



# Piramal Enterprises Limited

Investor Presentation  
Nov 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.*

# Our journey of evolution : Among few companies that could re-invent and transform constantly

**A Company that seeks new business opportunities in a rapidly changing global environment**

1988

2010

2016

**Nicholas Laboratories**

**Piramal Healthcare**

**Domestic Formulations**

**Pharma Solutions**

**Critical Care**

**OTC**

**India NCE**

**Diagnostic Services**

**Piramal Enterprises**

**Pharma Solutions**

**Critical Care**

**Consumer Products**

**Information Management**

**Wholesale Lending**

**Alternative AUM**

**Investments in Shriram**

- Entered pharma space through the acquisition of Nicholas Laboratories, a multinational company
- Carried out a series of value accretive M&As, JVs & alliances and various organic initiatives

- Became 3rd largest pharma company of India from 48<sup>th</sup> position in 1988
- Sold the Domestic Formulations business to Abbott in 2010 for \$3.8 billion at a record valuation of 9x Sales and 30x EBITDA

- Building a large and robust Financial Services platform with exposure in both retail and wholesale lending
- Significantly scaled up the remaining healthcare businesses
- Entered the US-based Information Management business. Growing organically and inorganically

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

## Key capital allocations

**Invested Rs.19,170 Crores (on B/S) & Rs.7,315 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.4,400 Crores invested in Healthcare**

- 5 Year Revenue CAGR - ~17%
- Selective acquisitions in all three Pharma businesses
- Discontinued NCE research
- Exited non-strategic businesses

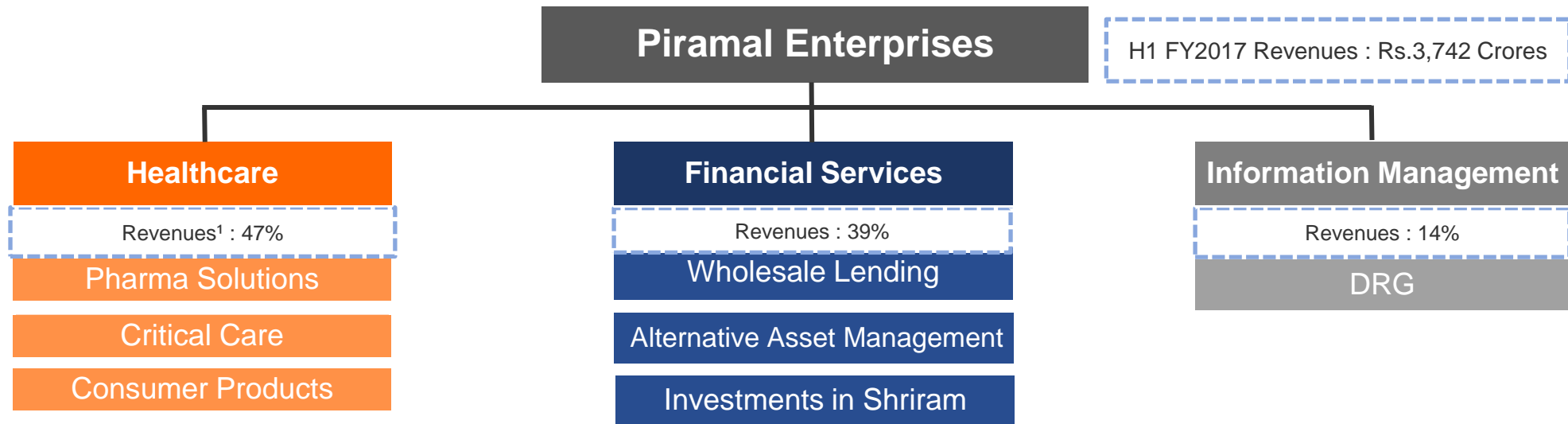
**~Rs.4,400 Crores invested in Information Management**

- Business, geographic, currency diversification
- Strong profitability margins

**Rs.4,866 Crores of capital returned to shareholders**

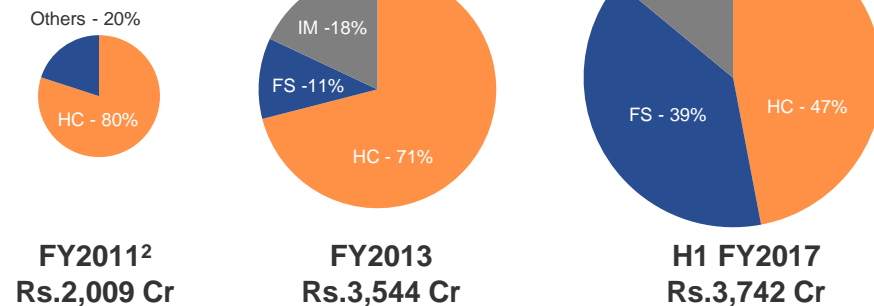
- Capital returned to shareholders through:
- Buyback
  - Annual dividends
  - Special dividend

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



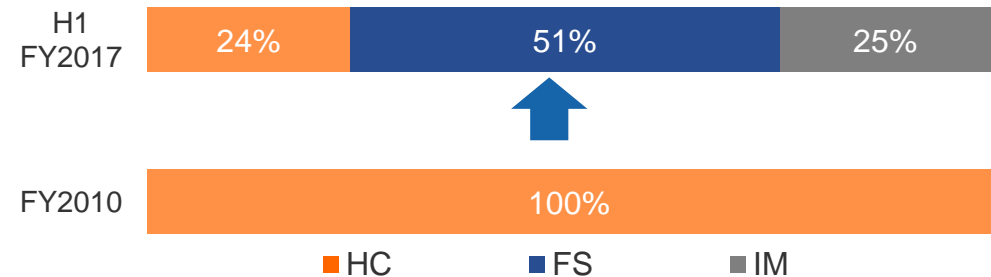
## Diversification of revenues towards high growth business segments

Movement in revenue mix (%)



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

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



Note:

1. Healthcare revenues include revenues from other businesses contributing 1% of the total revenues for H1 FY2017

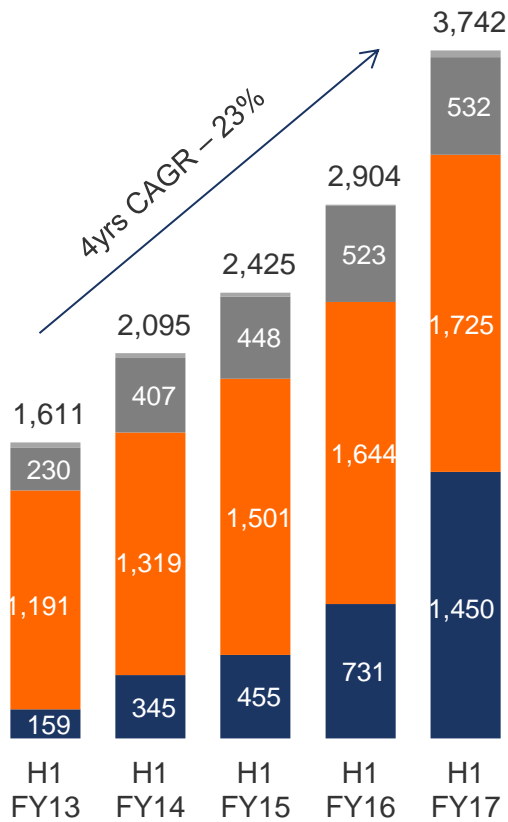
2. Others include treasury income.

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

# Delivering robust performance over last many years

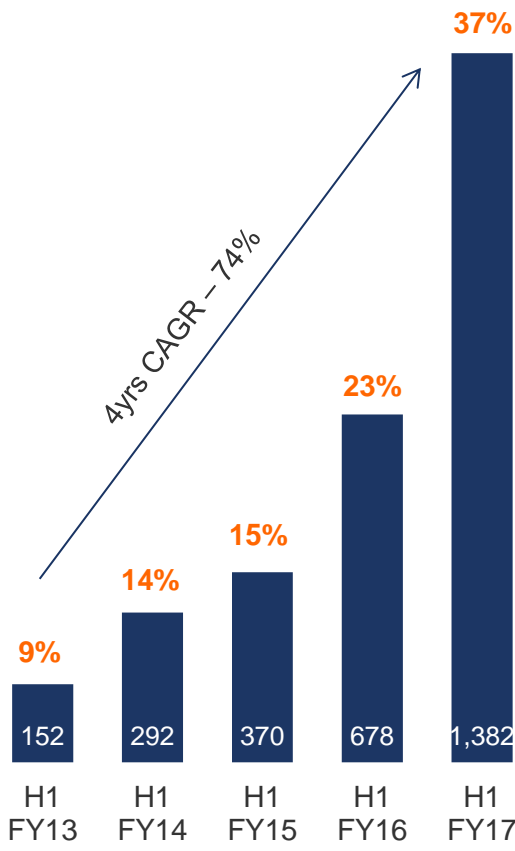
H1 Revenue

FS HC IM Others



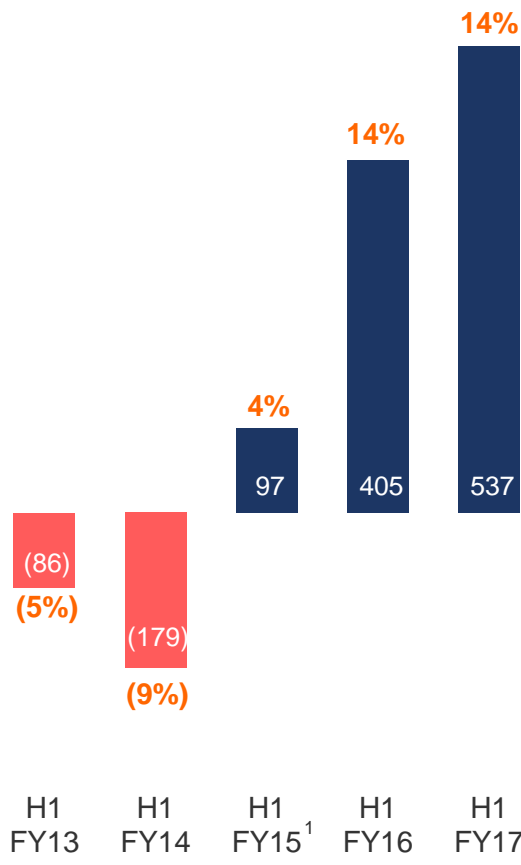
H1 Operating profits

OPBITDA % OPBITDA Margin



H1 Net profits

Net Profit % Net Profit Margin



Note:  
 1. FY2015 net profit excludes exceptional gain on sale of 11% stake in Vodafone India partly offset by the amount written down on account of scaling back of our investments in NCE research.

# Improving performance every quarter

	Revenue			OPBITDA			Net Profit		
Period	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% Change	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% Change	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% Change
Q1FY15	1,182	965	+22%	156	141	+11%	55	(147)	NM
Q2FY15	1,243	1,131	+10%	215	152	+42%	41	(32)	NM
Q3FY15	1,400	1,286	+9%	321	276	+16%	224	(11)	NM
Q4FY15	1,298	1,121	+16%	194	71	+173%	100	(311)	NM
Q1FY16	1,401	1,182	+19%	233	156	+49%	169	55	+206%
Q2FY16	1,504	1,243	+21%	445	215	+107%	235	41	+473%
Q3FY16	1,859	1,400	+33%	628	321	+96%	322	224	+44%
Q4FY16	1,734	1,298	+34%	468	194	+141%	180	100	+80%
Q1FY17	1,776	1,401	+27%	638	233	+174%	231	169	+36%
Q2FY17	1,966	1,504	+31%	744	445	+67%	306	235	+30%

Note:

1. Q2 FY2017 & Q1 FY2017 results have been prepared based on the Ind AS and Q2 FY2016 & Q1 FY2016 results have been reinstated to make it comparable with the reported period
2. FY2015 quarterly net profit numbers excludes exceptional gain from Vodafone transaction and exceptional loss from NCE shutdown

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
Healthcare									
Fin. Services									
Information Mgt	Before acquisition of DRG								
Total Revenues									



21% and above



11%-20%



1%-10%

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



# Unparalleled track record of developing large profitable businesses

Businesses	Positioning	Track Record	Other key features
<b>Domestic Formulations</b>	Transformed from 48th to 3rd largest pharma company in India	<b>Exited at 9x Sales &amp; 30x EBITDA</b>	<ul style="list-style-type: none"> <li>Series of value accretive M&amp;As, JVs &amp; alliances</li> <li>Sold Domestic Formulations for \$3.8 Bn</li> </ul>
<b>Critical Care</b>	Among top 3 players in Inhalation Anaesthesia	<b>18% 5 yrs Revenue CAGR</b>	<ul style="list-style-type: none"> <li>Strong portfolio of critical care products</li> <li>Presence in around 120 countries</li> </ul>
<b>Pharma Solutions</b>	Among top fully integrated global CDMOs	<b>18% 5 yrs Revenue CAGR</b>	<ul style="list-style-type: none"> <li>End-to-end service provider offering both APIs &amp; Forms</li> <li>12 facilities in NA, Europe &amp; Asia – Key ones FDA approved</li> </ul>
<b>Consumer Products</b>	Among top 5 OTC players of India	<b>18% 7 yrs Revenue CAGR</b>	<ul style="list-style-type: none"> <li>Most brands are among top two in their respective market</li> <li>Chemist coverage comparable with top 3 OTC players</li> </ul>
<b>Financial Services</b>	Among top Real Estate developer financing business of India	<b>25%+ Return on Equity<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Over Rs.26,000 Crores across debt &amp; equity</li> <li>Partnerships with reputed funds - APG, CPPIB &amp; Bain Capital</li> <li>Exposure to retail financing through stakes in Shriram</li> </ul>
<b>Information Management</b>	Among top 12 Market Research organisations in the US <sup>2</sup>	<b>13% YOY revenue growth</b>	<ul style="list-style-type: none"> <li>DRG serves nearly all leading life sciences companies</li> <li>96% client retention. 75% of revenue is recurring</li> </ul>

Note:

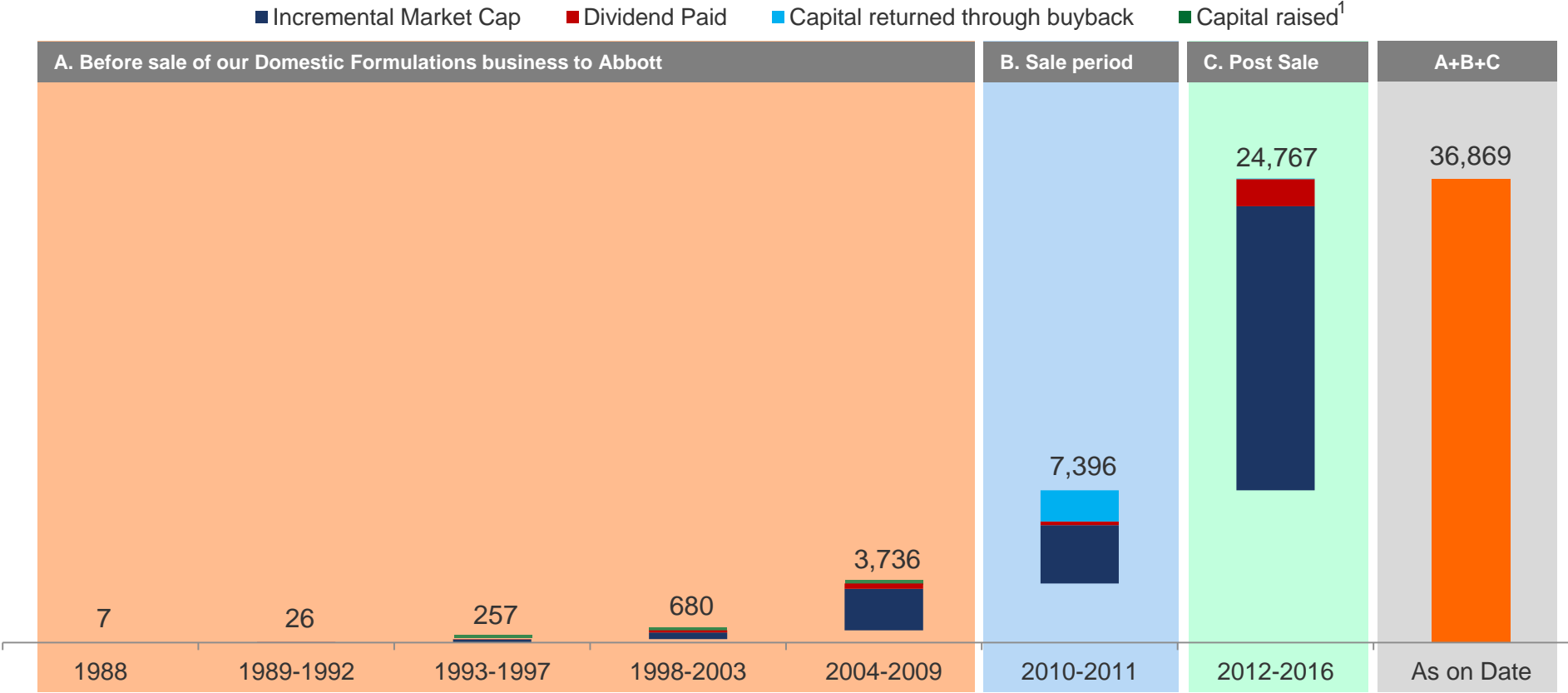
1. On loan book

2. AMA Report 2016

3. CAGR have been calculated based on full year revenues

# 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 30 Oct 2016

24%

Revenue CAGR for last 28 years

27%

PBITDA CAGR for last 28 years

30%\*

Annualized return to shareholders over last 28 years

Rs. 1 Lac invested in the company in 1988 has generated total value of Rs.13 Crores\*

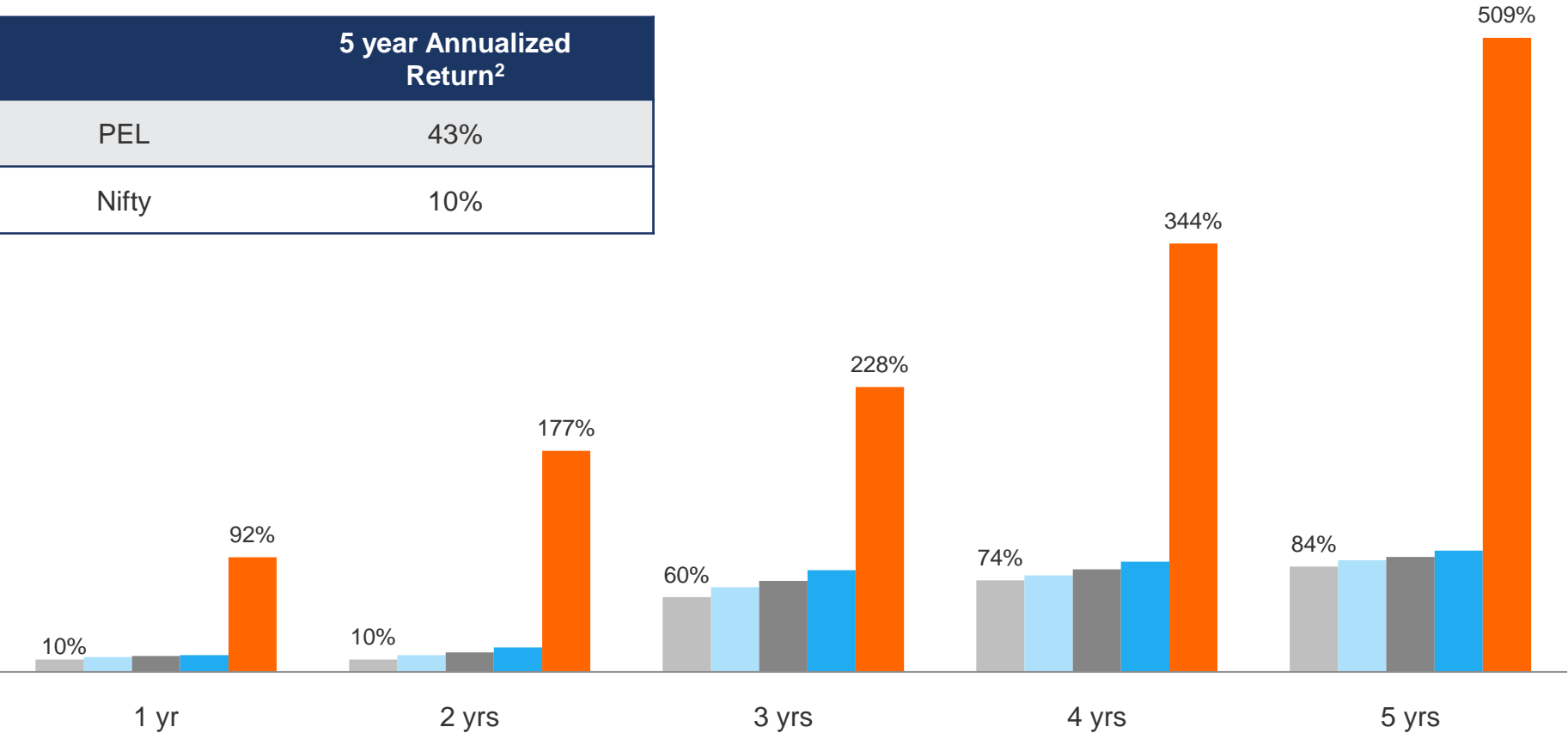
Source : Bloomberg   \* Assumed dividend reinvested in the stock

# Returns to shareholders consistently outperforming all benchmarks

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

■ Sensex    ■ Nifty    ■ BSE100    ■ BSE200    ■ PEL

5 year Annualized Return <sup>2</sup>	
PEL	43%
Nifty	10%

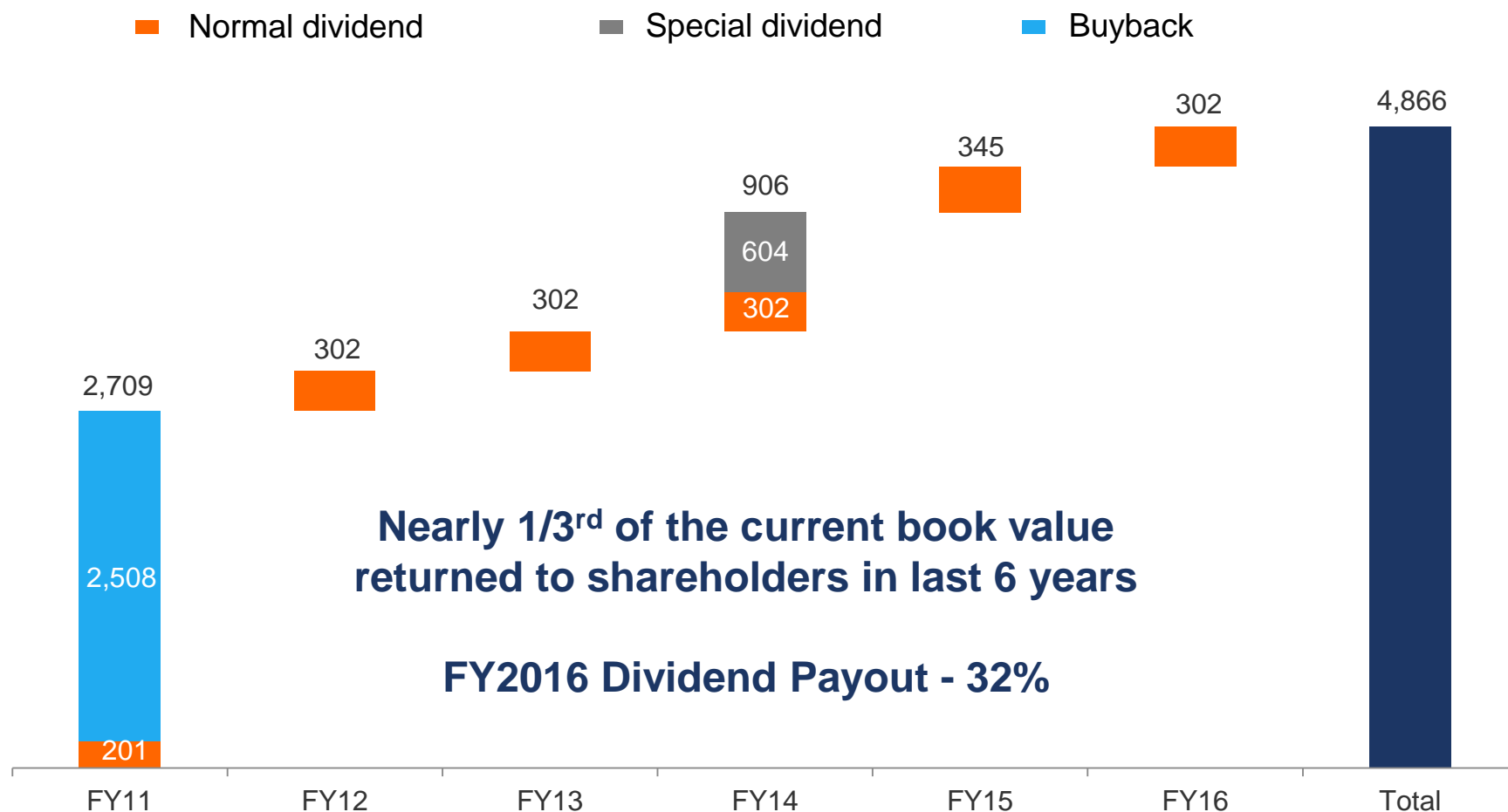


Notes:  
1. Total shareholder returns are as on 31 Aug 2016. Assumes re-investment of dividend in the stock (Source : Bloomberg)  
2. Annualized returns are as on 30<sup>th</sup> Oct 2016.

# Capital returned to shareholders

**Rs.4,866 Crores<sup>1,2</sup> returned to shareholders since sale of Domestic Formulations business in 2010**

In Rs. Crores



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

**FY2016 Dividend Payout - 32%**

Notes:

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

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

# Our performance Vs. peer valuations

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

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

Source : Bloomberg, Moneycontrol, Company and peer financial statements

Note:

1. Based on 4<sup>th</sup> Nov 2016 price

Companies (YoY Change)	FY16 (in %)						Current
	Revenue growth	EBITDA Growth	EBITDA Margin	PAT growth	PAT Margin	Asset growth	P/B <sup>1</sup>

Top listed Pharma Companies of India							
Sun Pharma	3%	0%	29%	4%	17%	11%	5.1
Lupin	11%	2%	29%	-6%	17%	71%	5.8
Dr. Reddy's	4%	0%	23%	-10%	13%	7%	4.4
Cipla	21%	16%	18%	28%	11%	33%	3.7
Aurobindo	15%	25%	23%	26%	14%	22%	6.1
Median	11%	2%	23%	4%	14%	22%	5.1

Top listed NBFCs <sup>2</sup> of India							
HDFC (Consol)	10%	-	-	16%	19%	14%	4.3
Bajaj Fin	36%	-	-	42%	18%	42%	7.3
Indiabulls HF.	29%	-	-	23%	28%	34%	3.1
LIC HF	16%	-	-	19%	13%	16%	2.9
Mahindra Fin	9%	-	-	-15%	12%	16%	3.0
Median	16%	-	-	19%	18%	16%	3.1

PEL <sup>3</sup>	29%	111%	28%	126%	14%	47%	2.3
------------------	-----	------	-----	------	-----	-----	-----

2. Excluding Shriram Group companies

3. Excludes gain from Vodafone transaction

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



## **SIDDHARTH (BOBBY) MEHTA**

FORMER PRESIDENT & CEO  
TRANSUNION



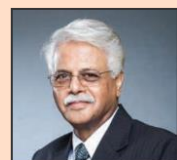
## **N VAGHUL**

FORMER CHAIRMAN,  
ICICI BANK



## **DR. R 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



## **GAUTAM BANERJEE**

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



## **PROF. GOVERDHAN MEHTA**

EMINENT SCIENTIST  
FORMER DIRECTOR - IISc  
AWARDED PADMA SHRI



## **DR. SWATI PIRAMAL**

VICE-CHAIRPERSON  
EMINENT SCIENTIST  
AWARDED PADMA SHRI



## **NANDINI PIRAMAL**

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



## **VIJAY SHAH**

EXECUTIVE DIRECTOR,  
25+ YEARS WITH GROUP  
TURNAROUND BUSINESSES

CHAIRMAN

INDEPENDENT

EXECUTIVE

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

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

### HEALTHCARE

#### 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 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

- 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

#### 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> Total AUM - €433 Bn	<ul style="list-style-type: none"> <li>Netherlands largest asset manager</li> <li>Strategic alliance to deploy upto US\$ 1 bn in infrastructure mezzanine investments in India</li> </ul>
	<b>Alliance Partner – Distressed Debt Investing</b> Total AUM - \$30 Bn	<ul style="list-style-type: none"> <li>15yrs of experience of investing in restructured situations in NA, Europe, Asia &amp; Australia</li> <li>Strategic alliance to invest directly and/or acquire debt of restructured companies in India</li> </ul>
	<b>Alliance Partner – Real Estate Financing</b> Total AUM - C\$287 Bn	<ul style="list-style-type: none"> <li>Among top 10 global sovereign pension funds</li> <li>Strategic alliance to deploy upto US\$ 500 mn of debt financing to residential projects in India</li> </ul>
	<b>PEL invested in Shriram Group</b> Total AUM – Rs.1 Tn	<ul style="list-style-type: none"> <li>One of the largest financial services business conglomerate in India</li> <li>PEL holds stakes in holding co. &amp; listed subs. Mr. Piramal is Chairman of SCL (holdco.)</li> </ul>
	<b>JV Partner</b> Market Cap - \$87 Bn	<ul style="list-style-type: none"> <li>Allergan India a 51:49 joint venture between Allergan Inc and PEL — Commenced commercial operations in 1996. India leader in ophthalmology</li> </ul>
	<b>PEL had invested in Vodafone India</b> Market Cap - \$73 Bn	<ul style="list-style-type: none"> <li>Among top 2 mobile operators in the world</li> <li>PEL bought 11% stake in Vodafone India. Monetized by realizing 52% over amount invested</li> </ul>
	<b>Acquirer – Domestic Formulations Business</b> Total Assets - \$41 Bn	<ul style="list-style-type: none"> <li>Among top 50 global pharma companies</li> <li>PEL sold its Pharma DF business to Abbott for \$3.8 Bn, at 9x sales and 30x EBITDA</li> </ul>
<b>PROVIDENCEEQUITY</b>	<b>Strategic Partner</b> Total AUM – US\$ 47 Bn	<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>

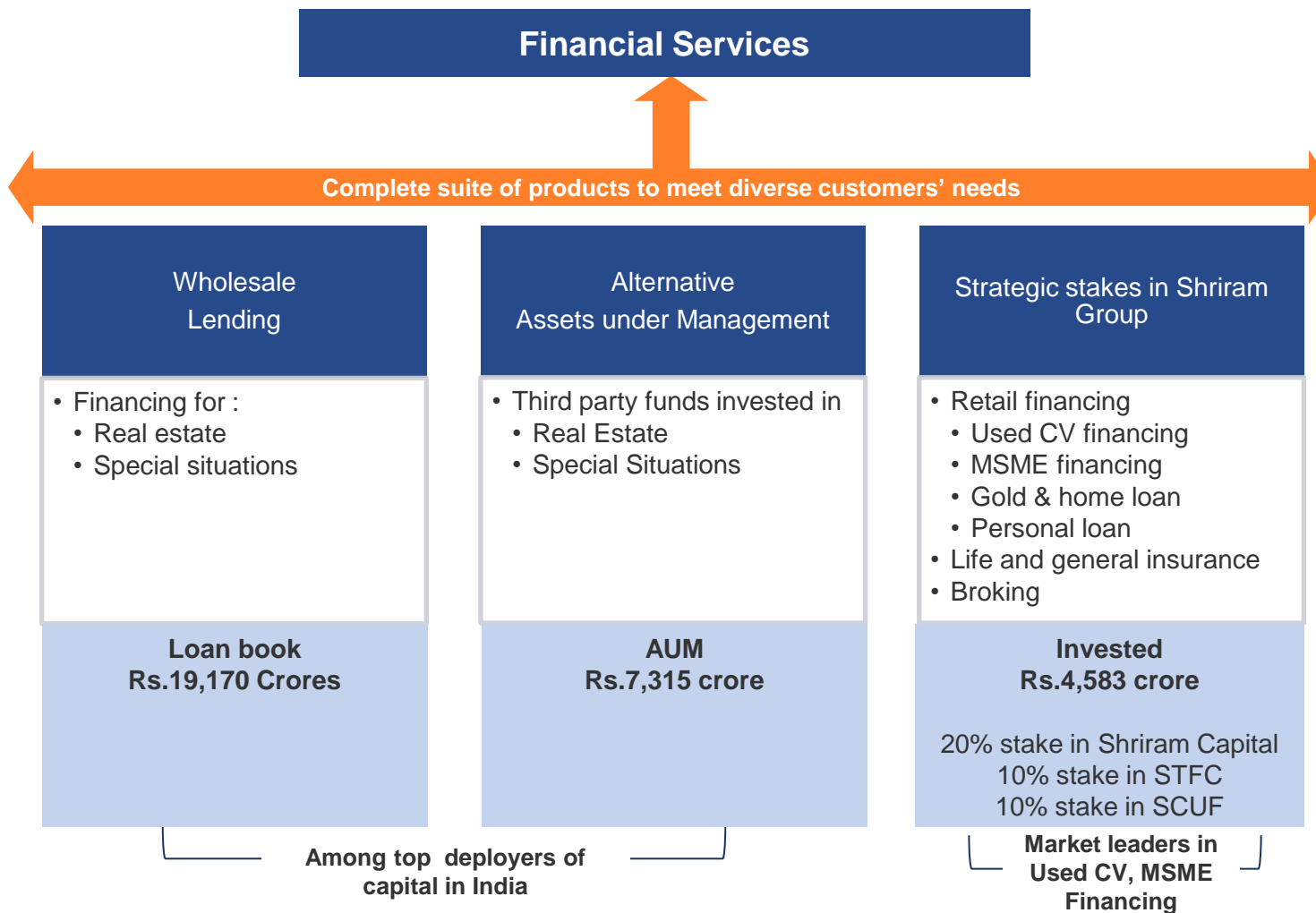




# Financial Services



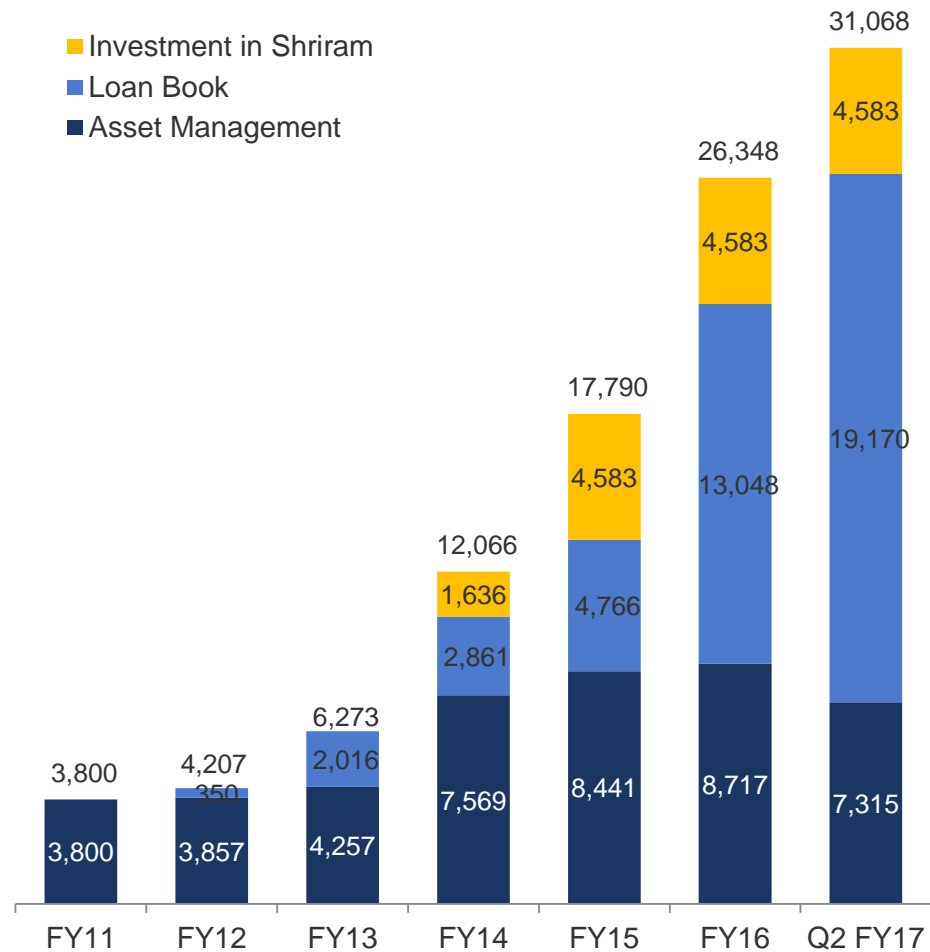
# Diversified exposure across segments



**Strong portfolio with total investments, loans and assets under management of Rs.31,068 Crores**

# Built a robust and scalable financial services platform

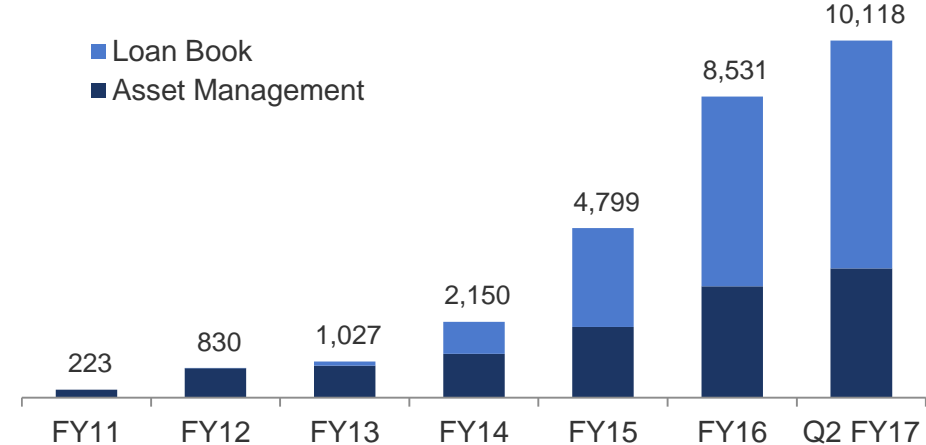
## Built a solid financial services portfolio<sup>1</sup> (in Rs. Crores)



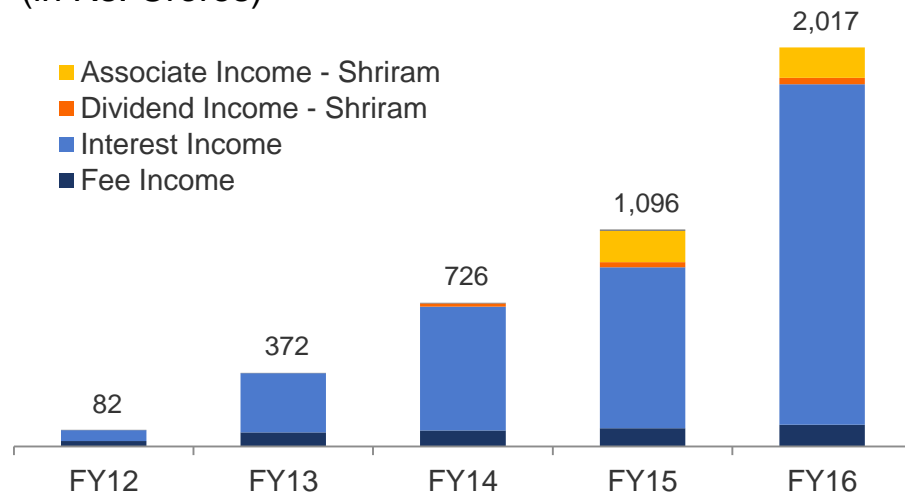
Notes:

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

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



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



# Expanding product portfolio to boost growth

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

**Consistently adding new products to grow the platform**

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

# Real Estate : End-to-end developer financing platform

Particulars	Alternative Assets Management	Wholesale Lending	
Stages of a lending for a project	Primarily for land purchase	Post land purchase till commencement of construction (Phase of obtaining approvals)	For construction of projects
Products offered	Pure / Preferred / Mezzanine Equity	Senior Secured / Structured Debt	Construction Finance
Capital Allocation	Off Balance Sheet (Third Party Funds with PEL sponsor commitment upto 7.5%)	On Balance Sheet	On Balance Sheet
Year of commencement	Started in 2006; acquired by PEL in 2011	2011	2015
Current Size	Rs.6,490 Crores	Rs.8,240 Crores	Rs.8,770 Crores
Average Yield / IRR	20-24%	17-19%	14-16%
Tenor	4-6 years	3-5 years	4-6 years

# Wholesale Lending : Growing exponentially, robust asset quality

**Total Loan Book of Rs.19,170 Crores as on 30 Sept 2016 vs. Rs.9,020 Crores, as on 30 Sept 2015**

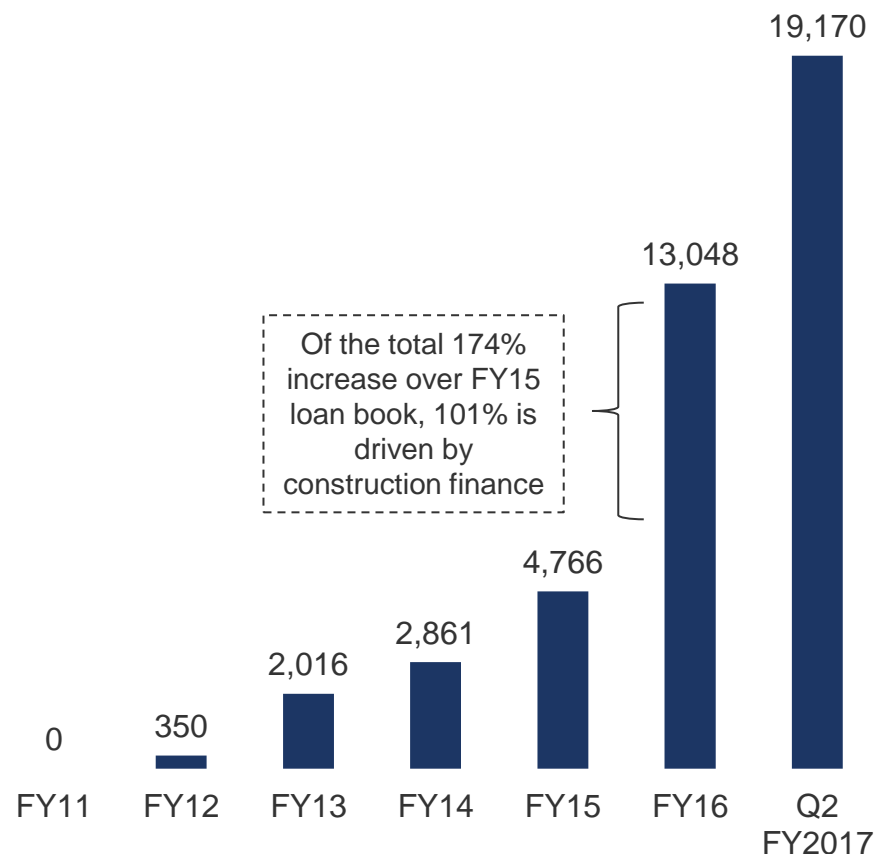
**Trend showing significant scaling up of loan book<sup>1</sup>**  
(In Rs. Crores)

## Real Estate Lending:

- Among leaders in residential developer financing in India – Getting quality deals from top developers
  - >70% portfolio with grade ‘A’ developers
- Construction Finance is now 52% of our Real Estate loan book
- Strategic alliance with CPPIB

## Structured Finance (SFG):

- Loan book doubled to Rs.2,160 Crores as 30 Sept 2016 vs. Rs.1,050 Crores as on 30 Sept 2015
- Seamless integration of SFG with a view to creating a unified standalone wholesale alternatives business
- Diversified book spread across multiple sectors including infrastructure, cement, renewables, transportation, entertainment, security, etc
- Strategic alliance with APG



Note:

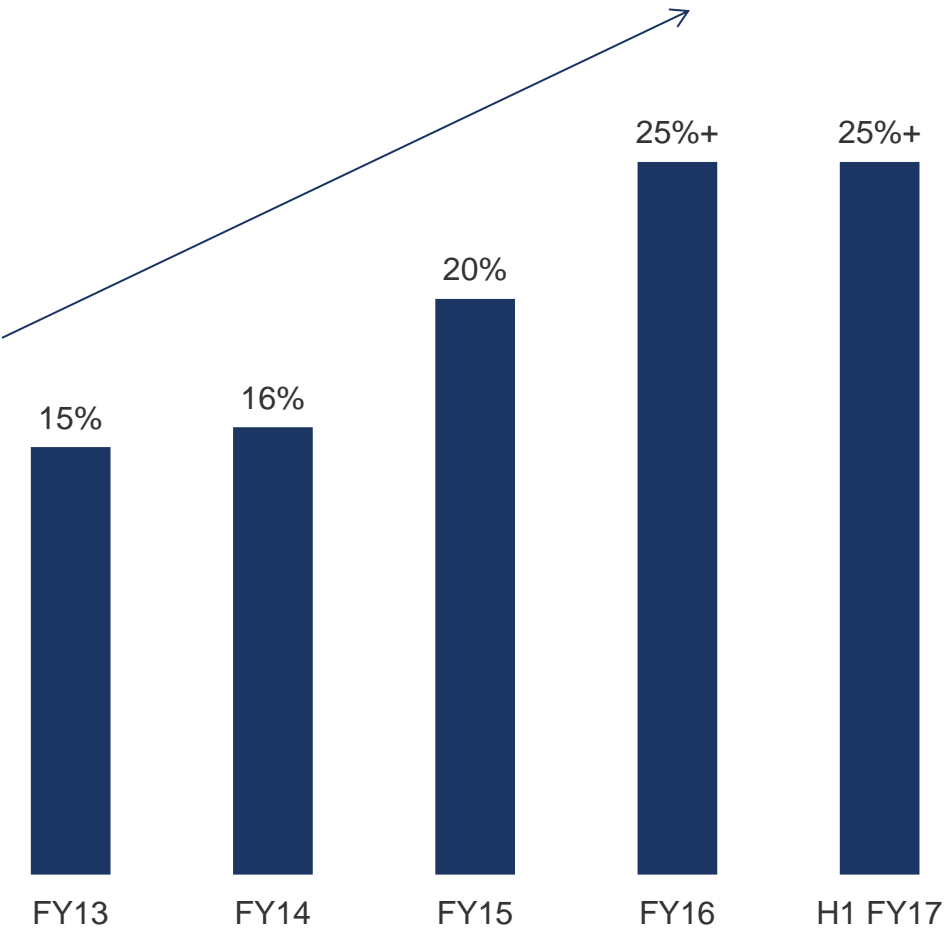
1. Excludes our investment in Vodafone India, which was exited during FY2015 and includes special situation investments

## Loan book performance against various parameters

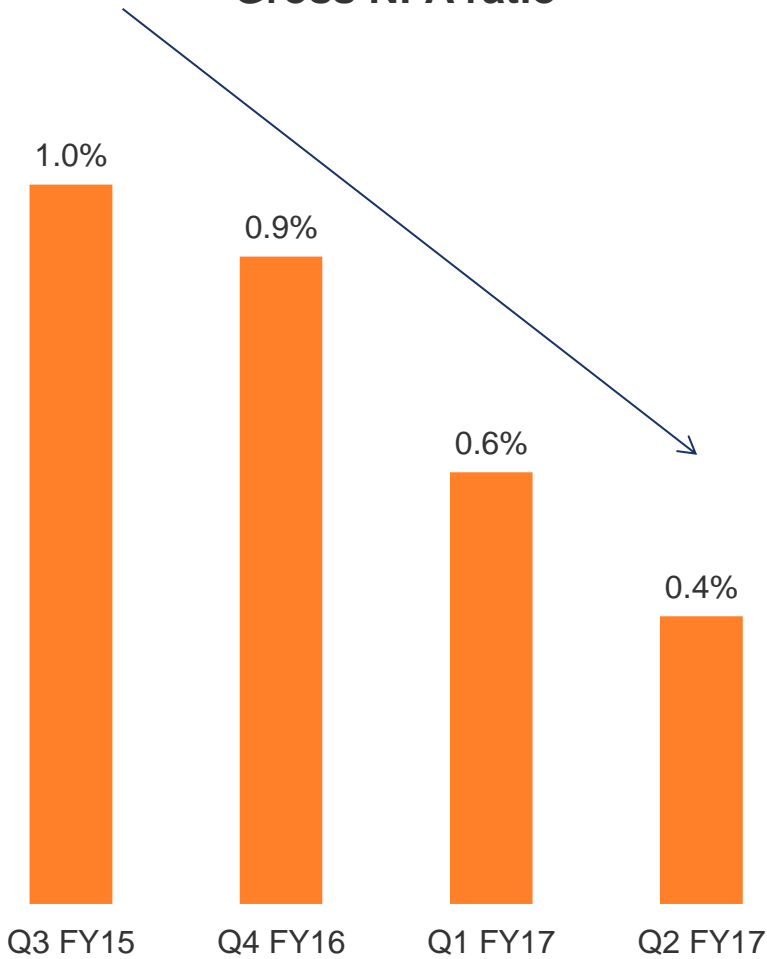
Particulars	H1 FY2017
Total Loan Book size	Rs.19,170 Crores
Average Yield on Loans	16%
Cost of Capital	9%
Cost to Income Ratio	~7.5%
Gross NPA ratio	0.4%
ROA	6%
ROE	25%+

# Continue to deliver over 25% ROE with lowering NPA levels

ROE

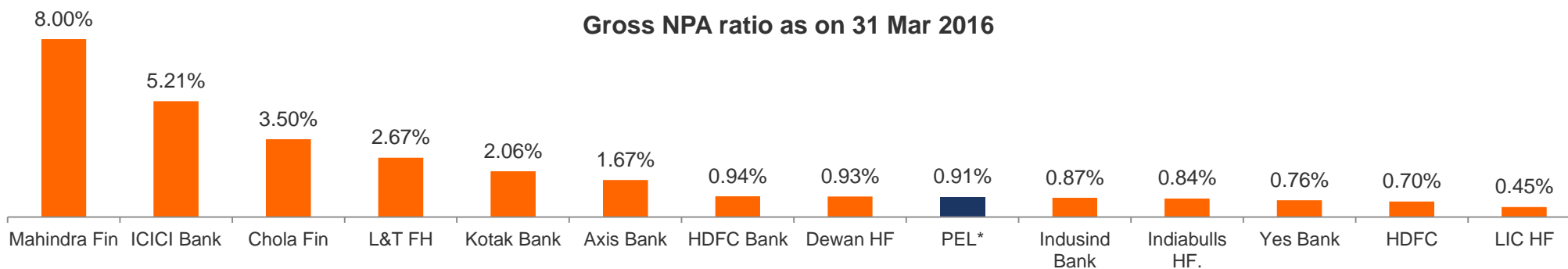
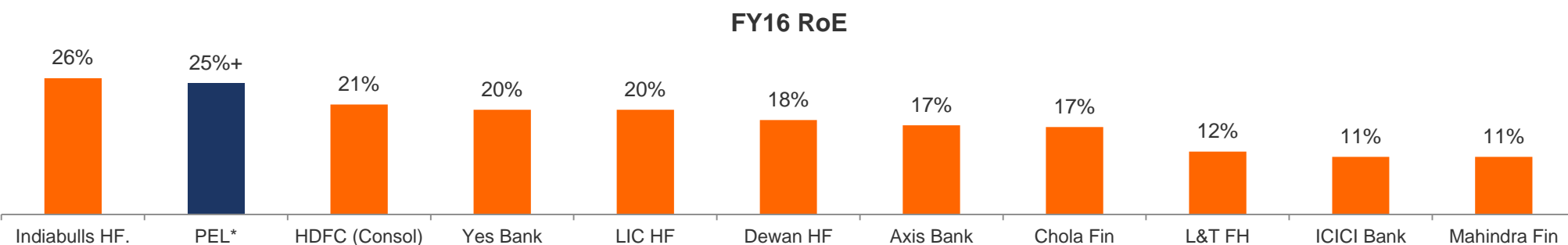
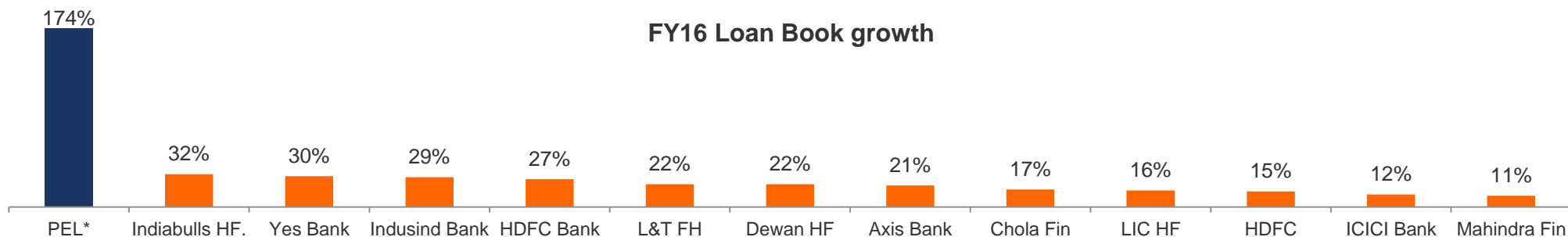


Gross NPA ratio





# Performing better than peers

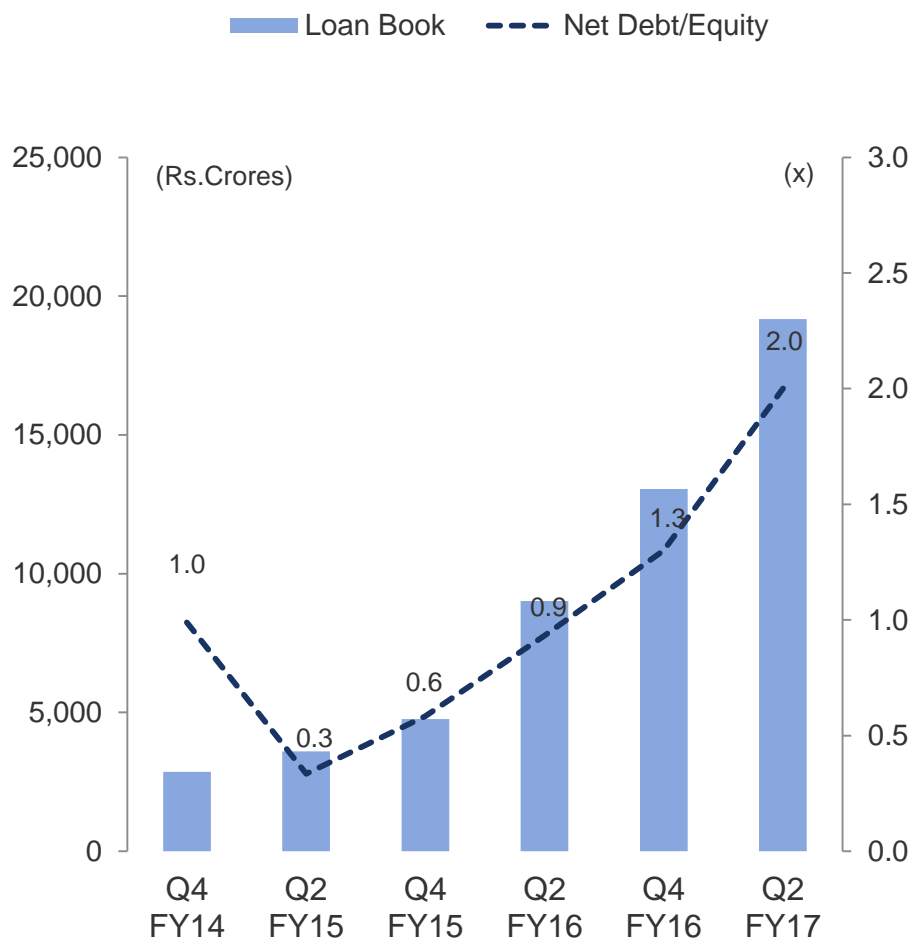


\* Loan book performance

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

- Maintaining strong balance sheet during challenging market.
  - AA credit rating (ICRA)
  - Balance sheet headroom a key competitive advantage
- Still significant potential to grow the business by increasing leverage
  - A resolution was approved in AGM to increase the borrowing limits of the Company up to Rs.44,000 Crores
- Expect to maintain strong ROEs even with increase in the scale of business, optimum leverage levels and more trusted partnerships (to generate higher fee income).

**PEL overall Net Debt / Equity trend**



# Alternative Asset Management : Exiting Real Estate vintage funds

**Total gross Assets under Management reduced to Rs.7,315 Crores**

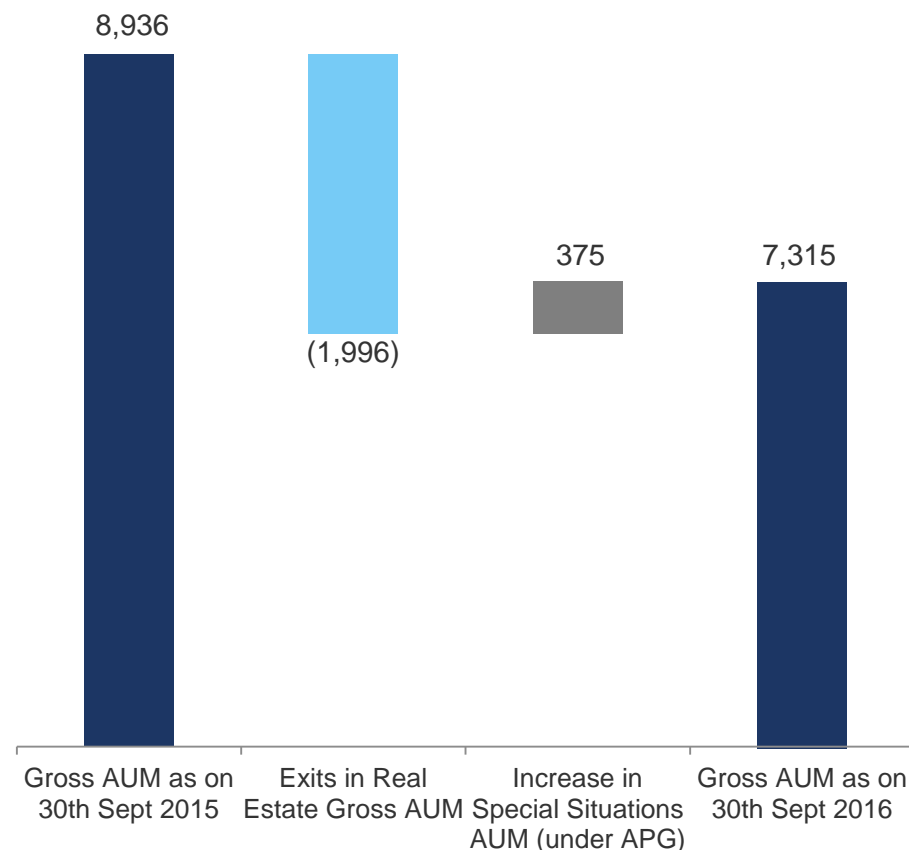
## Real Estate :

- Real Estate gross funds under management reduced to Rs.6,490 Crores as on Sept 30, 2016
  - Completely exited two of the vintage funds
  - Strong sponsor commitment upto 7.5%

## Structured Finance:

- Investments made by APG under our alliance with them includes total disbursements of Rs.825 Crores as on Sept 30, 2016
  - PEL will earn Management Fees and Carry Interest on the investments made by APG
- Signed MOU with Bain Capital Credit to create a strategic partnership to invest in restructuring situations in India.

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



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

## Market Opportunity

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

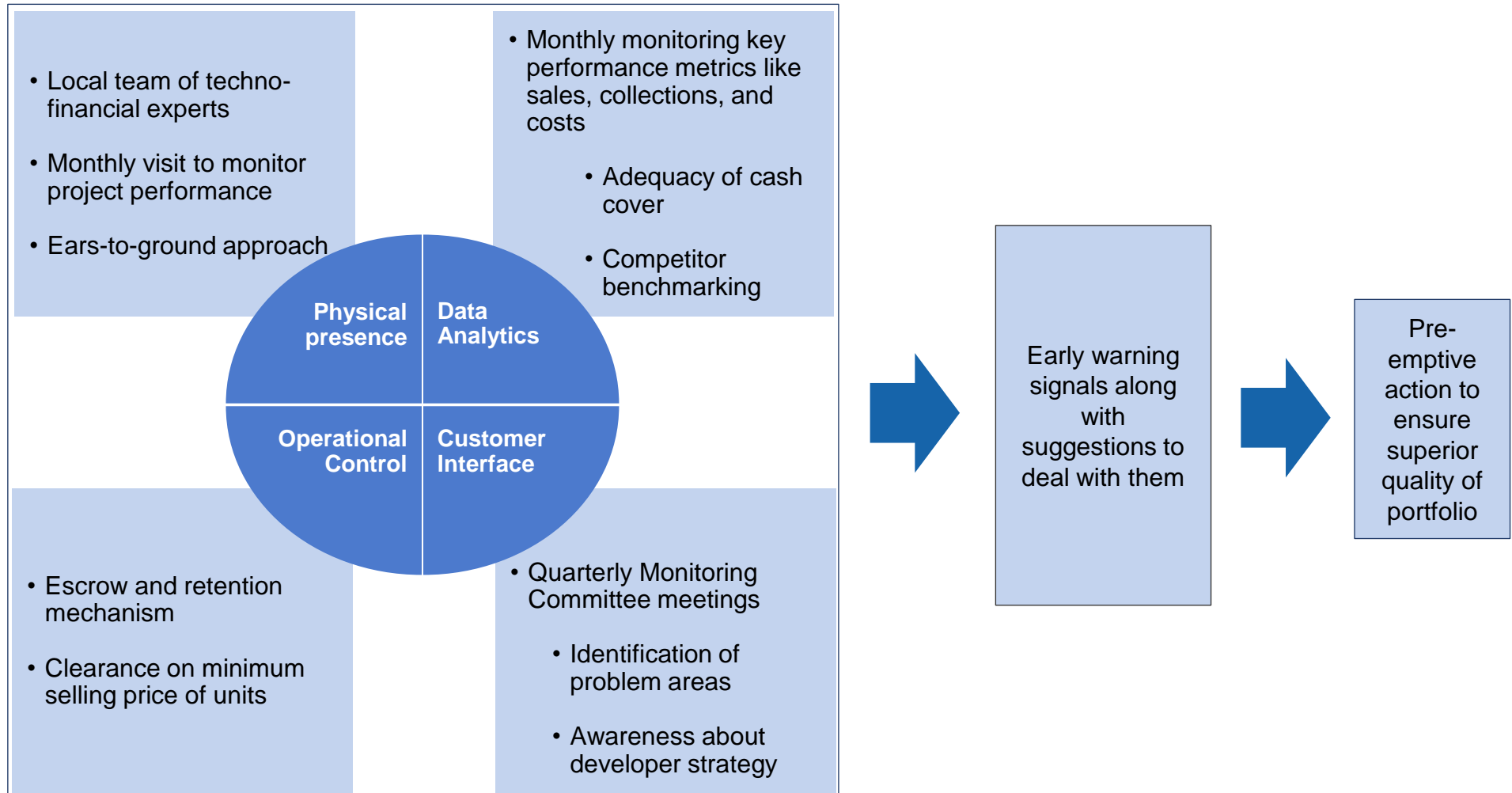
## About the fund

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

## Fund Strategy

- Focus largely on few selected sectors
- 20% sponsor contribution, equally between Piramal and Bain
- Target return: 16-18% IRR
- Investment period: 4 to 5 years
- Fund period: 8 to 10 years

# Superior asset monitoring mechanism



**Site visits, strong operational controls, measurement of key performance metrics & developer interactions to ensure a superior asset quality**

# Partnership with Shriram – Strategic in nature



**~Rs.1 tn** Assets under management in financial services

**~Rs.415 bn** Market capitalization of listed entities<sup>1</sup>

**3,000+** Number of branches

**77,000+** Manpower strength

**10.5 mn** Customers

**#1** Industry rank in used CV and MSME financing

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

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

Note:

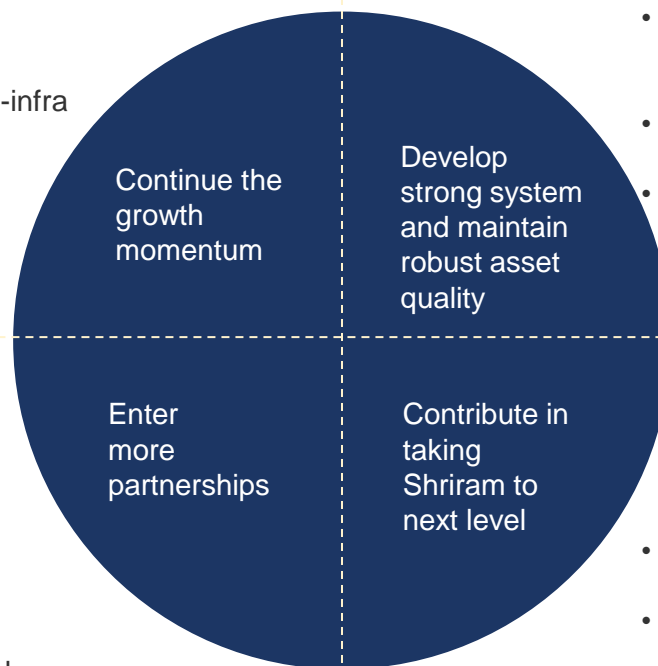
1. Includes Shriram Transport Finance and Shriram City Union Finance

Source: Livemint, 17 April, 2014

# 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
- Will continue to add products to the portfolio
- Real Estate financing will continue to grow in construction finance
- Special Situations will continue to look into non-infra sectors

- Partnerships like CPPIB, APG & Bain Capital reflects robustness of business model
- Continue to look for strong partners to ensure long term patient capital for steady business growth
- Partnerships to generate more fee income



- Effective measures taken to maintain robust asset quality
- ALM framework in place
- Technology transformation initiative is expected to be completed by the end of FY2017
- Strengthened teams to handle potential scale
- Consistently monitor & react to early-warning signals

- Mr. Piramal now Chairman of Shriram Capital
- Focused on developing long term strategy

— External consultant assisting on the same

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

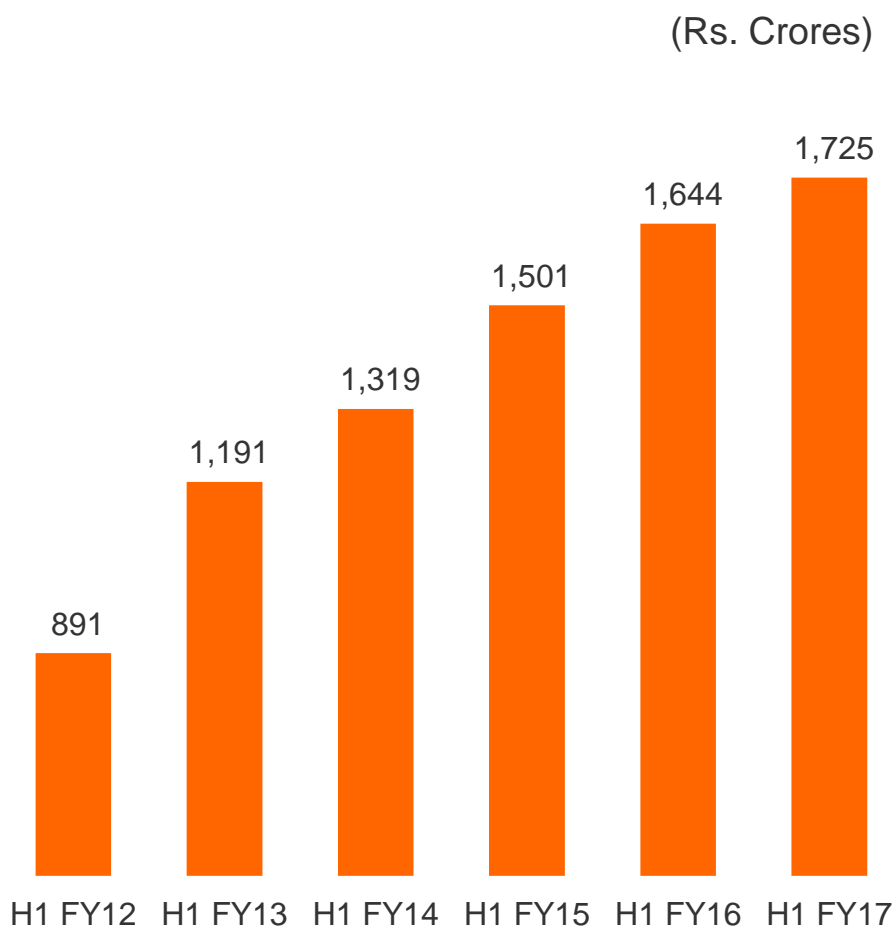


Healthcare

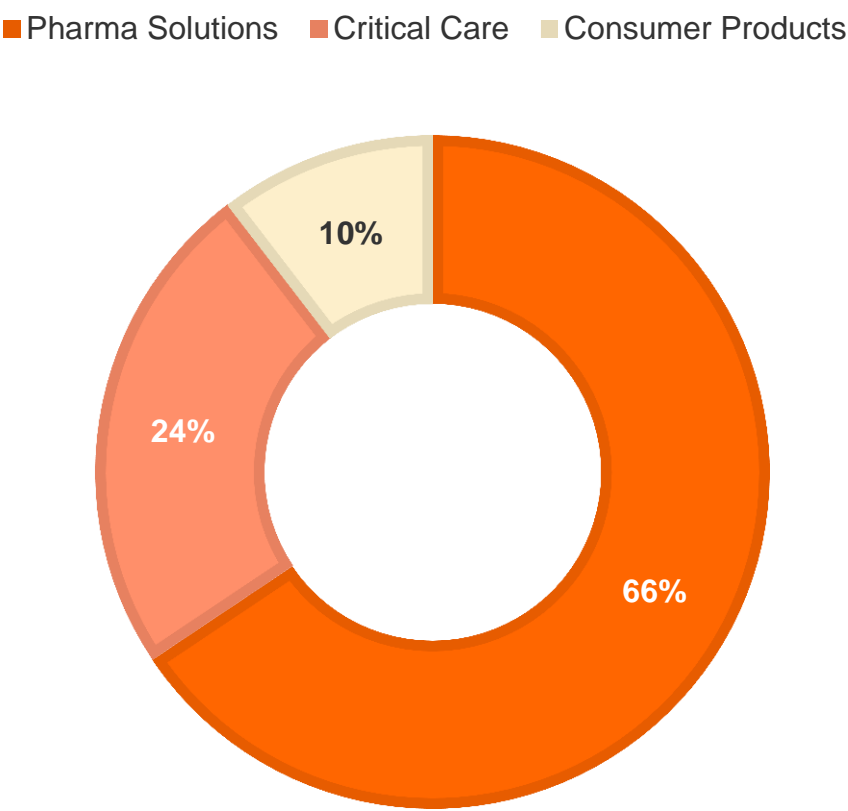


# Delivered strong growth track record

## Consistent growth in Healthcare Revenues



## H1 FY2017 Revenue mix



In last two years, we carried out six value-accretive acquisitions in healthcare to boost growth

## Pharma Solutions

### Coldstream (Injectables)

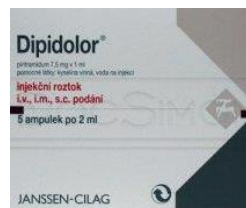


### Ash Stevens (HPAPI)



## Critical Care

### Injectable anaesthesia & pain management products



## Consumer Products

### 4 brands from Pfizer Ltd



### 5 brands acquired from Organon India & MSD BV



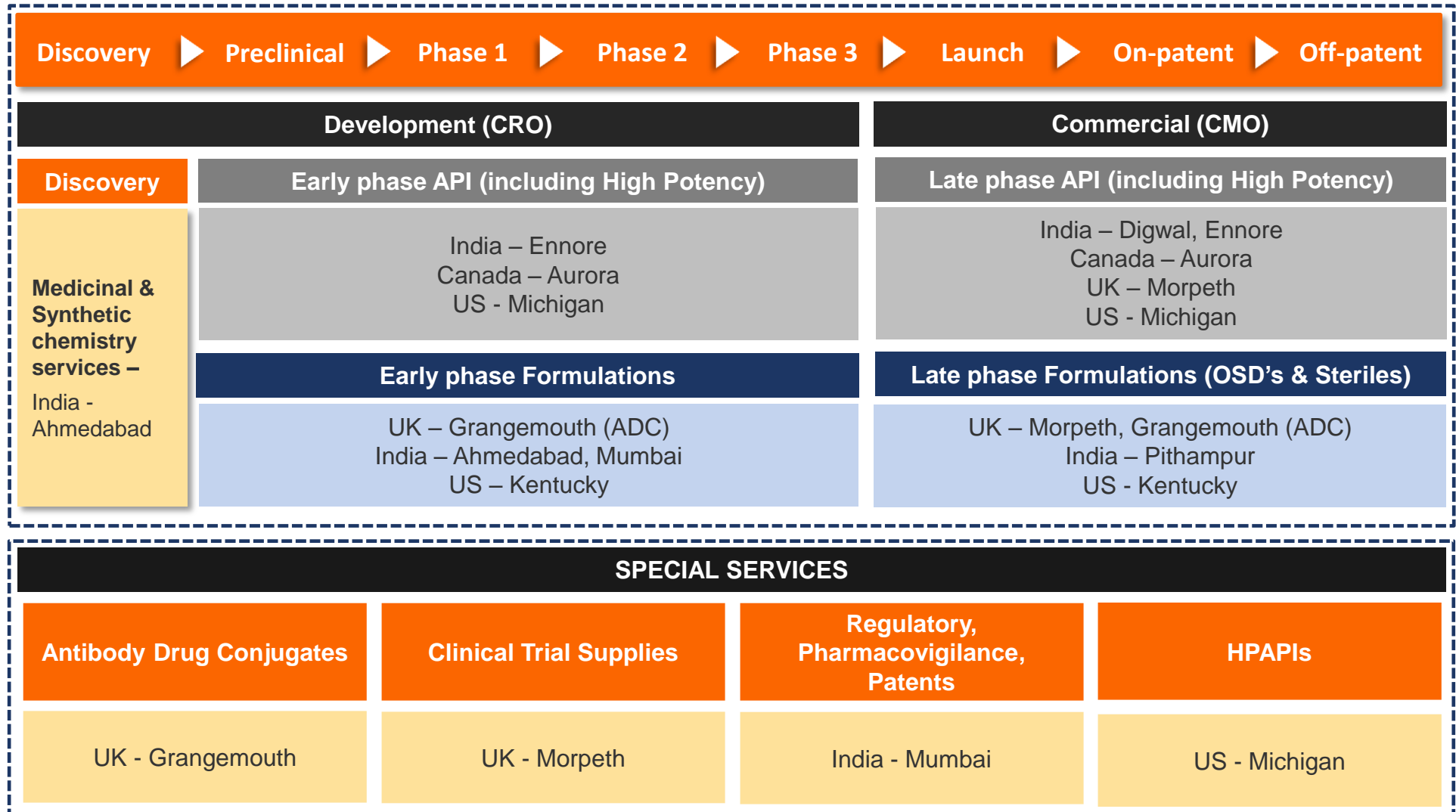
### Baby-care brand “Little’s”



In last two years, we invested ~Rs.1,800 Crores in Healthcare acquisitions

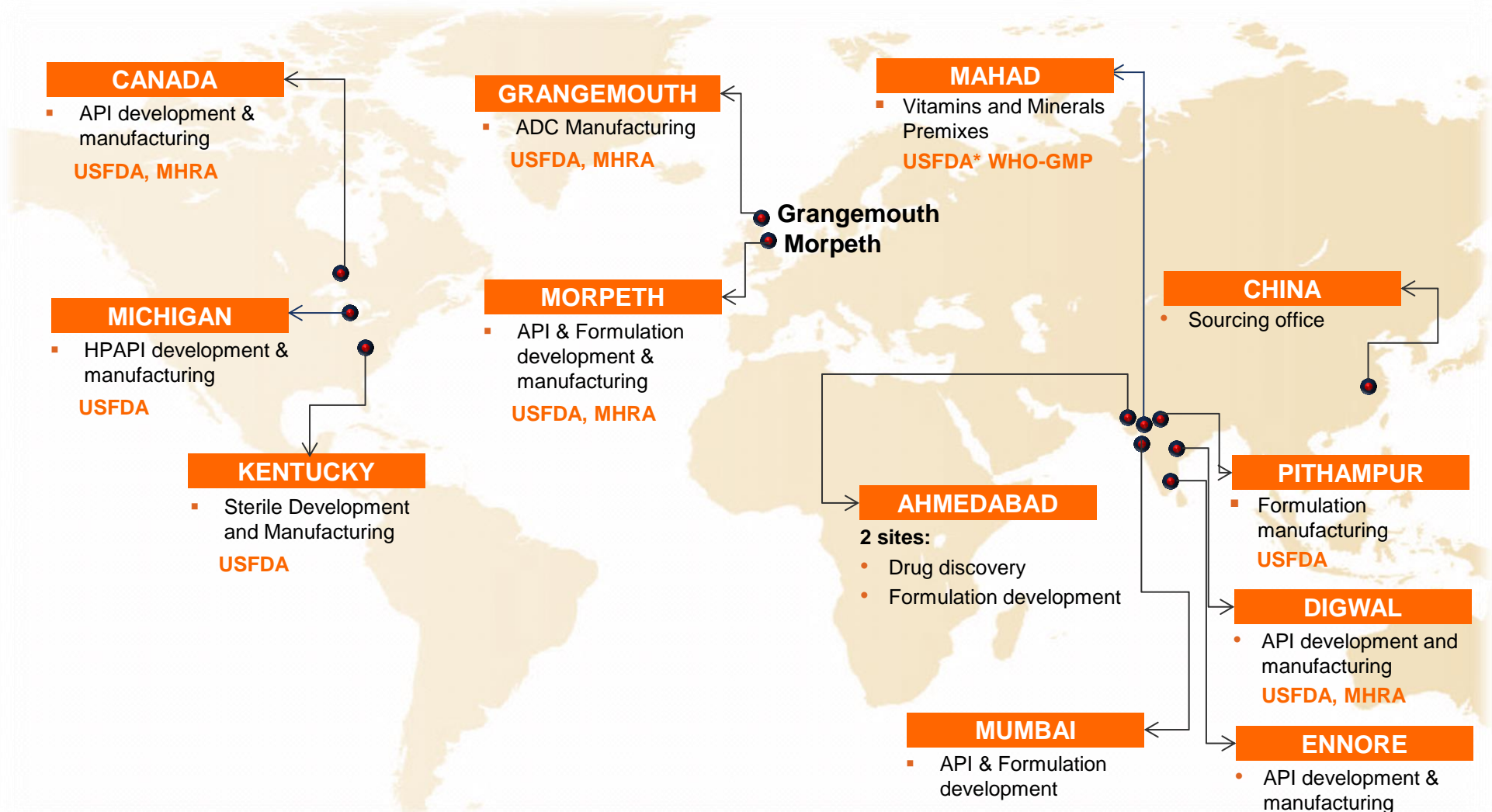
# Pharma Solutions: End-to-end service provider - Amongst top integrated CDMOs offering both APIs & Forms

## Address customers' needs across drug lifecycle



# Pharma Solutions: Strong global footprint

12 sites in NA, Europe and India; all key sites approved by FDA.



\* Only for Dietary ingredients

# Pharma Solutions: Our unique positioning

## Continued focus on quality, reliability and compliance

- Rated among best global CDMO in quality, reliability & regulatory
  - 2 years in a row
- Company rated as **'API Supplier of the Year'**
- Business head awarded as **'CEO of the year'**
- Head of Quality rated among **50 most Influential People in Quality** in India
- Grangemouth site awarded among the **Best Service Provider**
- Won the **Best Customer Experience** award of the year
- Our facilities across the world have successfully cleared 67 inspections (including 24 FDA audits) in last 5 years with positive inspection closure reports from the auditing agency

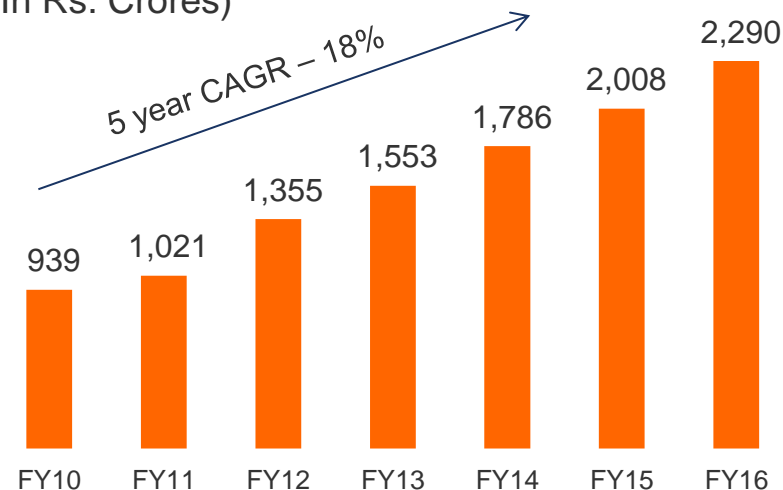
## Debottlenecking and capacity expansions :

- Doubled capacity at Discovery Services facility.
- Capacity expanded at Grangemouth
- Capacity expansion at Coldstream on track
- Executed debottlenecking at API plants to handle higher volumes

## Strong focus on quality





## Full year revenue performance (In Rs. Crores)



Source: World ADC awards 2015, Global Generics and Biosimilar Award 2015, CPhI Pharma Awards 2015, World Quality Congress, Pharmaceutical at Customer Fest 2016

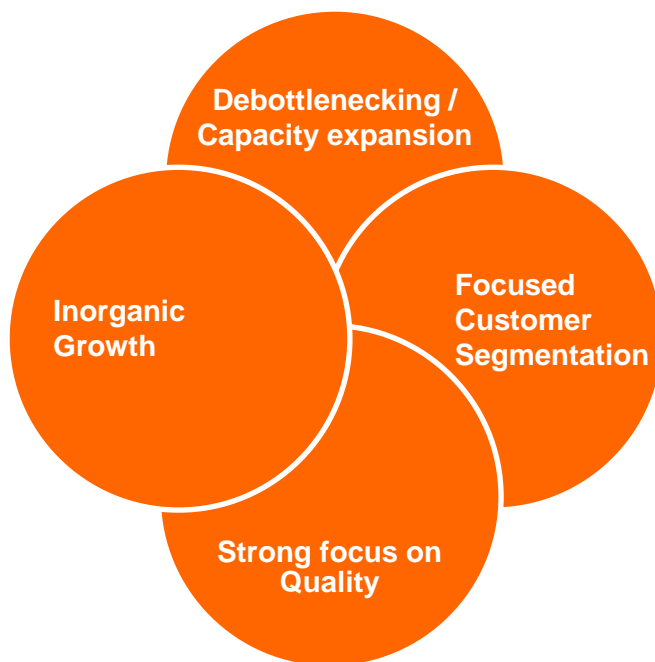


# Pharma Solutions : Recent acquisitions

<b>Acquisitions</b>	<b>Coldstream Laboratories Inc. – Jan 2015</b> 	<b>Ash Stevens Inc. – Aug 2016</b> 
<b>Focused on</b>	Development & manufacturing of sterile injectables	High Potency APIs, including high potency anti-cancer agents
<b>Location</b>	USFDA approved facility located in Lexington, Kentucky, USA	USFDA approved manufacturing facility & an R&D lab in Michigan
<b>Consideration</b>	US\$ 30.65 mn	US\$ 43 mn + earn-out consideration capped at US\$ 10 mn, subject to achievement of EBITDA targets
<b>Market Size</b>	Expected to reach US\$ 70 billion by 2020	Global market size of HPAPI to be ~US\$ 15 bn by 2018
<b>Other details</b>	Will expand our offerings, reach & access to new customers	12 FDA approvals for innovator small molecule APIs & a pipeline of development products

- Capacity expansion at Discovery Services, Grangemouth and Coldstream
- Next phase of capacity expansion at Coldstream
- Executed debottlenecking initiatives in API plants to handle higher volumes.

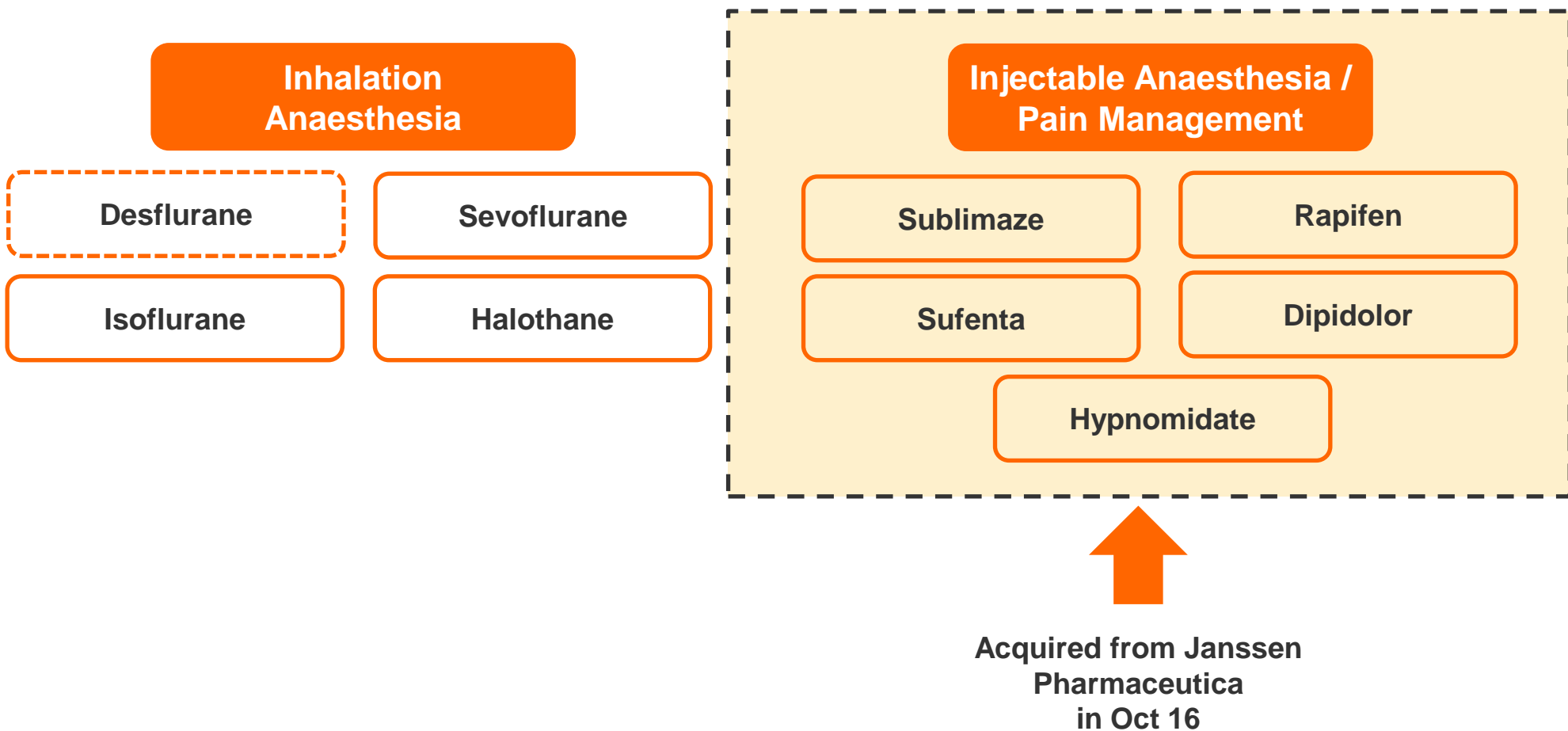
- Acquired two U.S. based CDMOs for development & manufacturing of HPAPIs and injectable
- Continue to look at attractive M&As.



- Targeting late phase opportunities
- Targeting Biotech, medium, virtual companies
  - US\$ 17 mn of new development business secured from various Biotech companies in H1 FY2017

- **Quality, EHS & Reliability:** Invested in processes / capabilities. Continuing to improve processes to ensure world class quality standards.
- Our facilities across the world have successfully cleared 67 inspections (including 24 FDA audits) in last 5 years with positive inspection closure reports from the auditing agency

**Focus on execution to ensure sustainable performance**



 To be launched in 2017

Note: Sublimaze, Sufenta, Rapifen and Dipidolor are controlled substances

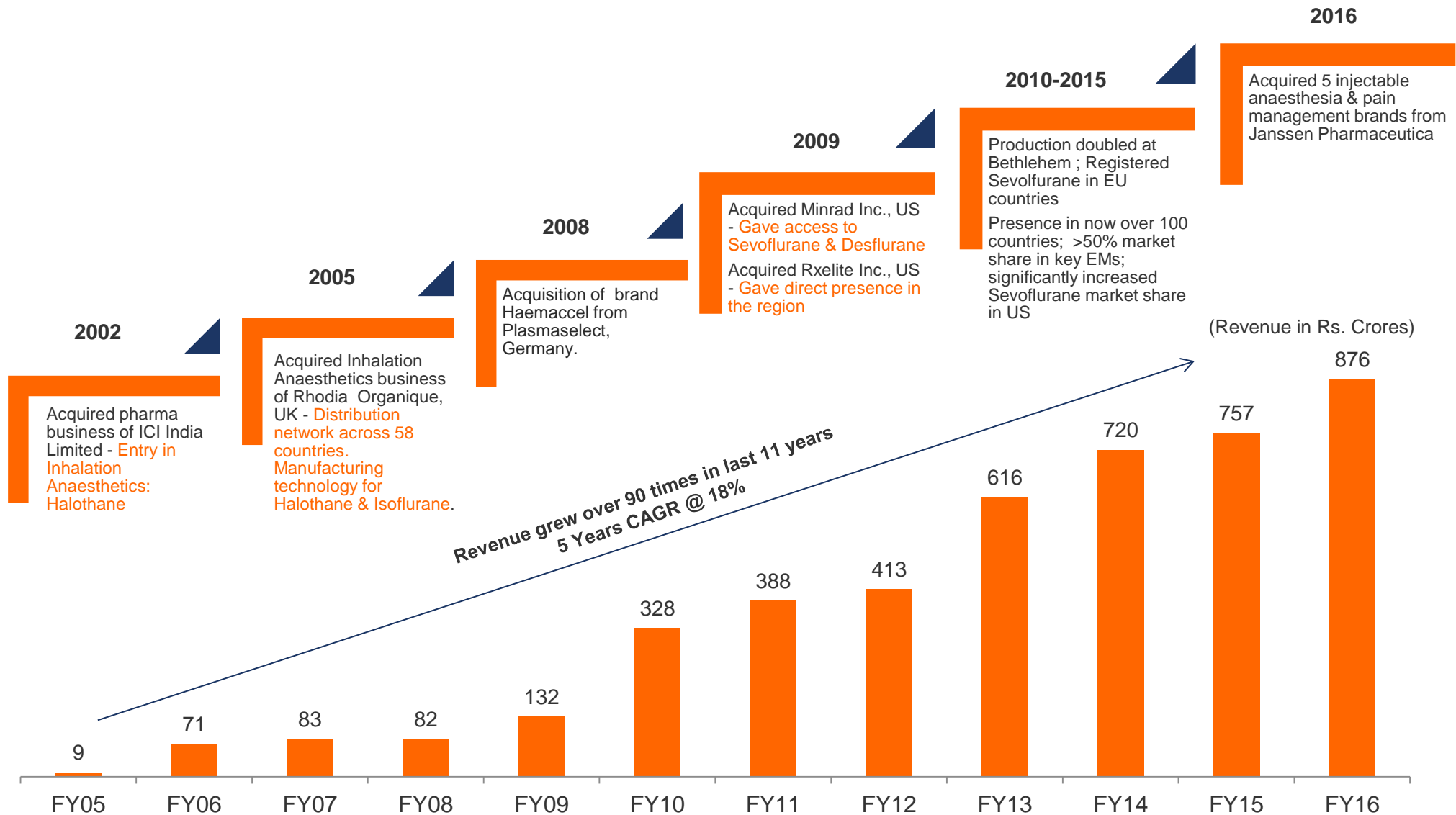


# Critical Care: Unparalleled global footprint

- 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



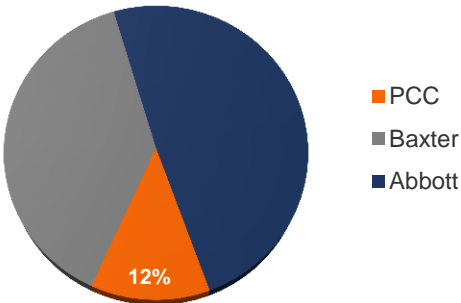
# Critical Care: Successful growth strategy



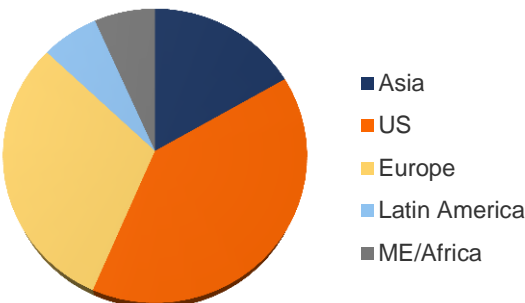
# Critical Care : Significant positioning in global inhalation anaesthetic market

2015 global inhalation anaesthesia market – ~\$1.1 billion

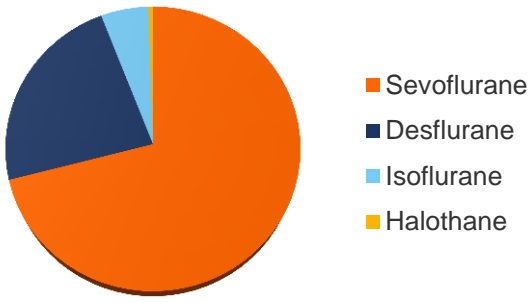
Market Share



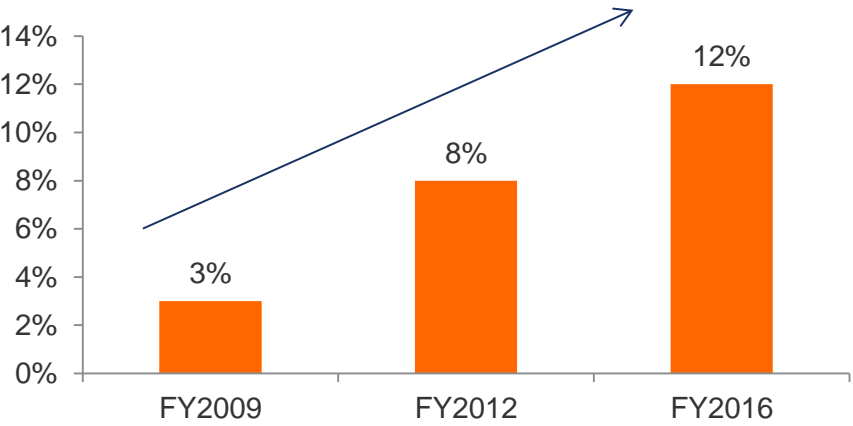
Geography-wise



Product-wise



PEL growing global market share



Only company with entire portfolio of Inhalation Anaesthesia

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

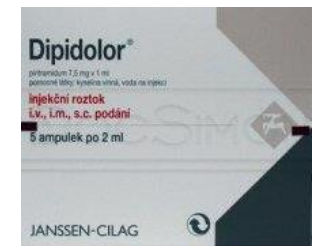
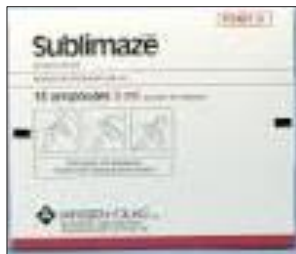
\* Desflurane is expected to get launched in 2017

PEL rapidly gaining share in the global inhalation anaesthetic market

Source : Internal estimates, secondary market research

# Critical Care : Acquired Injectable Anaesthesia and Pain Management products from Janssen

- **Products** : Acquired a portfolio of five injectable anaesthesia & pain management products from Janssen - Sublimaze, Sufenta, Rapifen, Dipidolor, and Hypnomidate
  - Acquisition includes brand names and all related IP associated with Products, including know-how to make both API and finished dosage forms. No manufacturing facilities or manpower part of this acquisition.
  - Janssen to continue to supply finished dosage forms for up to 3 years and API for up to 5 years
  - Janssen to continue to sell the products until Marketing Authorisations are transferred to Piramal Critical Care
- **Growth** : Acquisition to boost the revenue of PCC business by ~33%
- **Consideration** : Upfront consideration of US\$155 million (~INR 1,030 crores)
  - Up to US\$20 million (~INR 130 crores), if the product portfolio achieves certain agreed financial milestones over the next 30 months



# Critical Care's growth strategy

- Significantly improved Sevoflurane market share in UK (42%) and Japan (56%)
- Having established in US, Japan and EMs, focusing on growth in Europe
- Lowest cost producer - progressing well on further cost reduction initiatives
- Investments in Bethlehem site are yielding results

**Enter new market  
& increase share  
in existing  
markets**

**Further improve  
low cost position**

**Growth  
Strategy**

**Launch  
Desflurane**

**Add new products  
to leverage strong  
marketing network**

- Launch Desflurane in 2017 – Challenging the domination of Innovator
- Actively looking at organic and inorganic opportunities to add more products to portfolio
  - Acquired 5 injectable anaesthesia & pain management products from Janssen
  - Entered co-promotion agreement with Cumberland & launched two hospital products

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

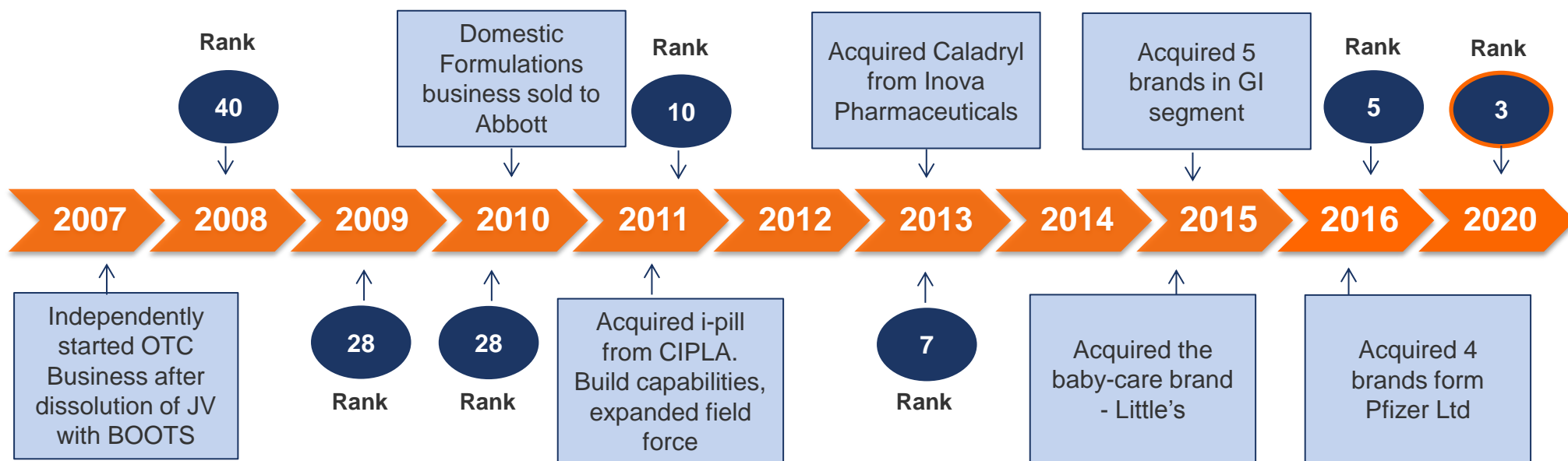
- **Saridon** – Largest in oral analgesic. Recognized as “Super Brand”
- **i-pill** – 2<sup>nd</sup> largest in emergency contraceptive
- **Caladryl** – Largest in anti-allergy and anti-itch topical application segment
- **Lacto** – No. 1 among calamine lotions
- **Polycrol** – Largest antacid in East 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
- **Stop AllerG** – An anti-allergy brand
- Acquired **Little's** – a baby care brand for babies in the 0-4 age group
- Acquired MSD brands in **Gastro-Intestinal**
- Acquired 4 brands from Pfizer
- 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**

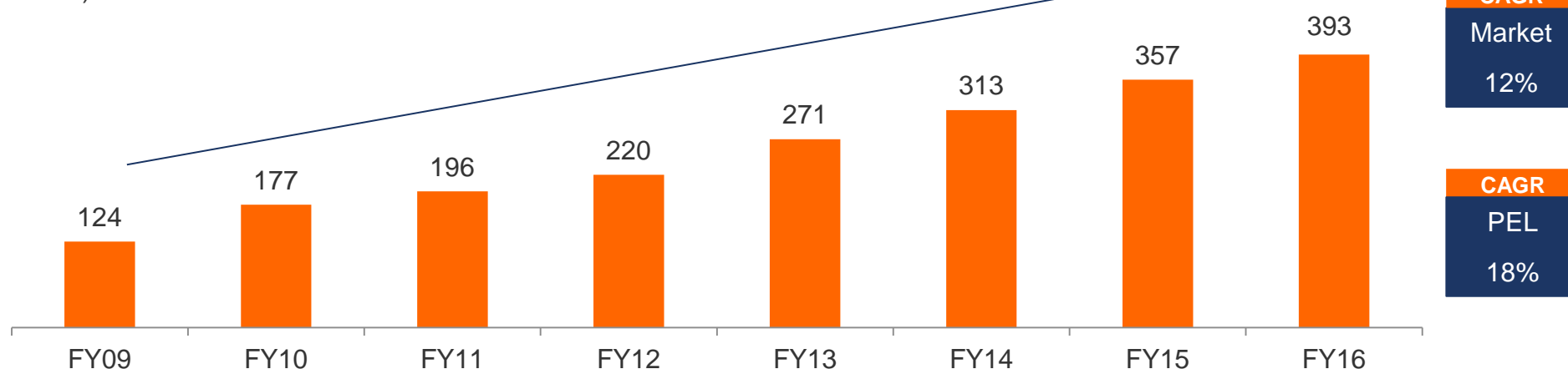
Source : Independent syndicated research providers



# Consumer Products: Growing faster than market



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



## Consumer Products : Created a large India-wide distribution network

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

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



# Consumer Products : Adding products organically



- QuikKool is a pain relieving mouth ulcer gel.
- A unique formulation which provides instant pain relief while aiding in faster healing of the ulcer



- i-can is a pregnancy test kit
- Part of the women's intimate range of products



- Stop AllerG is an anti-allergy OTC brand
- A non-drowsy formulation, which can provide relief in minutes from the symptoms of allergy



- i-know is an ovulation test kit that identifies the LH surge in a woman's body
- A category creator, being the 1st such product to be launched in the Indian market



- ThroatSil is a sore throat pain relief product
- Provides 3 in 1 Action that gives relief from throat pain, fights throat infection and soothes cough



- Untox is 100% natural detoxification product
- Detoxifies the after effects of socializing, late night outs, binge eating without compromising on daily routine

# Consumer Products : Acquired three portfolios to leverage strong distribution network



## Acquired 4 brands from Pfizer Ltd

- Includes brands namely: Ferradol, Neko, Sloan's & Waterbury's Compound.
- Also, includes trademark rights for few products in Bangladesh & Sri Lanka.
- These brands hold a rich legacy and have a high consumer pull and are available in India for the past 30+ years
- Operates in Rs.7,000 Crores market



## Successfully integrated the 5 brands acquired from Organon India & MSD BV

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



## Successfully integrated the baby-care brand “Little’s”

- Includes entire product range across 6 categories
- PEL now caters to the entire spectrum in the kids segment (0 to 16 years of age)
- Operates in Rs.1,000 Crores non-food baby-care category, growing at 13%

# Consumer Product's growth strategy

## Build Strong Brands

- Continue to grow organically
- Launch New Products
- Acquire lead brands or brands with potential to become #1

## Wide Distribution Network

- Improve reach to match complete product availability on time
- Ecommerce & Rural
- Exports & alternate opportunities

## Top 3 Self-care Company by 2020

- Continuous execution focus
- Continuous improvement
  - Recognized at multiple Indian & International forums for innovative approach of communication with consumers

- Build scale of business
- Improve media effectiveness with scale

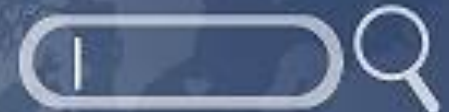
## Strong Execution Capability

## Leverage Scale

## 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%



# Information Management : Answer our clients' most pressing questions

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





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



## Key Business Highlights

Serves major Developed and Emerging Markets

CY2015 Revenue - \$178 Mn

Capabilities across customer's product life cycle

17 office locations globally

900+ employees globally

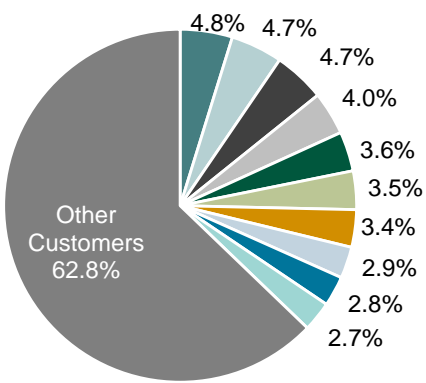
>10 year relationships with all of the Company's top ten customers

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

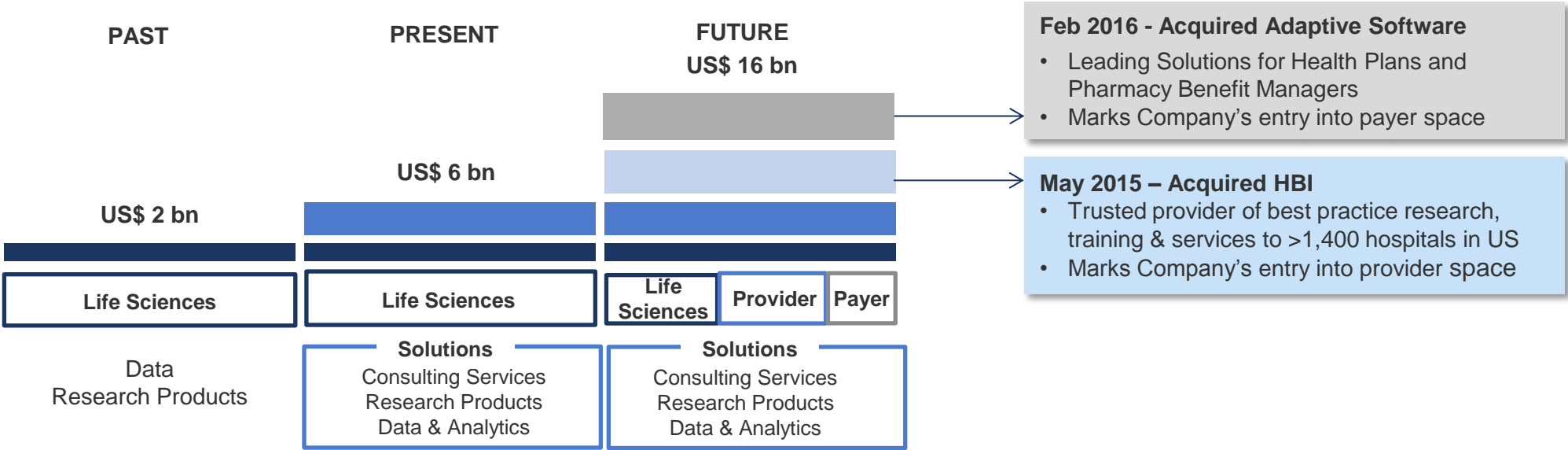
## Significant revenue visibility

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

Top 20 relationships comprise ~57% of revenue



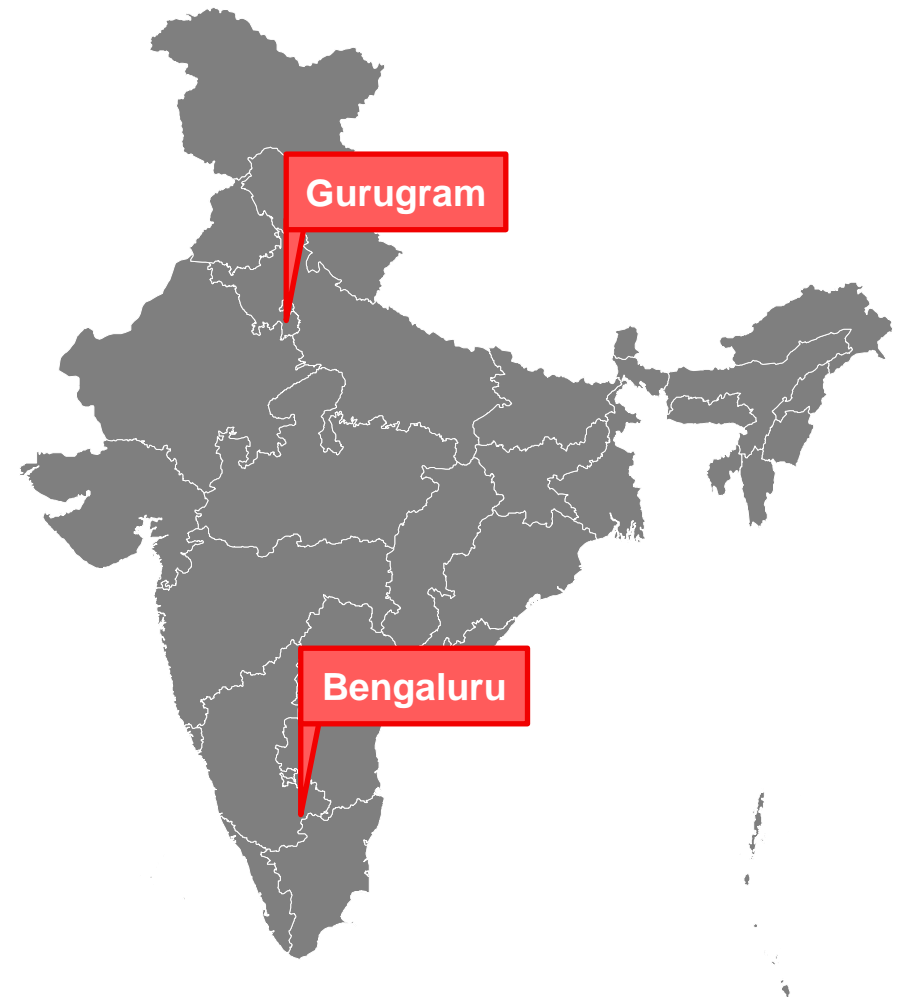
# Information Management : Expanding into New End Markets, Products and Geographies



Source: Based on proprietary market research and internal DRG estimation

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

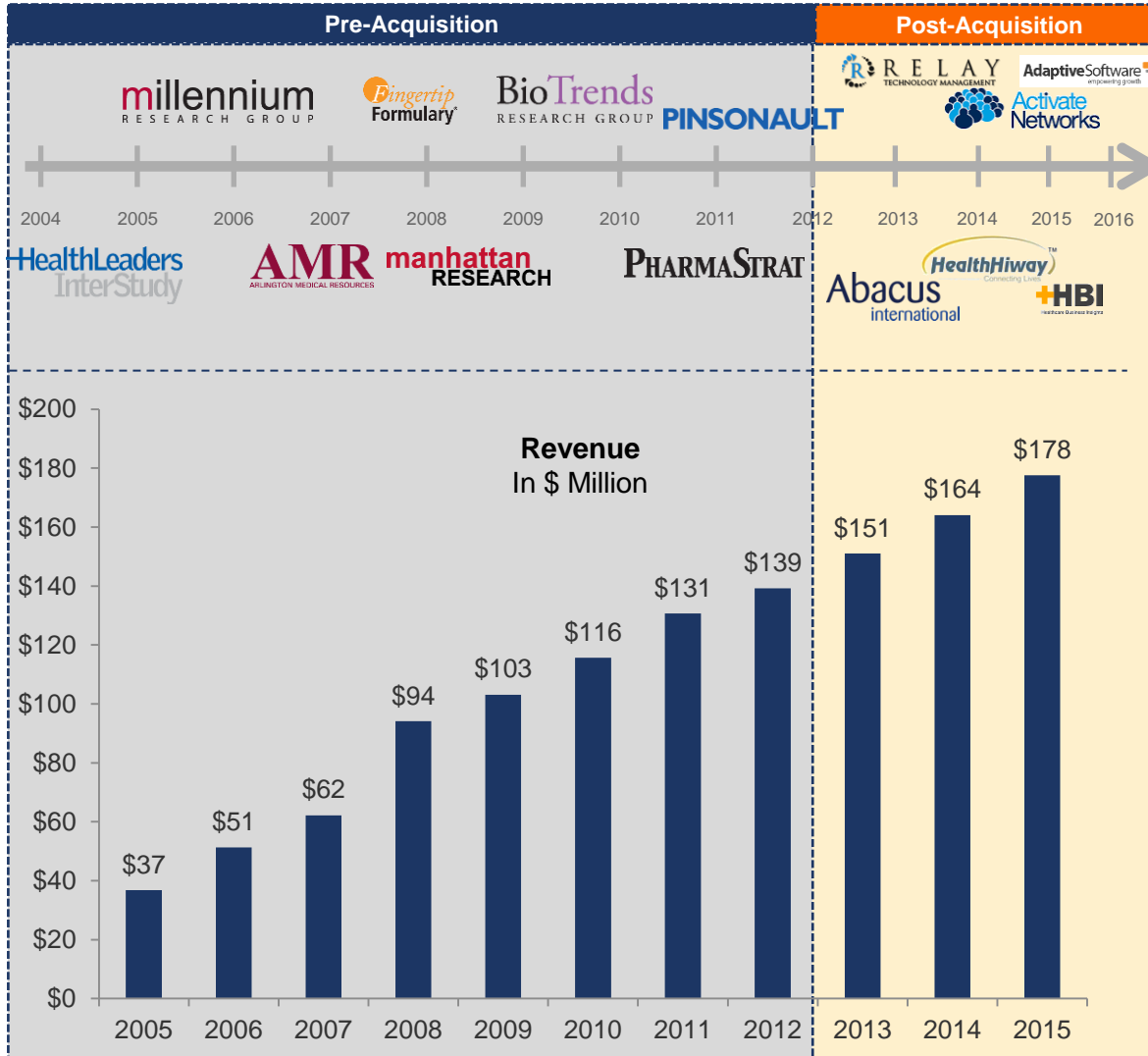
- DRG launched a new initiative to transform its global talent pool by expanding to India. Business opened offices in Bengaluru (Jan 2015) and Gurugram (Feb 2016) with over 240 positions on boarded (i.e. ~1/5th of the current DRG workforce).
- Scaling India operations to:
  - Improve customer delight,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





# Information Management : M&A – Crucial for Growth

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



- **Abacus International**

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

- **Relay Technology Management**

- ✓ Enabled DRG to supply clients with premier analytics

- **Activate Networks**

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

- **Healthcare Business Insights (NBI)**

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

- **Adaptive Software**

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

# Information Management : DRG's Peer valuations

## DRG's peers valuation multiples

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

Source: CapIQ, Wall Street equity research, SEC Filings

Note:

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

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

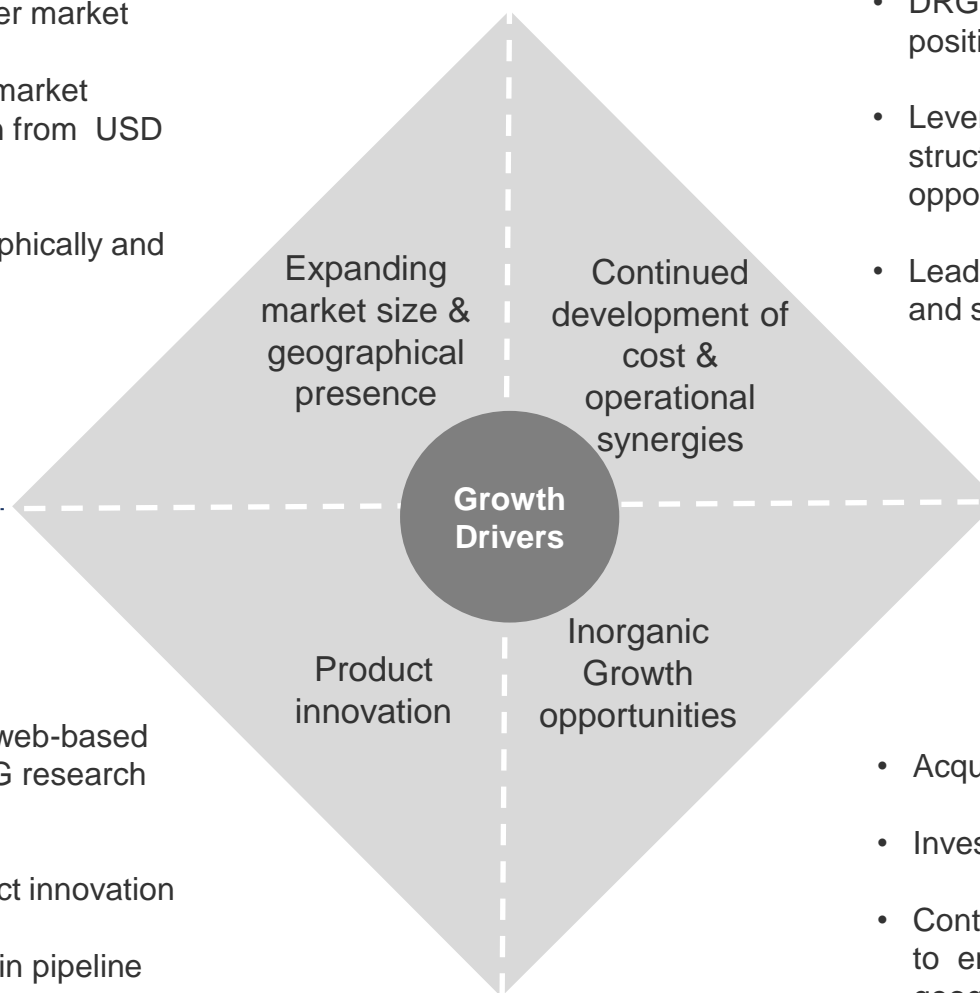
## Sector M&A valuation multiples

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

Source: CapIQ, Wall Street equity research, SEC Filings

- Entry into provider and payer market
  - The total addressable market increased to USD16 bn from USD 2 bn earlier
- Continue to expand geographically and gain market share

- DRG India office on target with 240+ positions on-boarded in two offices
- Leveraging India and reviewing cost structure to identify margin enhancement opportunities
- Leadership team integrating products and services under one brand



- Launched a new dynamic, web-based delivery platform for all DRG research reports
- Continue to focus on product innovation
- Multiple new product ideas in pipeline

- Acquired HBI and Adaptive Software
- Invested in Context Matters
- Continue to look at attractive opportunities to enhance capabilities / expand geographically through acquisitions



# Appendix

# 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

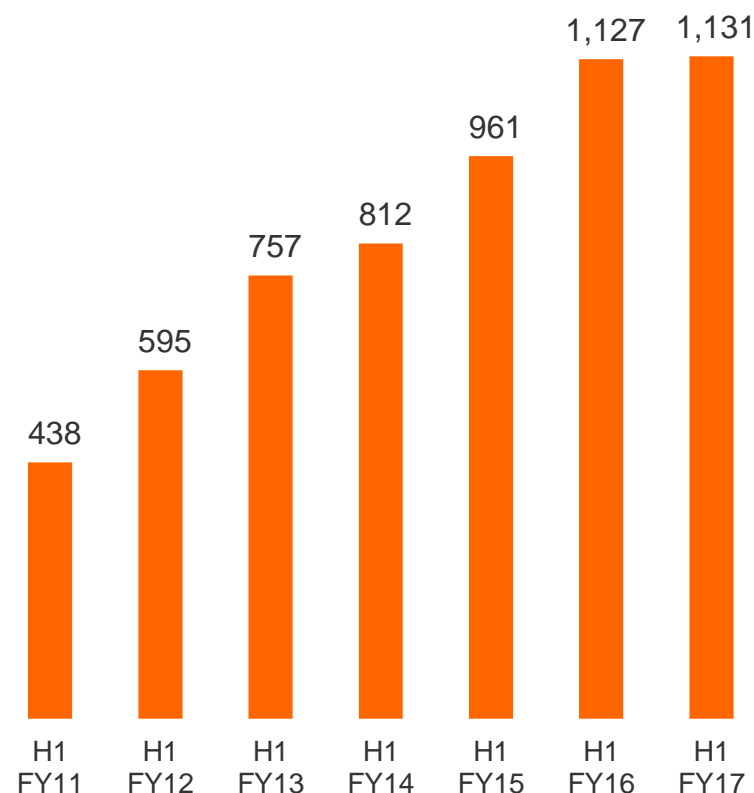
- Healthy security and cash cover of 1.5x-2x based on conservative underwriting assumptions
- Piramal group has a history of strong project development capabilities - can take over, complete, sell project, if required
- De-risking portfolio by changing mix towards construction finance & senior debt vis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

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

# Pharma Solutions : Acquired facilities with niche capabilities

- **Revenue performance :** Q2 Revenues were broadly in line with corresponding quarter of the previous year
  - Currency fluctuation impacted revenues for the quarter
  - ~US\$6 mn of new development business secured from various Biotech companies
- **Acquisition of Ash Stevens :**
  - Acquired Ash Stevens, a US based CDMO focused on HPAPIs, including high potency anti-cancer agents
- **Debottlenecking and capacity expansions :**
  - Announced next phase of expansion at Coldstream
  - Capacity expanded at Grangemouth & Discovery Services facility
  - Debottlenecking at API plants to handle higher volumes

## H1 Revenue performance (In Rs. Crores)



# Pharma Solutions : Synergies from the acquisition of Ash Stevens

## Fill existing gap

Acquisition to fill gap by providing manufacturing capabilities for high potent molecules.

## Complementary Client Base

Ash Stevens' client portfolio includes several clients that PPS has been targeting. To expand the client base of the existing business.

## Synergy with Generic APIs

Allows Generic business unit to consider a broader portfolio of DMFs to target

## Integrates well with Injectable capability

Cross selling opportunities to sell APIs to clients working with Coldstream facility

## Additional business potential for Ennore

Additional business potential for Ennore facility as the Riverview facility back integrates well with Ennore for its raw material

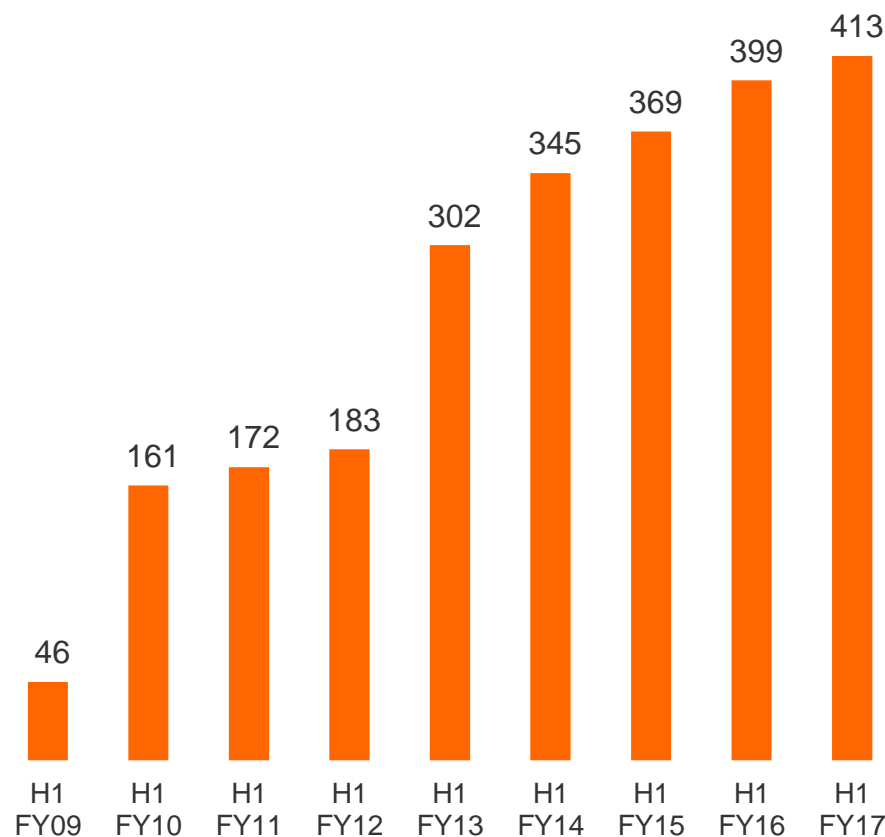
# Critical Care : Expanding product portfolio to leverage distribution network

- **Revenue performance :** Growth in Critical Care revenues was primarily led by improved performance in regulated markets. Emerging markets faced economic challenges.

- **US :** Adding new customers for Sevoflurane and increased prices for Isoflurane
- **UK :** Won favourable position in framework tender to retain business, with potential to expand share
- **Spain:** Won first public tender

- **Executing on strategy of adding new products :**  
Acquired a portfolio of five injectable anaesthesia & pain management products from Janssen Pharmaceutica
- **Cost leadership :** Progressing well on cost reduction initiatives to improve margins & gain market share
- Desflurane launch scheduled in 2017 is on track

## H1 Revenue performance (In Rs. Crores)





# Critical Care : What makes this acquisition attractive for PCC ?

## Product fit

- Injectable anaesthesia and pain management products with MA in >50 countries
- All these products fit well with our existing Critical Care product portfolio
- Branded generics (original innovator product was first made by Janssen)

## Leverage global distribution

- Maximize value from existing sales infrastructure and partner network
- Potential to expand revenue as acquired products are currently not actively promoted in most countries

## Large addressable market

- Gives deeper access to the global generic hospital drug market, which is >US\$20 billion in size

## Greater access to large markets

- Significantly expands our presence in EU, Japan & large EMs
- Increasing presence in these markets likely to boost sales of our existing products

## High entry barriers

- 4 out of 5 products are controlled substances. Restricted market entry on account of regulations around controlled substances.

**High EBITDA margin of the acquired products to improve the overall profitability and return profile of the business**

# Consumer Products : Growing organically and inorganically

- **Revenue performance** : Revenues grew by 76% in Q2 FY2017.

With all the brands performing ahead of their expectations, growth was observed at multiple fronts. This achievement is a combination of important strategic steps taken by organization over previous quarters :

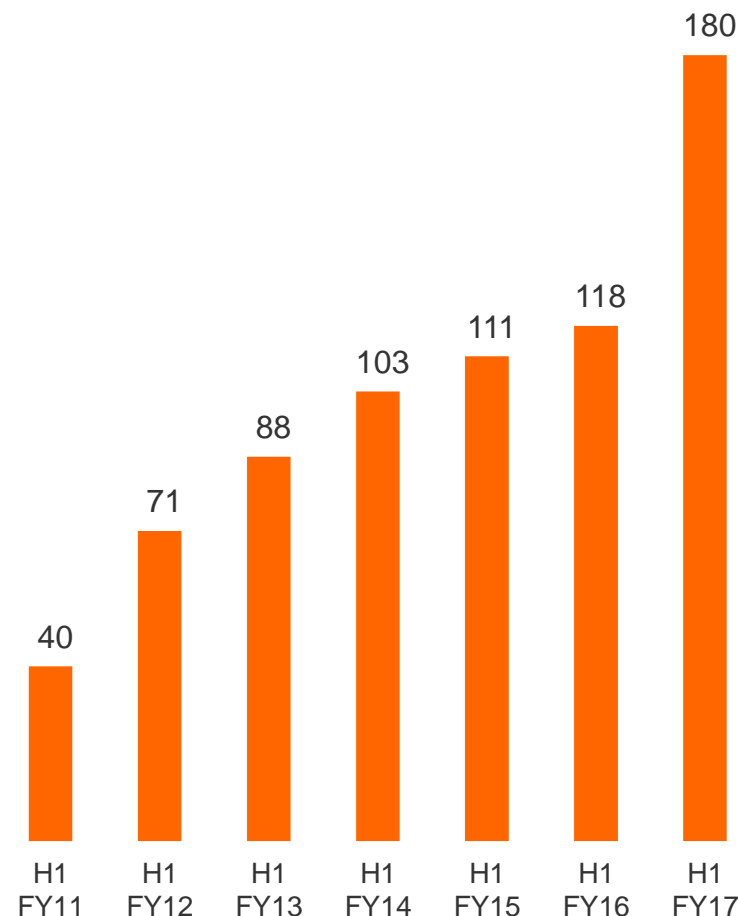
- **Organic** : All the key brands have registered gain in their share by outperforming the market
- **Inorganic** : Acquired brands too performed remarkably - their intrinsic growth surpassed internal benchmarks

- **Continue to build strong brands** :

- Higher repeat purchase driven by strategic investments in conventional & digital media platforms. Targeting new consumers led by consumer recruitment drives for current brands and new launches

- **Improved service levels** driven by strong field force supported by automation & intensive training

**Strong revenue performance**  
(In Rs. Crores)



- **Revenue performance :**

- Q2 FY2017 revenue were marginally lower at Rs.262 Crores

- **Investment in Context Matters :**

- Context Matters, Inc. is a leading provider of health economics data for pharmaceutical industry market access intelligence
- Investment in Context Matters will enhance market access offerings of DRG

- **Continued expansion in India - Key to Accelerating Product Development & Innovation and Boosting Margins :**

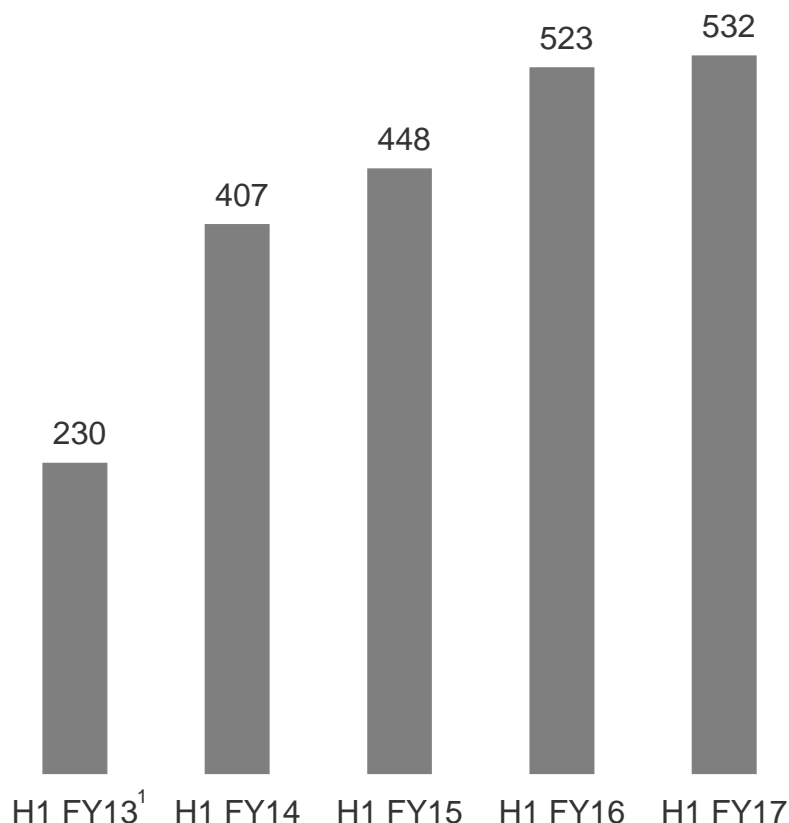
- 240+ positions on-boarded in Bengaluru and Gurugram offices (India headcount now represents ~20% of DRG's global workforce)

- **Launched Insights Platform :**

- A new dynamic, web-based delivery platform for all DRG research reports launched
- Will transform how customers access DRG content

## Strong revenue performance

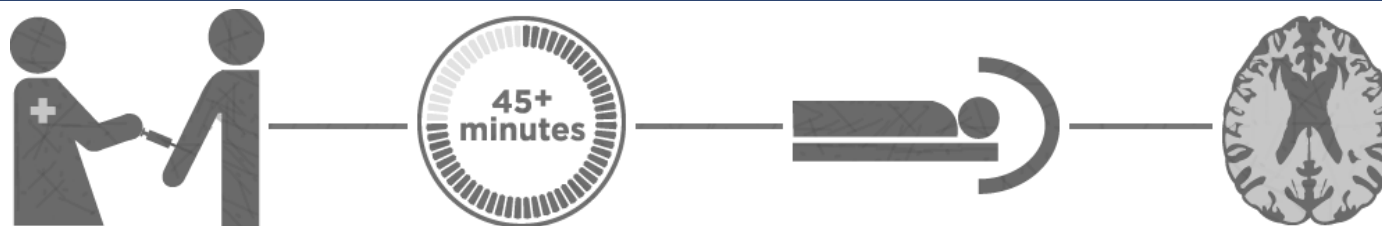
(In Rs. Crores)



Note:

1. DRG acquisition was completed in June 2012, therefore revenue for H1 FY2013 would only be for a part of the period.

# 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                               |

# Diversified Revenue Mix for Q2 & H1 FY2017

(In Rs. Crores or as stated)

Net Sales break-up	Quarter II ended			% Sales	Half year ended		
	30-Sept-16	30-Sept-15	% Change		30-Sept-16	30-Sept-15	% Change
Healthcare	874	817	7.0%	46%	1,725	1,644	4.9%
Pharma Solutions	556	552	0.7%	-	1,131	1,127	0.4%
Critical Care	218	208	4.8%	-	413	399	3.6%
Consumer Products	99	57	75.9%	-	180	118	52.5%
Financial Services	815	410	98.9%	39%	1,450	731	98.3%
Information Management	262	275	(4.5%)	14%	532	523	1.7%
Others	15	2	-	1%	36	7	-
<b>Total <sup>2</sup></b>	<b>1,966</b>	<b>1,504</b>	<b>30.8%</b>	<b>100%</b>	<b>3,742</b>	<b>2,904</b>	<b>28.9%</b>

Note:

1. Foreign Currency denominated revenue in Q2 FY2017 was Rs.947 Crores (48% of total revenue) and in H1 FY2017 was Rs.1,924 Crores (51% of the total revenue)

# Diversified Revenue Mix for FY2016

(In Rs. Crores or as stated)

Net Sales break-up	Quarter IV ended			% Sales	Full year ended		
	31-Mar-16	31-Mar-15	% Change		31-Mar-16	31-Mar-15	% Change
Healthcare	955	836	14.3%	53.8%	3,558	3,121	14.0%
Pharma Solutions	593	560	6.0%	34.6%	2,290	2,008	14.1%
Critical Care	245	175	40.2%	13.2%	876	757	15.7%
Consumer Products <sup>1</sup>	117	102	15.1%	5.9%	393	357	10.1%
Financial Services	559	264	111.8%	28.2%	1,864	937	98.9%
Information Management	207	194	6.5%	17.5%	1,156	1020	13.4%
Others	13	3	-	0.5%	31	45	-
<b>Total <sup>2</sup></b>	<b>1,734</b>	<b>1,298</b>	<b>33.6%</b>	<b>100%</b>	<b>6,610</b>	<b>5,123</b>	<b>29.0%</b>

Note:

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

# Consolidated P&L for Q2 & H1 FY2017

(In Rs. Crores or as stated)

Particulars	Quarter II ended			Half year ended		
	30-Sept-16	30-Sept-15	% Change	30-Sept-16	30-Sept-15	% Change
Total Revenues	1,966	1,504	31%	3,742	2,904	29%
R&D Expenses	26	27	(5%)	50	66	(23%)
Other Operating Expenses	1,197	1,031	16%	2,310	2,161	7%
OPBIDTA	744	445	67%	1,382	678	104%
OPBIDTA Margin %	38%	30%	-	37%	23%	-
Non-operating other income	42	52	(19%)	95	165	(42%)
Interest expenses	455	221	106%	851	391	117%
Depreciation	73	57	28%	150	112	34%
Profit before tax & exceptional items	257	219	17%	476	340	40%
Exceptional items (Expenses)/Income	-	(9)	-	-	(12)	-
Income tax	3	25	(87%)	49	23	118%
Profit after tax (before MI & Prior Period items)	254	186	37%	427	306	40%
Minority interest	-	-	-	-	-	-
Share of profit/(loss) of associates <sup>1</sup>	52	50	5%	110	99	11%
Net Profit after Tax	306	235	30%	537	405	33%
EPS (Rs./share)	17.8	13.6	30%	31.1	23.5	33%

## Notes:

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

# Consolidated P&L for FY2016

(In Rs. Crores or as stated)

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

## Notes:

1. Exception gain for FY2016 majorly included gain on sale of certain properties. Exceptional gain for FY2015 majorly included gain on sale of 11% stake in Vodafone India partly offset by the amount written down on account of scaling back of our investments in NCE research.
2. Tax expense for FY15 include s Rs.267 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		Mar 31 2016	Mar 31 2015
<b>Shareholders' Funds</b>			
(A) Share Capital		35	35
(B) Reserves & Surplus		12,388	11,701
<b>Minority Interest</b>		34	29
<b>Loan Funds</b>		16,254	7,306
<b>Deferred Tax Liability</b>		-	3
<b>T O T A L</b>		<b>28,710</b>	<b>19,074</b>
<b>Fixed Assets</b>		8,367	7,342
<b>Investments</b>		14,800	7,768
<b>Deferred Tax Asset</b>		14	29
<b>Current Assets, Loans and Advances</b>			
Inventories		735	675
Sundry Debtors		925	832
Cash and Bank Balances		443	460
Other Current Assets		675	354
Loans and Advances		4,876	3,475
Less : Current Liabilities and Provisions			
Current Liabilities		1,732	1,229
Provisions		394	633
<b>T O T A L</b>		<b>28,710</b>	<b>19,074</b>
Break Up Loan Funds (In Rs. Crores)	INR Debt	FX Debt	Total
As on 31-Mar-16	13,563	2,691	16,254
As on 31-Mar-15	3,937	3,369	7,306

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



## For Investors :

Hitesh Dhaddha

Email : [hitesh.dhaddha@piramal.com](mailto:hitesh.dhaddha@piramal.com)

Phone : +91 22 3046 6444

Bhavna Sinyal

Email : [bhavna.sinyal@piramal.com](mailto:bhavna.sinyal@piramal.com)

Phone : +91 22 3046 6570