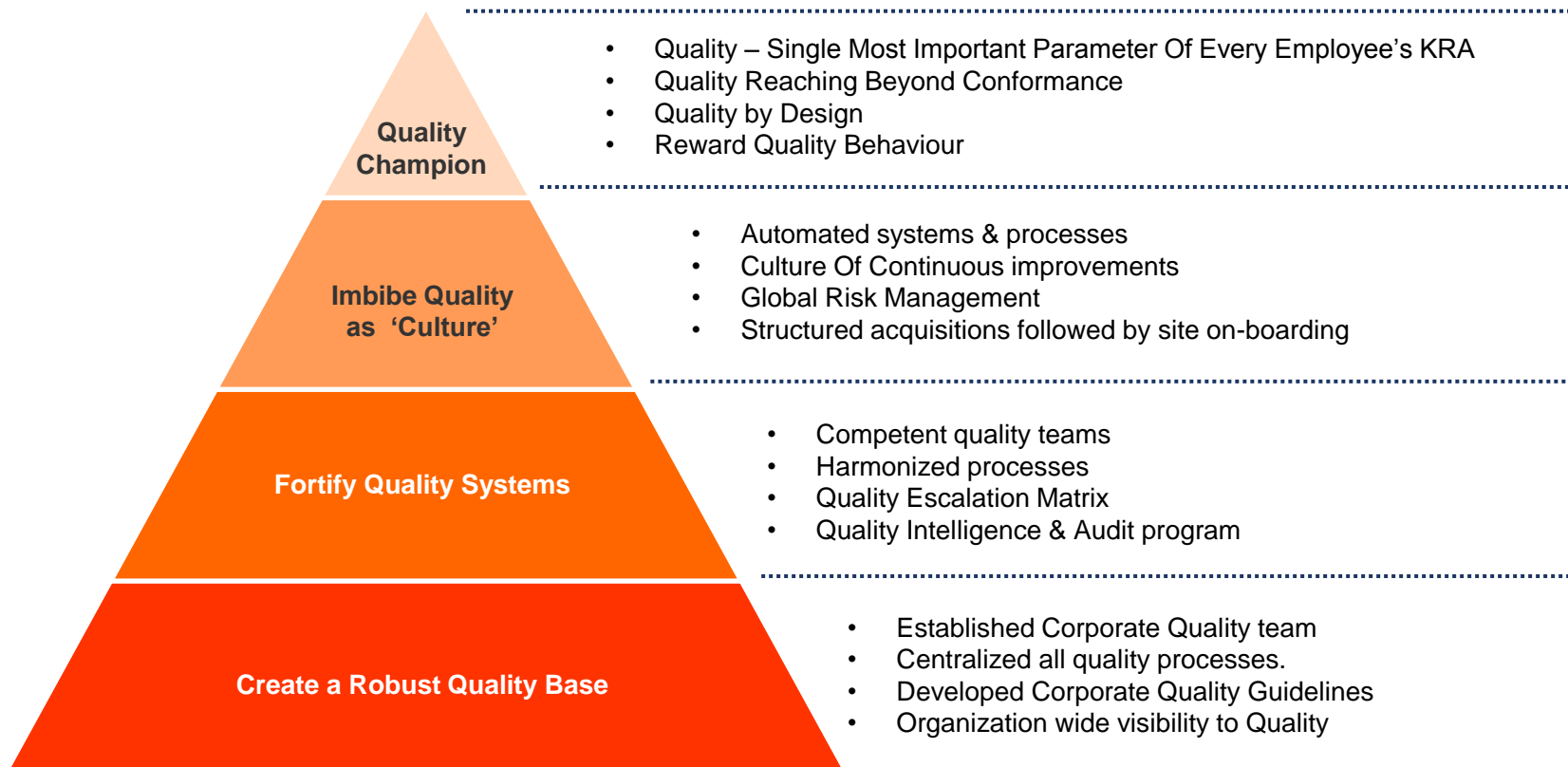
## Strong presence in India

- 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
- 25% 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 ?

In last 6 years, cleared all inspections :

- 28 USFDA inspections
- 78 other regulatory inspections
- 568 customer audits

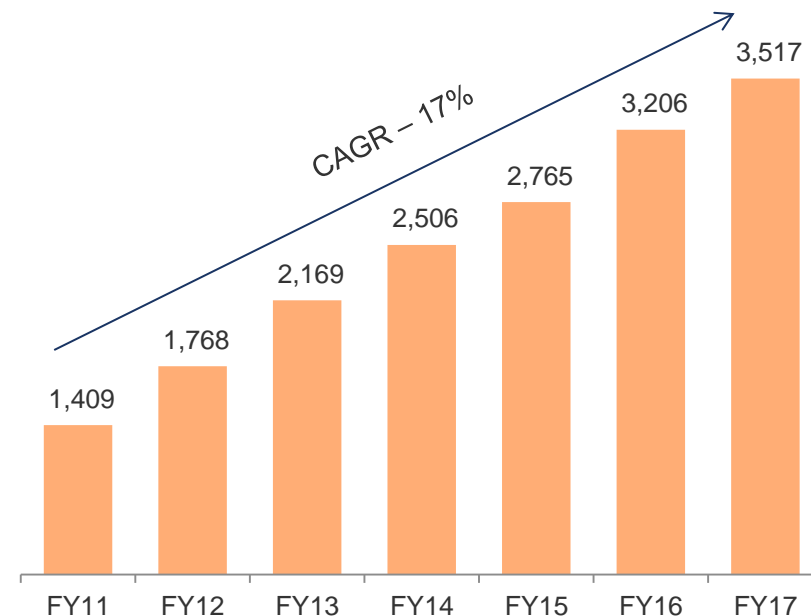
Recognized at reputed global forums :

- Rated among **best global CDMO** in quality, reliability & regulatory  
— 2 years in a row
- **Ash Stevens** won six awards in **CMO Leadership Awards** of Life Science Magazine, 2017
- **Best Contract Manufacturing (CMO) Provider** - Runner Up Award at 3rd Annual World ADC Awards
- Business head awarded '**CEO of the year**'
- Head of Quality rated among '**50 most Influential People in Quality**'



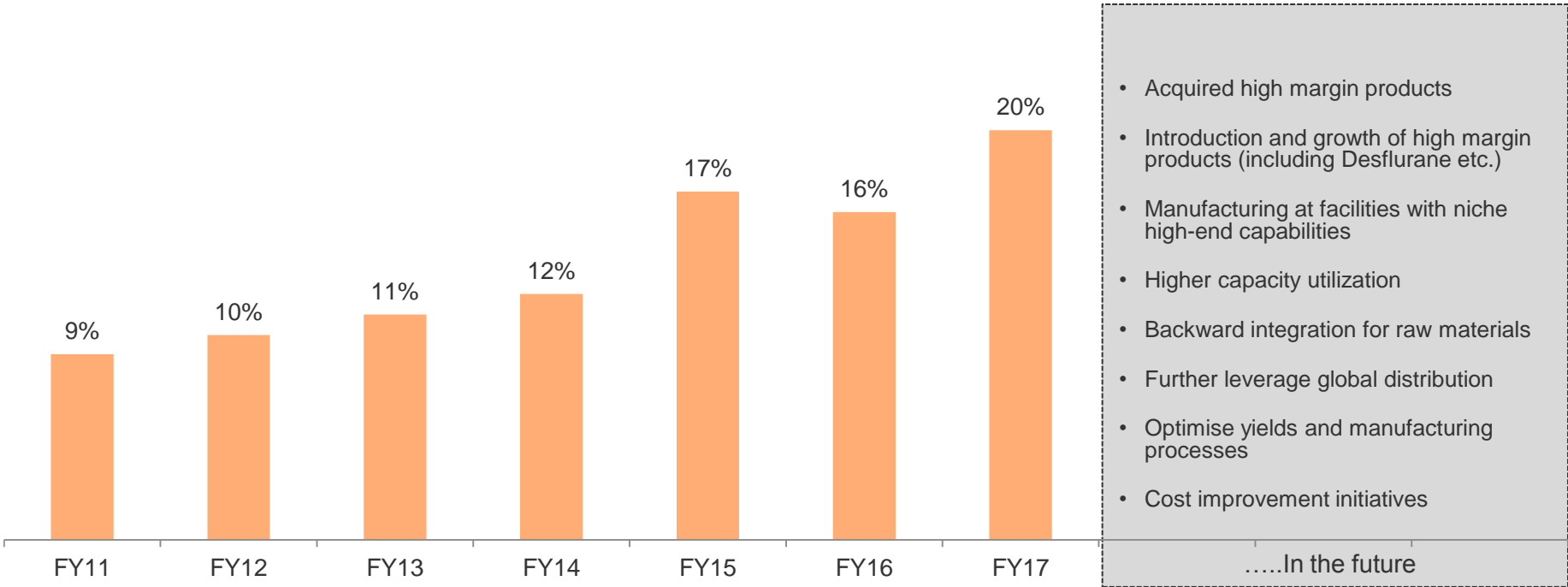
- **Continue to add more products** both organically and inorganically to leverage our strong sales and distribution network
  - Continue to look for acquisition opportunities in complex products
  - Launching latest generation Inhalation Anaesthesia i.e. Desflurane
  - Integrate the acquired products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

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



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

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

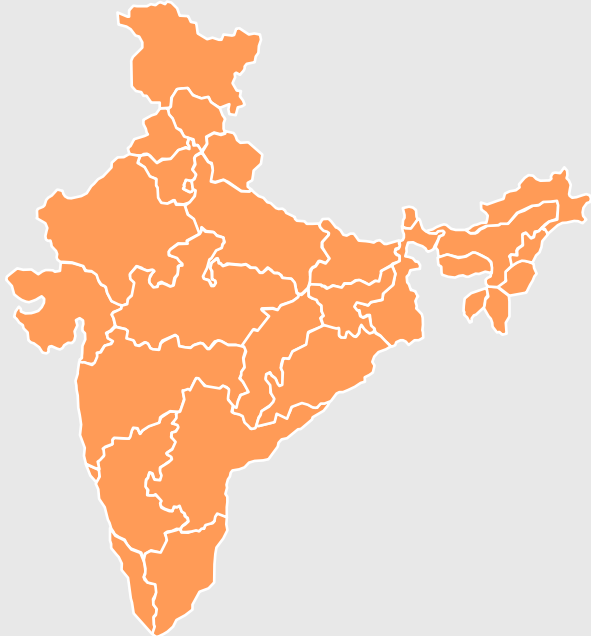
Six brands among India's top 100 OTC brands








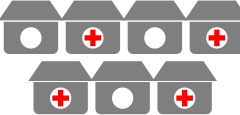

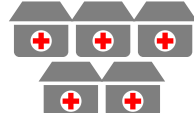




Most brands are among the top two in their respective representative market

# Developed a large India-wide distribution network

## Wide Distribution Network



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

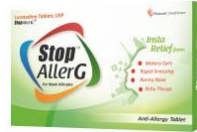
	FY2008	FY2012	Now
No. of towns present	 16	 481	 2000
Total Outlet presence	 24,000	 200,000	 400,000
Chemist Outlet presence	 16,000	 100,000	 220,000
Field Force	 80	 800	 2,000

# Adding products organically and inorganically

## Products added organically



Instant pain relieving mouth ulcer gel



A non-drowsy anti-allergy OTC brand



A sore throat pain relief product



A pregnancy test kit



Ovulation test kit



Detoxifies the after effects of socializing, etc.

## Product portfolios added through acquisition



4 brands from Pfizer Ltd



5 brands from Organon India & MSD BV



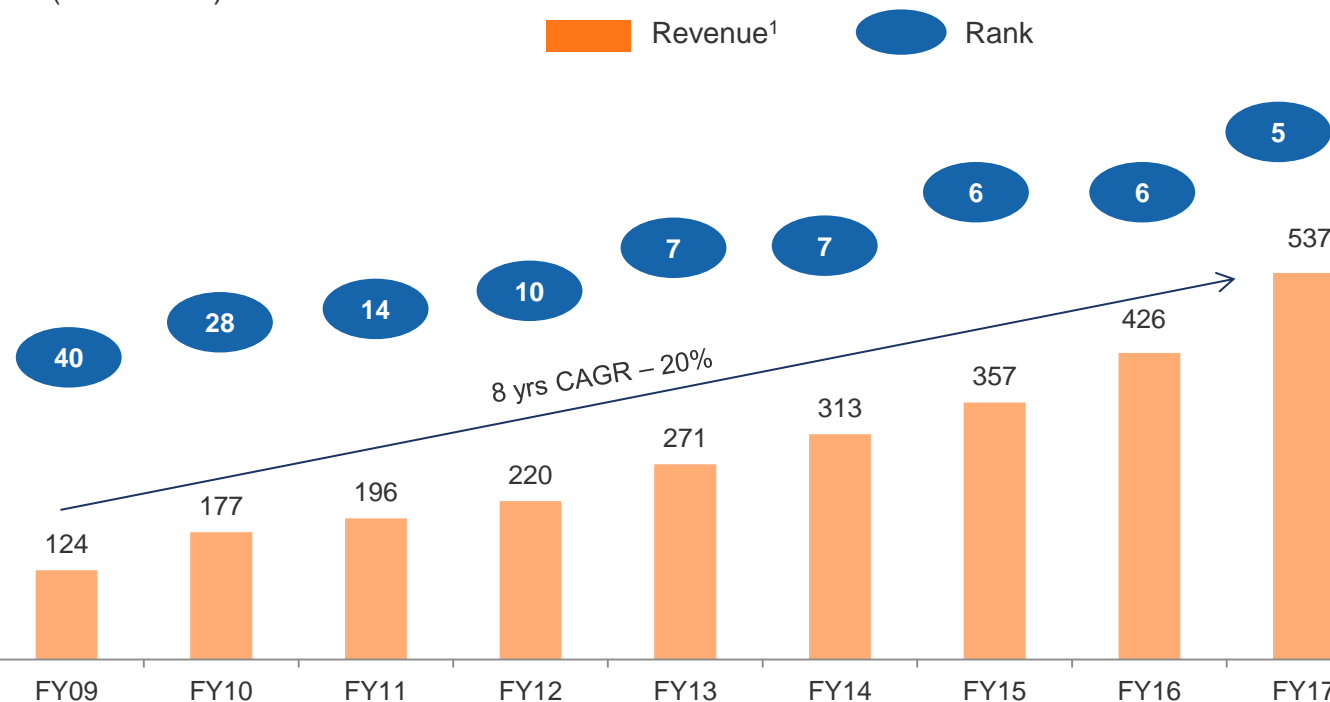
Baby-care brand 'Little's'

# Strong growth track record

## India Consumer Products revenues

(Rs. Crores)

Revenue<sup>1</sup> Rank



Revenues grew by 44% YoY during FY17

- Integration of acquired portfolios
- Continue to add products both organically (including brand extensions) and through acquisitions
- Reduced stock-outs
- Tap e-commerce, rural, exports & alternate opportunities

.....In the future

Note: 1. Includes of revenues generated from Allergan JV

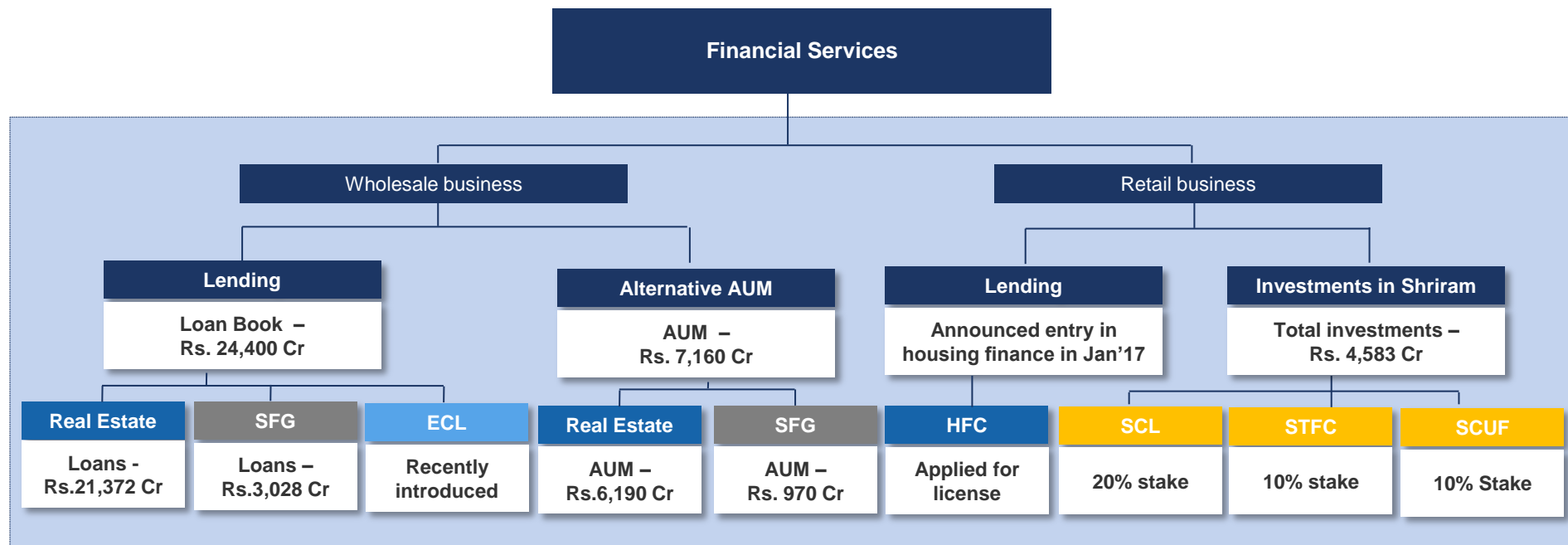
# How Consumer Products business can become a significant play for us?





## **Financial Services**

# Diversified exposure across both wholesale and retail financing



SFG – Structured Finance Group; ECL – Emerging Corporate Lending; HFC – Housing Finance Company; SCL – Shriram Capital Limited; STFC – Shriram Transport Housing Finance; SCUF – Shriram City Union Finance

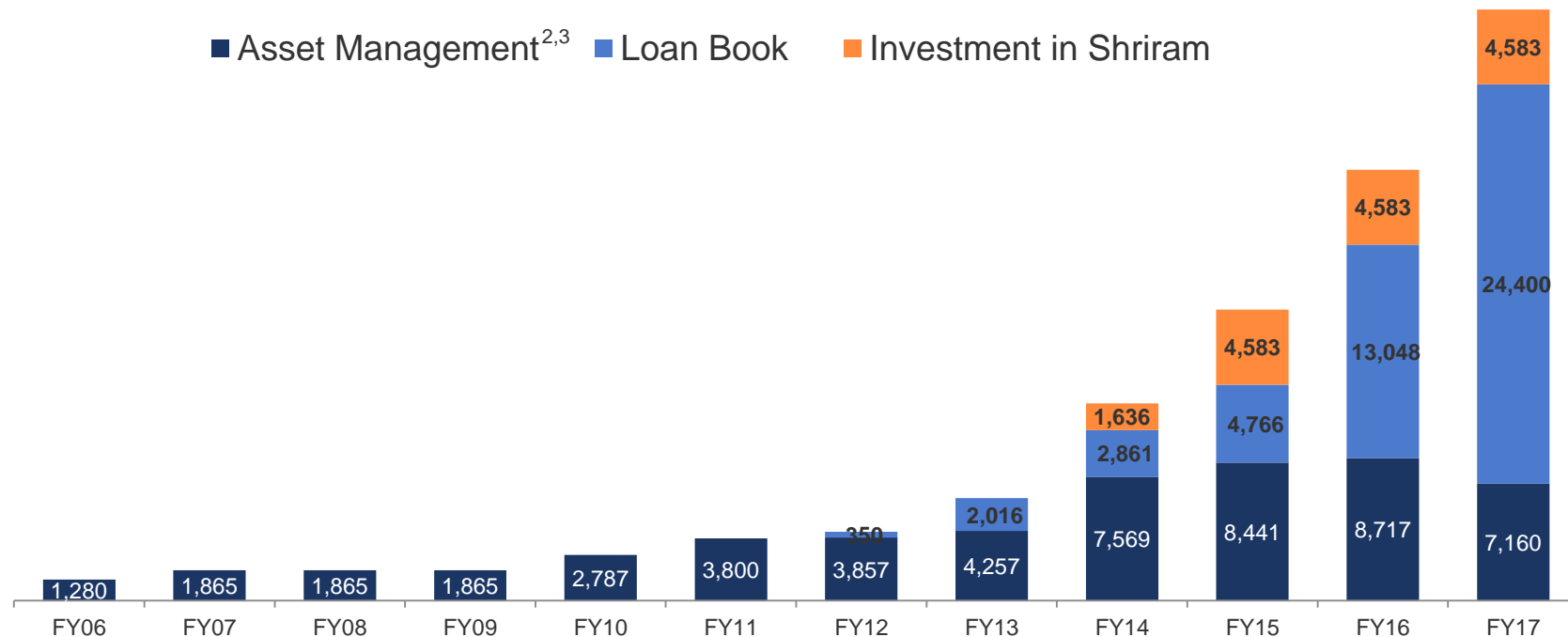
**Strong portfolio with a total investments, loans and assets under management of Rs.36,143 Crores**

# Built a robust and scalable financial services platform

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

(in Rs. Crores)

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



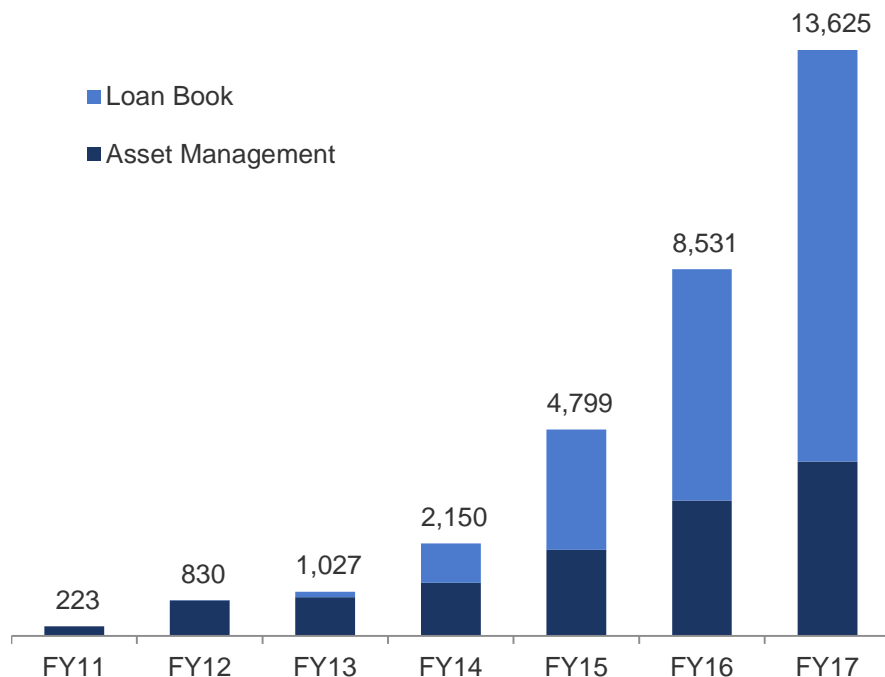
### Notes:

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



# Built a robust and scalable financial services platform

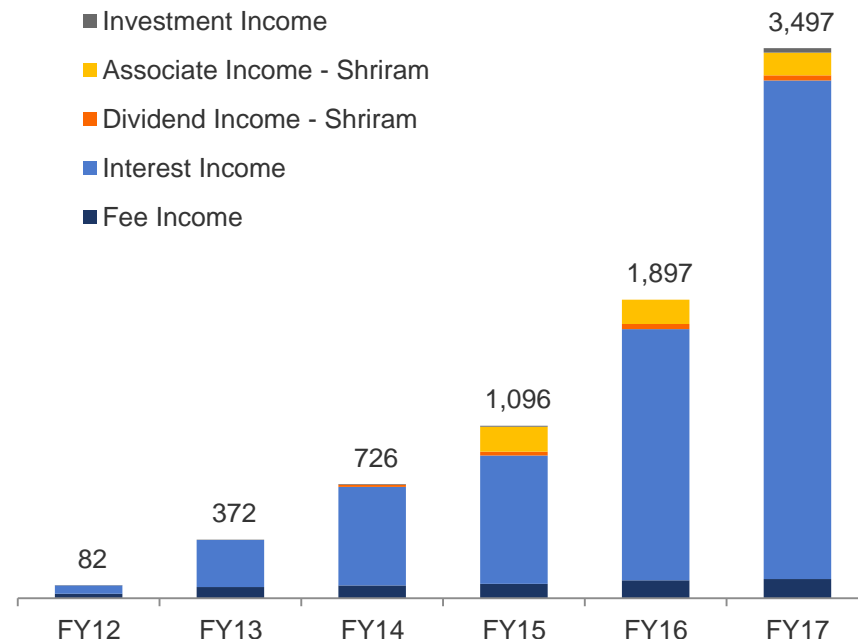
## Strong trend of cumulative exits / repayments<sup>1, 2</sup> (in Rs. Crores)



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

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



# Consistently expanding product portfolio to boost growth



Products	2006	2011	2013	2015	2017
<b>Real Estate</b>					
Residential projects					
Pure / Preferred / Mezzanine Equity	✓	✓	✓	✓	✓
Senior Secured / Structured Debt		✓	✓	✓	✓
Construction Finance				✓	✓
Retail Housing Finance <b>New</b>					✓
Commercial projects					
Construction Finance <b>New</b>					✓
Lease rent discounting <b>New</b>					✓
<b>Structured Finance (Renewables, Cement, Transportation, etc.)</b>					
Mezzanine Lending			✓	✓	✓
Loan against shares				✓	✓
Senior lending <b>New</b>					✓
Stressed Asset Funding <b>New</b>					✓
Total Assets under management (including loans) <sup>1</sup> – (Rs. Crores)	-	3,800	6,273	13,207	31.560

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

# Real Estate end-to-end financing model

Particulars	Private Equity	Mezzanine Lending	Construction Finance	Lease Rent Discounting	Housing Finance
Stages of lending for a project	Primarily for land purchase	Post land purchase till commencement of construction (Phase of obtaining approvals)	For construction of projects	Lease rental discounting for commercial projects	Announced our entry in Housing Finance in Jan 2017. Applied for HFC license
Current Size	Off Balance Sheet (Third Party Funds with PEL sponsor commitment upto 7.5%)	On Balance Sheet	On Balance Sheet	On Balance Sheet	
Year of commencement	Started in 2006; acquired by PEL in 2011	2011	2015	2016	
Current Size	Rs.6,190 Crores	Rs.7,799 Crores	Rs.12,212 Crores	Rs.1,196 Crores	
Average Yield / IRR	20-24%	13-20%	12-16%	9-12%*	
Tenor	4-6 years	3-5 years	4-6 years	9-12 years	

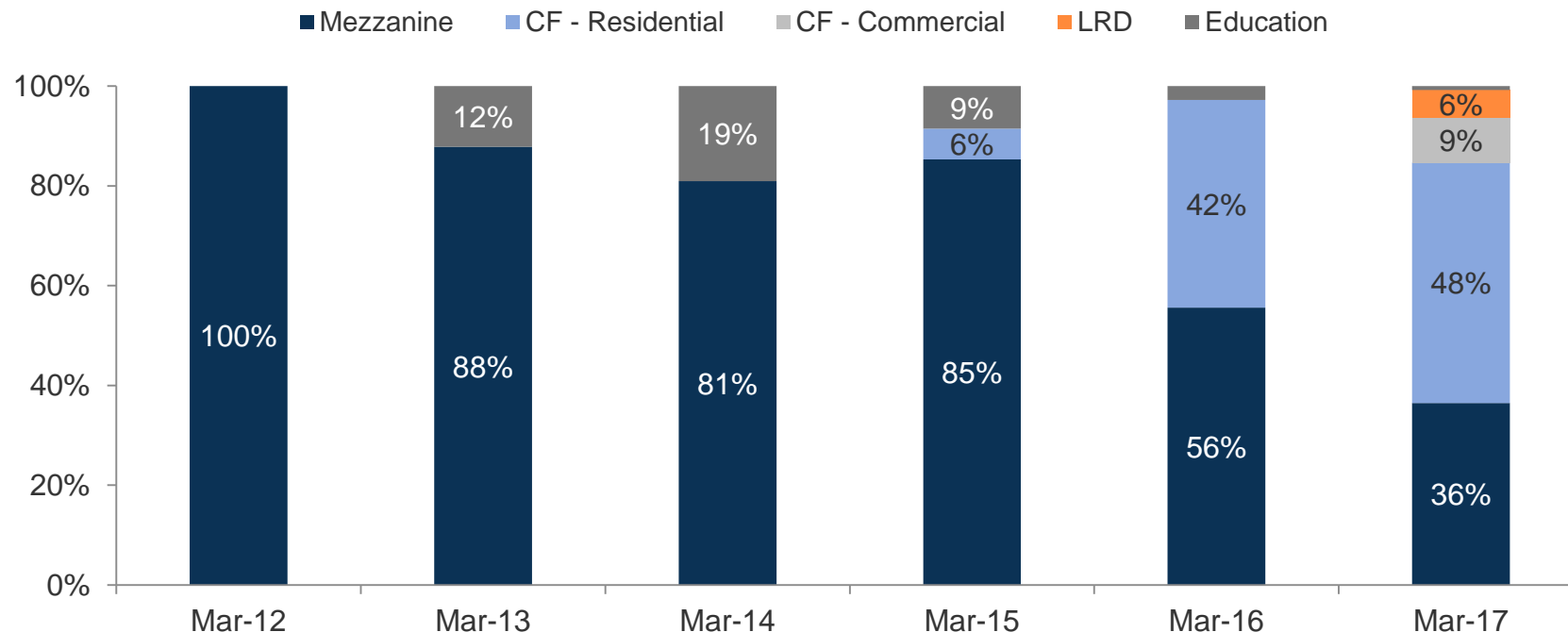
\* To down-sell a portion of the portfolio to maintain RoE

# 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>

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

Changing product mix (in %)



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

# Structured Finance (Special Situation Investments)

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

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

# Why can SFG be a big play for us?

What has changed ?	Earlier	Now and going forward
Loan book size	Rs. 1,515 Crores as on Mar 2016	Rs.3,028 Crores as on Mar 2017
Sectors covered	Infrastructure and allied sectors	Sector agnostic lending
Products offered	Mezzanine lending	Senior lending Mezzanine lending Loan against shares Promoter funding
Yield range	Narrow range from 17% to 20%	Wide range from 13% to 20%

Senior lending which is now 47% of SFG portfolio is an outcome of realignment of focus to move down risk curve

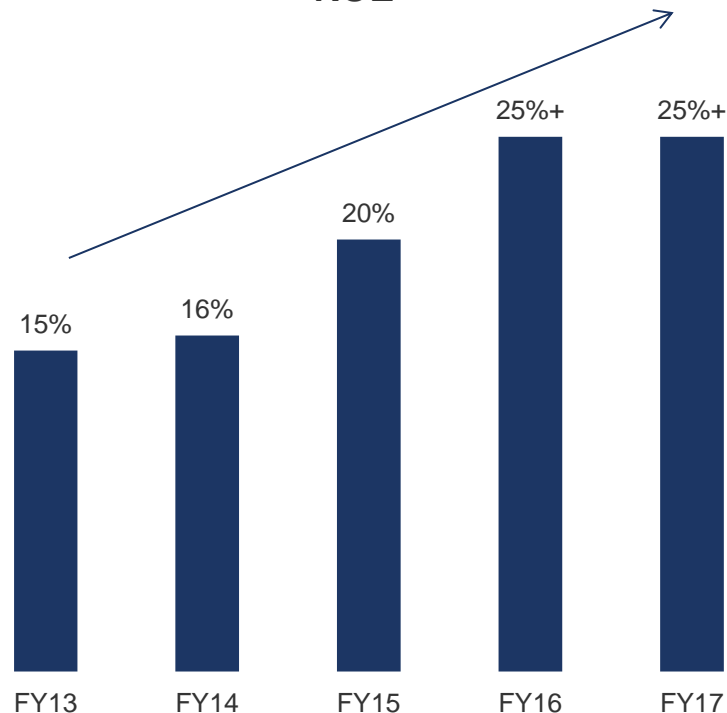
## Loan book performance against key parameters

Particulars	FY2017
Total Loan Book size	Rs.24,400 Crores
Average Yield on Loans	16%
Average Cost of Borrowings	9%
Cost to Income Ratio	9.7%
Gross NPA ratio (based on 90 dpd)	0.4%
Provisioning	2.2%
ROA	5.3%
ROE	25%+

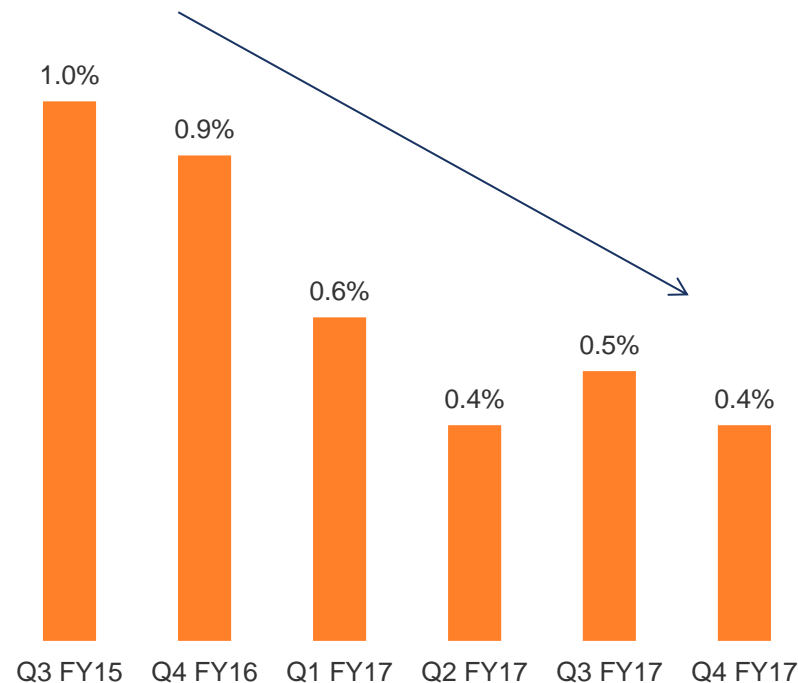


# Continue to deliver over 25%+ ROE with lower NPA levels

## ROE



## Gross NPA ratio



# Diversification into Housing Finance

## India Advantage

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

## Leveraging our strengths

- Strong reach – Funding 278+ projects of 90+ developers in top 6 cities
- Understanding of 91+ micro markets through proprietary data generated over last 10 years
- Deep understanding of Real Estate space over more than a decade
- Deep understanding of the ever changing external market environment
- Extensive use of technology, analytics and world class processes to give us competitive advantage

## What we plan to do ?

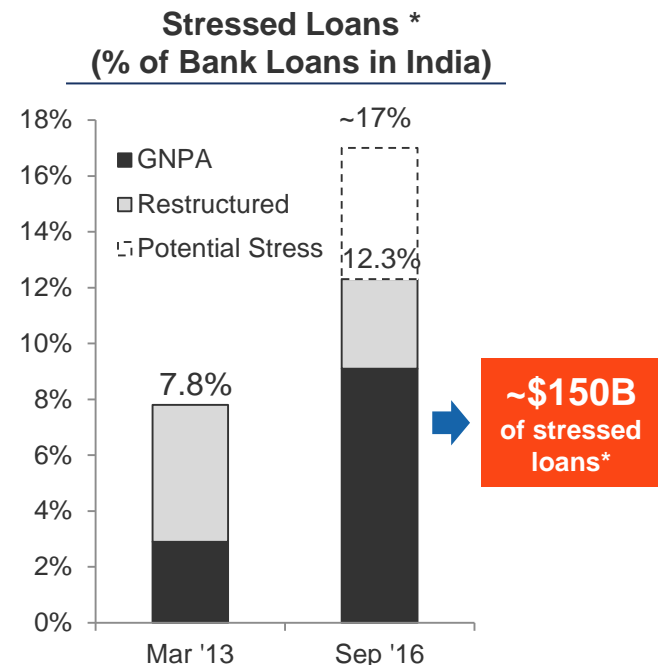
- Current outlay of Rs.1,000 Crores
- Will provide customized solutions
- Expect to grow rapidly leveraging our strengths
- Striving for return in a range from mid to high teens
- Intend to provide turn-key solution to our customers by providing additional services such as home search, tie-up with interior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

1. **Leveraging our strong relationship** with top Builders
2. Leverage **RE understanding to take selective calls**
3. **Analytics for scientific decision making** across sourcing, underwriting, customer retention, collections & operations –
4. Improved TAT and cost management through **innovative Ops & Tech**
5. Leverage Brickex channel for **sourcing & facilitating retail loans & inventory clearance for builders** & originating small ticket Construction Finance

# Progress under Housing Finance



# The Opportunity



## India story continues to be attractive

- Fastest growing among large economies; significant improvement in key economic indicators (CAD<sup>1</sup>, Fiscal deficit, CPI<sup>2</sup>) over last 4 years
- Strong government commitment to long term asset creation (Housing, Infra) & reforms (GST<sup>3</sup>, Land & Labour reforms)

## However, 'twin balance sheet problem' impeding pace of recovery

- Overleveraged corporate balance sheets inhibiting fresh private sector capex
- Large & rising bank NPLs putting strain on capital adequacy and credit growth

## Lenders & corporates running out of options – 'recognition' largely done

- >40% stress lies in systemically important sectors (metals & mining, infra)
- RBI closing doors on 'kick the can down the door' approach – AQR<sup>4</sup>, SDR<sup>5</sup>, S4A<sup>6</sup> key steps in the direction

## 'Resolution' has been elusive so far; but strong regulatory push evident

- RBI and the Government working on a 'carrot and stick' approach to ensure banks can take tough decisions on NPLs
- New Insolvency & Bankruptcy Code (IBC) will provide strong impetus to coordinated & time-bound resolution of stress

**Large, attractive opportunity for resolution-focused investing in distressed situations**

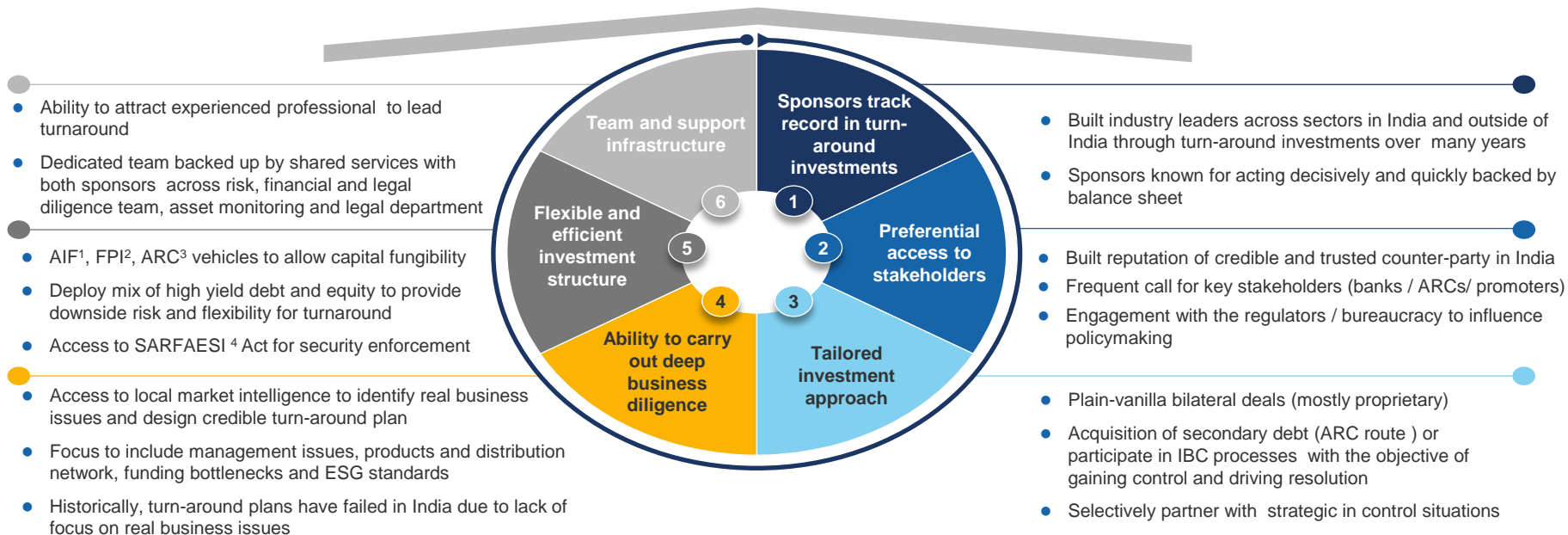
\*Source: RBI, Economic Survey 2016, Credit Suisse Research; Represents Piramal & Bain Capital Credit's analysis of the market and view as of the date of the presentation and is subject to change

1. Current Account Deficit 2. Consumer Price Inflation 3. Goods & Service Tax 4. Asset Quality Review 5. Strategic Debt Restructuring 6. Scheme for Sustainable Structuring of Stressed Assets

# Our Differentiated Positioning & Strategy

## Filling gap of trust deficit amongst promoters and borrowers, effective monitoring, and need for fresh funding and experienced management team

### Fund Approach to Turn-around investments



1. Alternative Investment Fund 2. Foreign Portfolio Investor 3. Asset Reconstruction Company 4. Securitization and Reconstruction of Assets and Enforcement of Security Interests Act

Note: Vehicle strategies currently being considered and subject to change

# The Sponsors



Both partners have already committed \$75M-\$100M each



- *Diversified conglomerate with presence in Financial Services, Healthcare, Real Estate, Healthcare Analytics and Glass*
- *Strong portfolio of investments & loans under management of ~\$20 Billion*



- *Approximately \$75 Billion in AUM globally (\$33.5 Billion in Credit)*

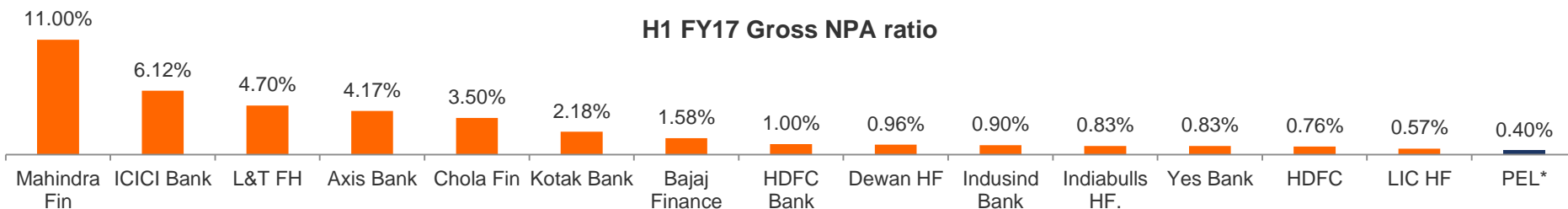
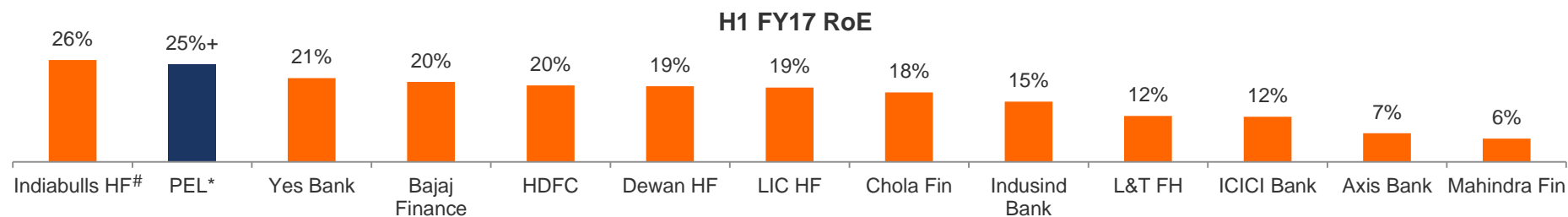
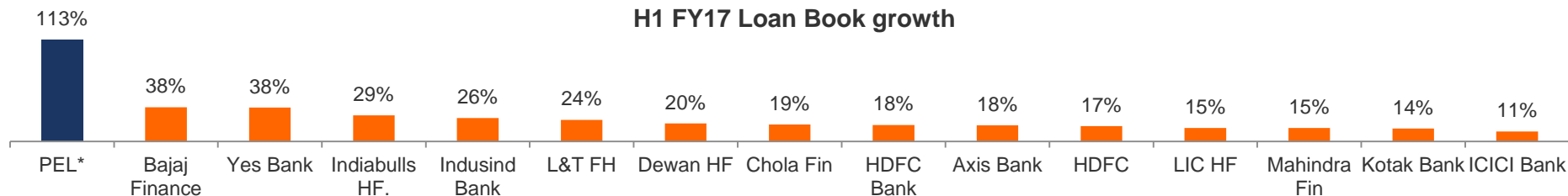
## *What they bring to the table*

- Proven, 30 yr. track record of acquiring, turning around and exiting businesses
- Deep understanding of banks'/ promoters' psyche to create workable turnaround plans
- Access to entire network of promoters, regulators and banks
- Differentiated expertise of promoter and business diligence
- Deep global expertise across entire breadth of credit solutions
- Strong Asia presence (invested ~\$7B across private equity & credit)
- Ability to leverage global pool of sector experts in PE and Credit verticals
- Rigorous approach to diligence and risk management

- ✓ Binding MoU executed with Bain Capital Credit in December 2016
- ✓ Application filed with SEBI for registration as Alternative Investment Fund (AIF)
- ✓ Key Management hires covering investing, credit, legal and compliance in place
- ✓ Strong panel of senior advisors in place to engage in specific asset turnarounds
- ✓ Established a robust pipeline of deals; at various stages of diligence and negotiations with banks, financial institutions and ARCs
- ✓ Working closely with PEL and BCC to put investment committee process , compliance and risk management processes in place
- ✓ In dialogue with regulators by providing specific suggestions/ amendments to make the Insolvency Bankruptcy Code (IBC) more effective and efficient in its implementation



# Our performance vs. peers



\* Loan book performance

# For FY2016

# Our performance Vs. top players over last few years

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

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

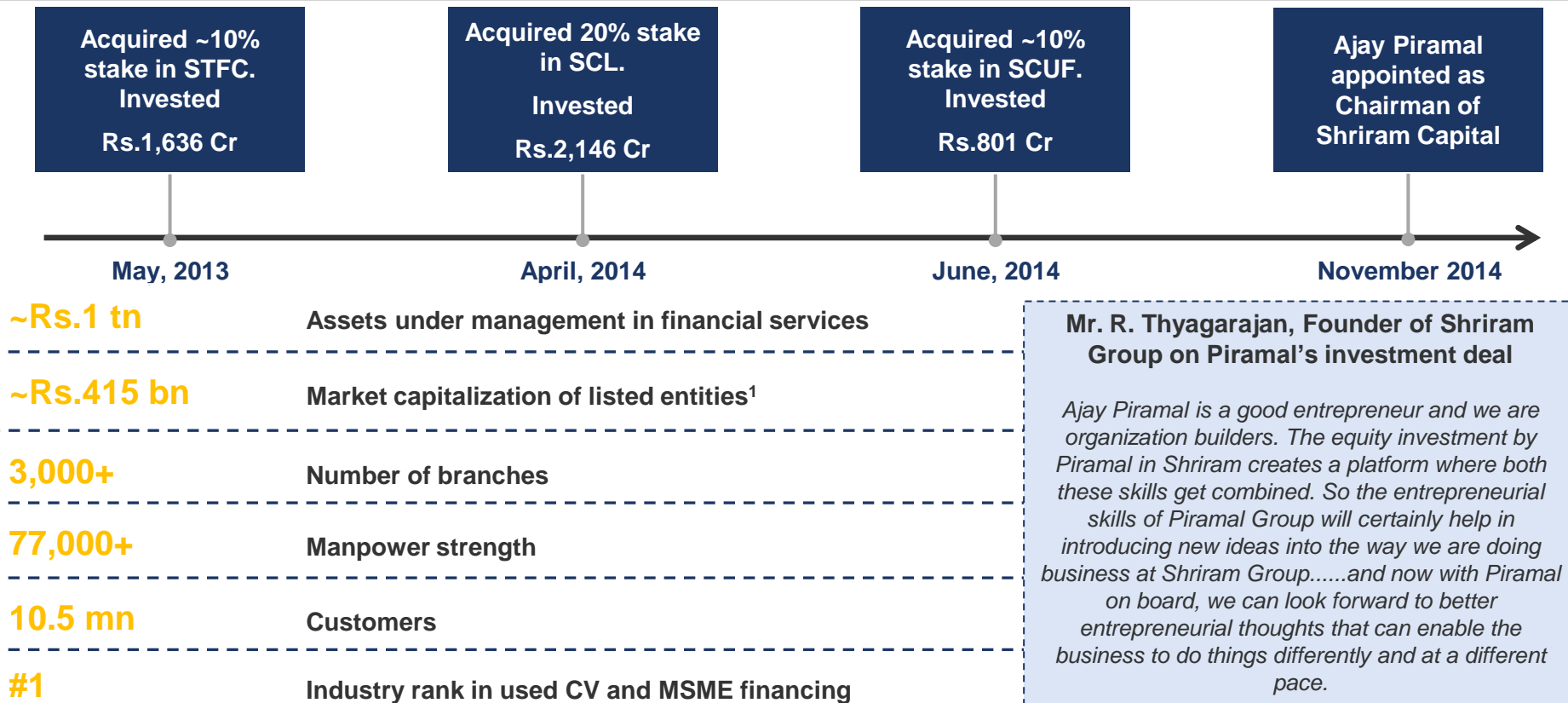
Gross NPA ratio (%)	FY14	FY15	FY16	9M FY17
HDFC	0.69%	0.67%	0.70%	0.81%
Bajaj Finance	1.18%	1.51%	1.23%	1.47%
<b>PEL</b>	<b>NR</b>	<b>NR</b>	<b>0.90%</b>	<b>0.50%</b>

NR = Not reported



**Partnership with Shriram – Strategic in nature**

# Partnership with Shriram – Strategic in nature



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

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

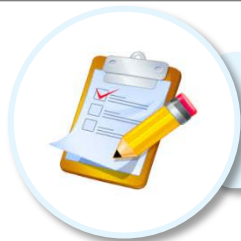
Note:

1. Includes Shriram Transport Finance and Shriram City Union Finance

Source: Livemint, 17 April, 2014



**Measures to ensure healthy asset quality**



## Controls at pre-qualification stage



- Presence only in Tier 1 cities



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



- Grade 'A' developers having strong track record



- Presence in the real estate for a long time period



## Controls at pre-approval stage



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



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



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



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

# 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

99%

Portfolio comprising of Grade A Developers

70%+

## Controls at Pre-approval stage



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

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

100%

Deals with Escrow A/C

100%

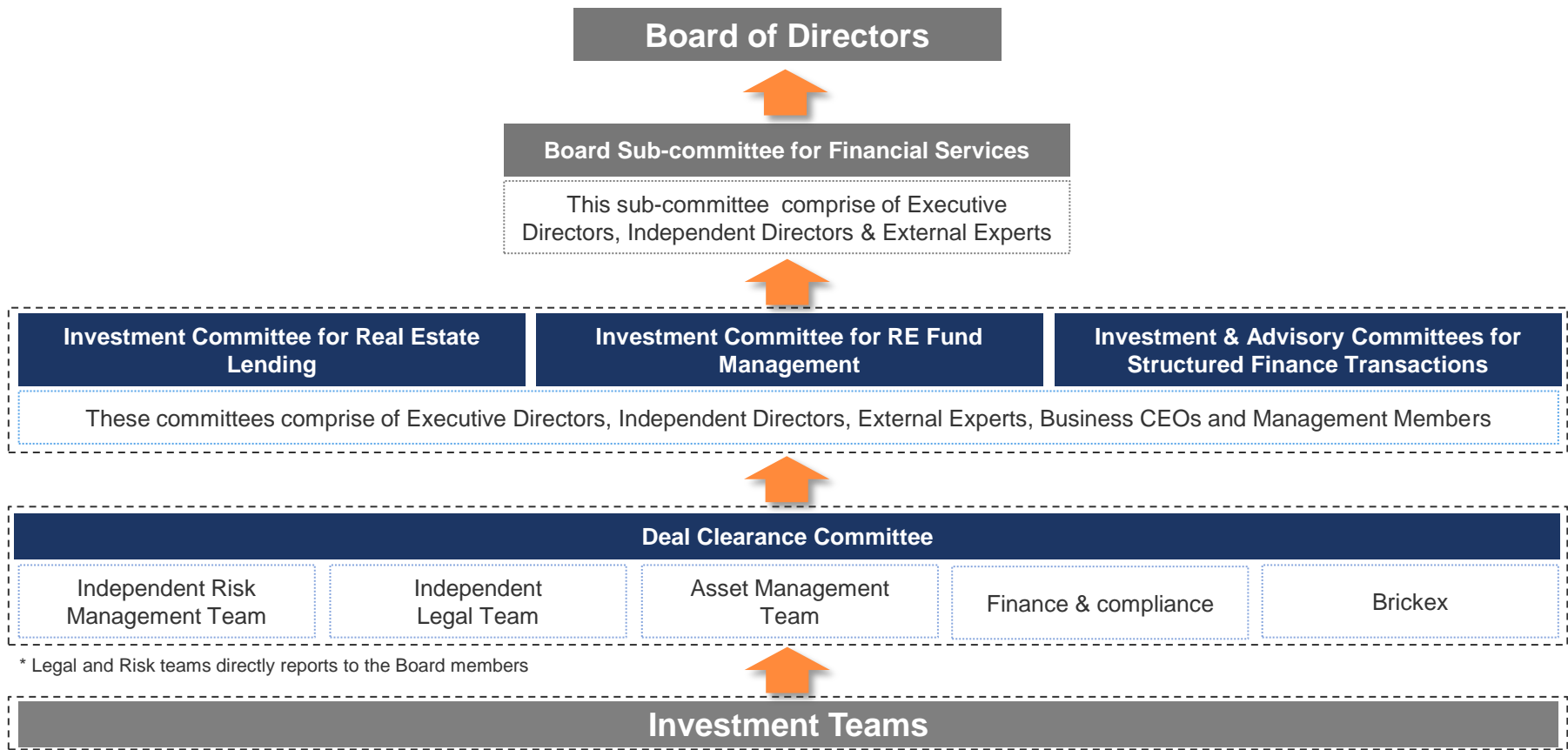
Deals with a 'Minimum Selling Price' clause ensuring collection of sales value into our Escrow A/C

100%

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

93%





# Focus areas of key functions

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

# Constant asset monitoring to ensure healthy asset quality



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



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



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



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



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



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

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



# 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/Ahd	Bang/Hyd	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

# Constant asset monitoring ensuring healthy asset quality

Developers

90+

Transactions

155+

Projects pan India

278+



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

170+

Developer sales MIS monitored per month

100%

Project escrow A/Cs monitored per month

100%

Transactions covered every month in Project Monitoring Meetings

137+

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

85%

In line with our regular process, all dues were realized till the end of last month - Rs.2,026 Crores repaid / prepaid in Real Estate lending portfolio in Q4FY2017

Gross NPA ratio of 0.4%



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



## Continue the growth momentum

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

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

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

## Enter more partnerships

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

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

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

**Growth  
strategy**





## **Information Management**

- **Historically viewed as a syndicated healthcare market research company, 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 team of 200+ therapy area experts, 50 terabytes of 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

# Perennial Client Questions : Clients have questions. We provide answers.



**What market opportunities exist and which should we pursue?**

- Which therapeutic markets have the highest potential?
- What endpoints should I target to maximize my products price/share?
- What are my competitors doing?
- How is the market unfolding? Who is winning and losing?

**How do we get approved, contracted and paid?**

- How are products and services reimbursed by various insurers?
- How are individuals covered by various insurers?
- How will the key payors in the future, make decisions about my product?

**How do we effectively demonstrate value?**

- What should organizations do as healthcare shifts from a volume to a value focus?
- Is the burden of illness and unmet need of the disease area understood?
- Does my product address stakeholders' key value drivers and is the evidence robust enough to satisfy payers?
- How does my evidence compare with my competitors' evidence and are there areas of differentiation of importance to payers?

**How do we capture, grow and retain market share?**

- What levers can I pull to improve my brands volume?
- How is my product being perceived in market relative to competition?
- What is the best dynamic messages for my commercial force to bring to market?
- Where should digital spend be targeted?
- How can I segment and target segments uniquely?

## Key Business Highlights

Serves major Developed and Emerging Markets

FY2017 Revenue - US\$182 mn

Capabilities across customer's product life cycle

17 office locations globally

1,200+ employees globally

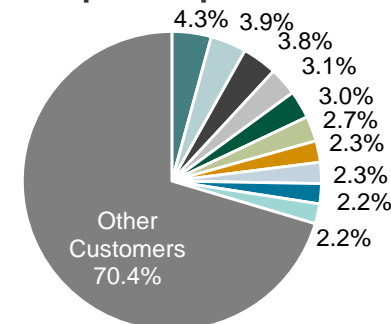
## Significant revenue visibility

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

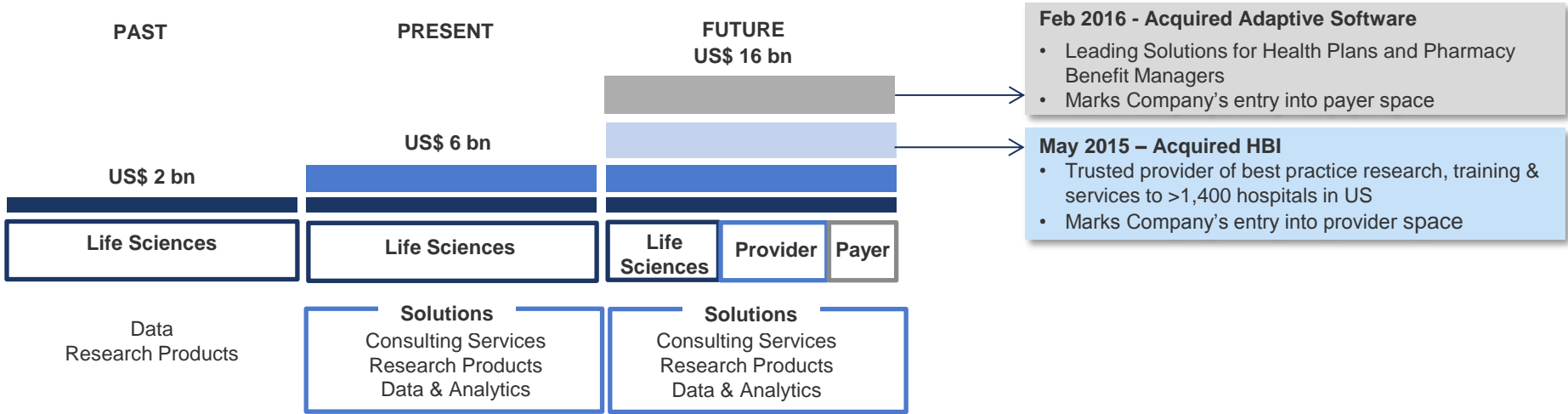
## >10yr Relationships With All of Our Top Ten Customers

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



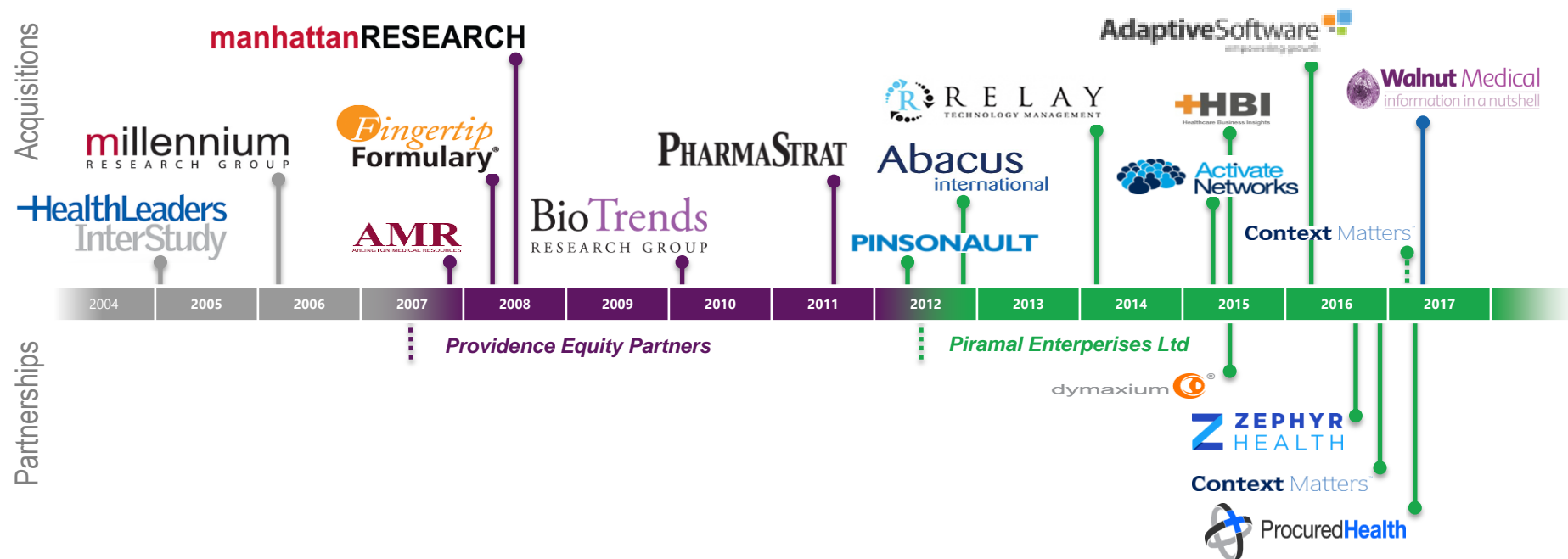
Source: Based on proprietary market research and internal DRG estimation

# Establishing offices in India to drive margin improvement

- DRG launched a new initiative to transform its global talent pool by expanding to India. Business opened offices in Bengaluru (Jan 2015) and Gurugram (Feb 2016) with over 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	2016 Multiples		
	EV/Revenue	EV/EBITDA	EV (US\$ MM)
Forrester Research, Inc. (NASDAQ: FORR)	2.0x	16.0x	649
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
Omniceil, Inc. (NASDAQ: OMCL)	2.1x	22.2x	1,441
Quintiles IMS Holdings, Inc. (NYSE: Q)	4.7x	22.4x	25,072
The Advisory Board Company (NASDAQ: ABCO)	2.9x	16.0x	2,306
WebMD Health Corp. (NASDAQ: WBMD)	2.7x	9.3x	1,873
<b>Median</b>	<b>3.1x</b>	<b>21.1x</b>	<b>1,873</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
Median			4.4x	17x

Source: CapIQ, Wall Street equity research, SEC Filings



## Financials

# Diversified Revenue Mix

(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

(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



(In Rs. Crores or as stated)

Particulars	31 March 2017	31 Mar 2016
Equity Share Capital	35	35
Other Equity	14,848	12,914
Non Controlling Interests	13	-
Borrowings (Current & Non Current)	30,451	16,279
Deferred Tax Liabilities (Net)	31	30
Other Liabilities	2,675	1,532
Provisions	187	190
<b>Total</b>	<b>48,239</b>	<b>30,980</b>
PPE, Intangibles (Under Development), CWIP	5,425	2,395
Goodwill on Consolidation	5,427	5,485
Financial Assets		
Investment	21,717	15,682
Others	5,887	2,182
Other Non Current Assets	399	425
Deferred Tax Asset (Net)	625	318
Current Assets		
Inventories	723	724
Trade receivable	1,108	971
Cash & Cash Equivalents & Other Bank balances	1,541	366
Other Financial & Non Financial Assets	5,387	2,432
<b>Total</b>	<b>48,239</b>	<b>20,980</b>

**As on 31 Mar 2017, INR debt was Rs. 26,808 Crores and Foreign Currency Debt was Rs. 3,644 Crores**

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

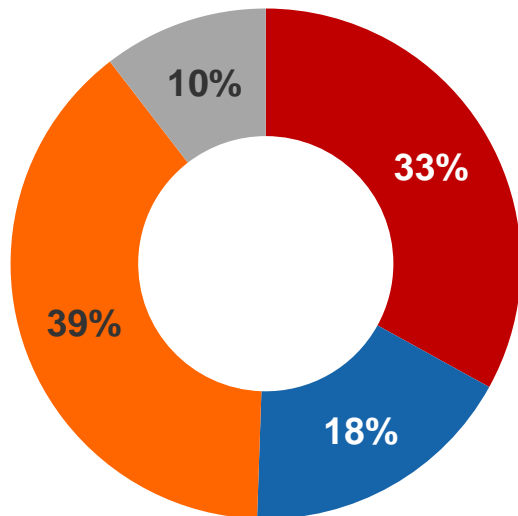


## Appendix

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

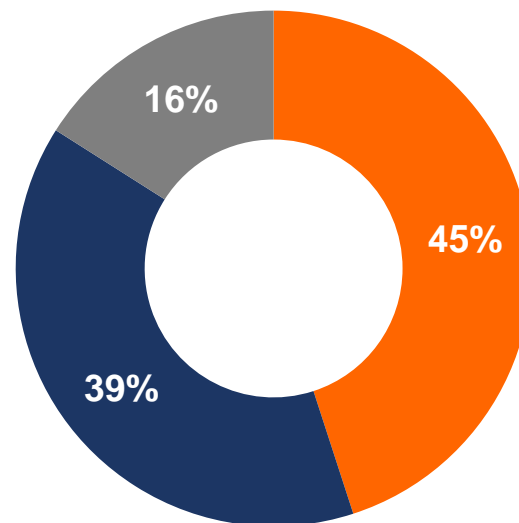
## FY2016 Geography-wise Revenue Break-up

■ North America ■ Europe ■ India ■ Others



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

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



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

Note:

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

# Solid performance in India during the quarter, despite demonetisation

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



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

## Large retail coverage & significant direct reach



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

## Pro-active credit extension



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

## Non-discretionary in nature



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

## Minimal Rural Exposure



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

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

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

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

Note : 1. Excludes revenue from our JV with Allergan

# Our partnerships in Financial Services



## Market standing

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

- Leading global credit specialist with **US\$ 34 bn of AUM**

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

- A global real estate industry leader with **C\$55 bn of AUM**

## Mandate

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

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

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

- Providing **long term equity capital to blue chip residential developers** across the five major metro cities in India

## Capital pool

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

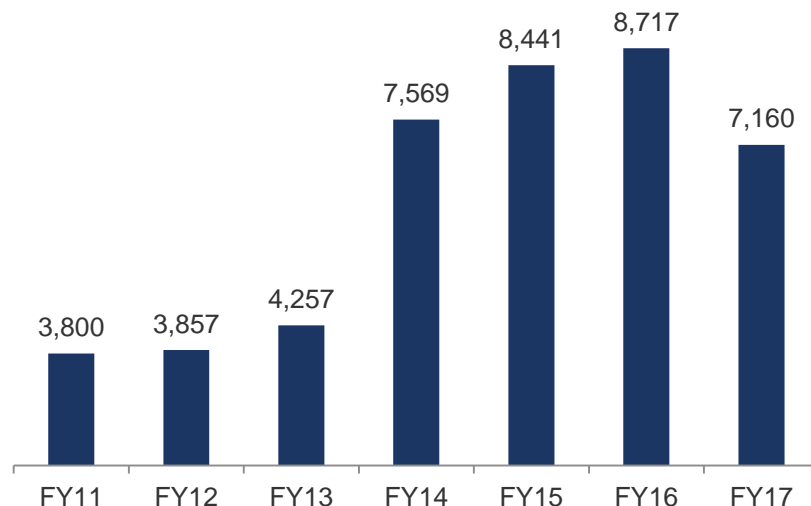
- Target fund size of over **US\$ 750 mn**, with a sponsor commitment of **US\$ 75-100 mn** each

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

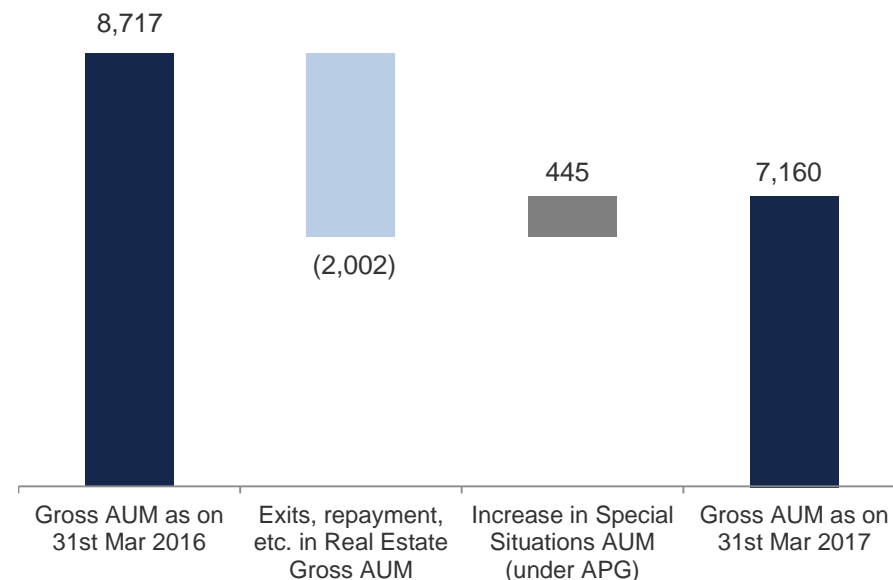
- US\$250m** commitment formalized for both pure and preferred equity transactions
- PEL will commit 25% for pure equity transactions and 50% for structured equity

# Alternative Asset Management : Exiting vintage funds

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



## Completely exited two of the vintage funds (Rs. Crores)



**Sponsor commitment of up to 7.5%**

## 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

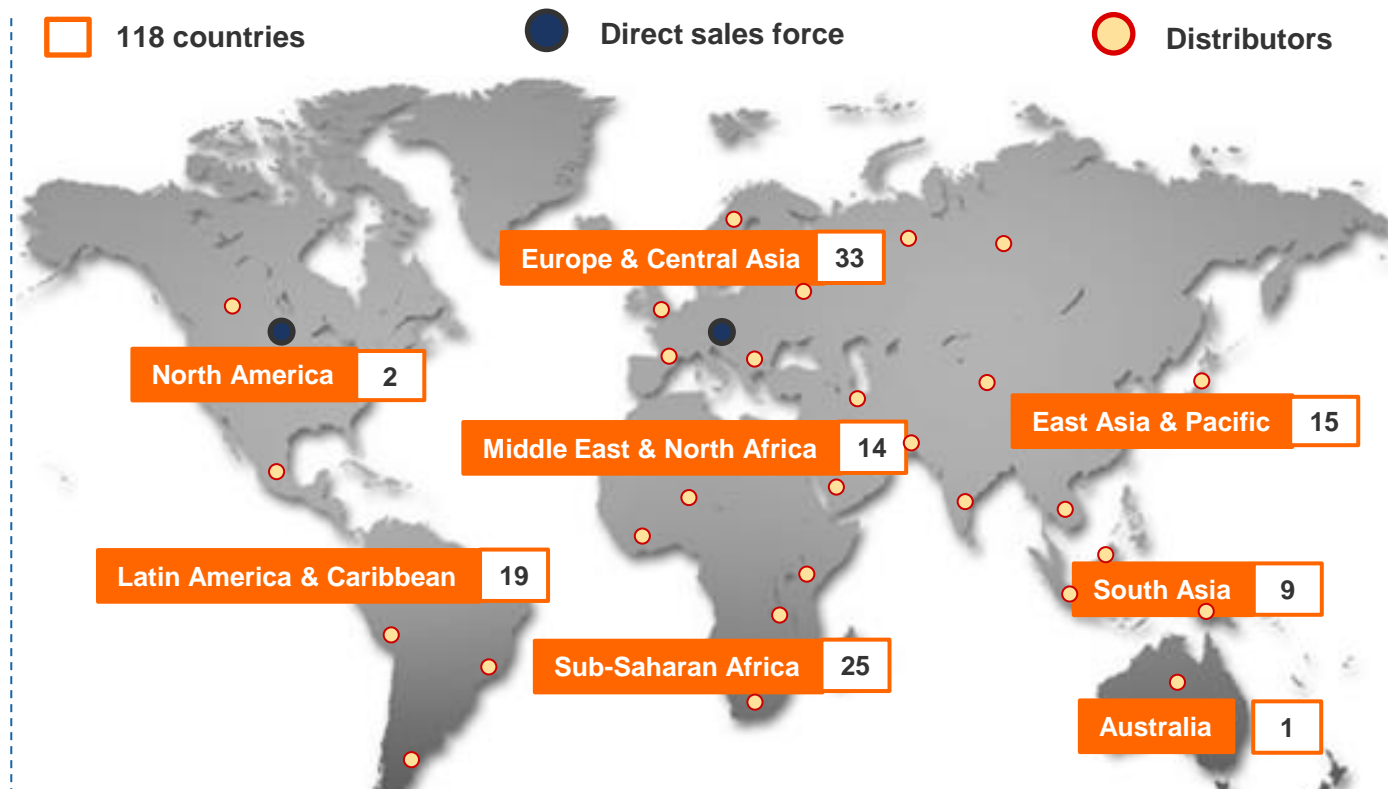
- Bridging the gap of Customer and Developer expectation
- Multiple meetings with EOW and Crime Branch

### Outcome

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

# Large global distribution network reaching to over 100 countries

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



Larger product portfolio will significantly leverage our global distribution capabilities

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



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