



Piramal Enterprises Limited

Q1 FY2017 Result Presentation
1 August 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.

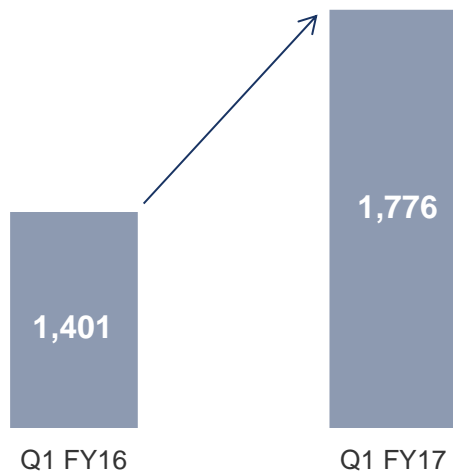
Key Financial Highlights

Margin

In Rs. Crores, unless otherwise stated

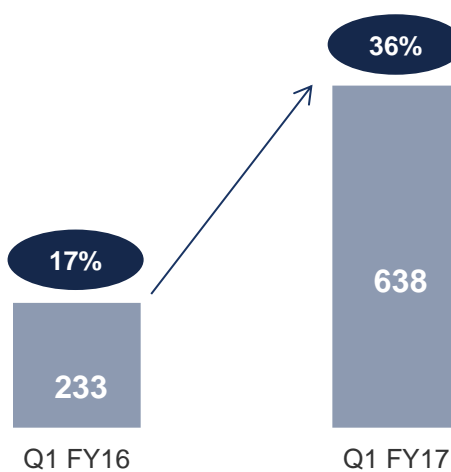
Revenues

27%
growth during
Q1 FY2017



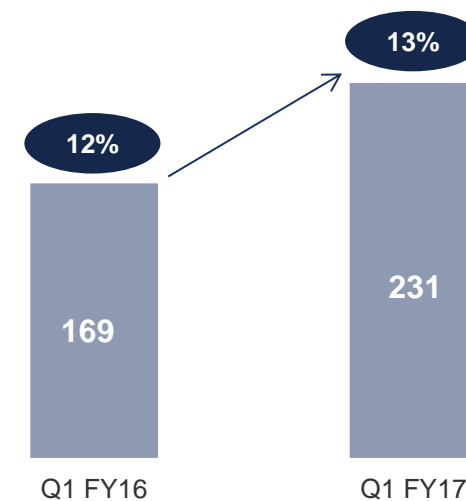
OPBITDA

174%
growth during
Q1 FY2017



Net Profit

36%
growth during
Q1 FY2017



Note: Q1 FY2017 results have been prepared based on the Ind AS and Q1 FY2016 results have been reinstated to make it comparable with the reported period

Business highlights for the quarter

Financial Services

- Loan Book grew by 112% to Rs.16,112 Crores as on 30 Jun 2016 vs. Rs.7,611 Crores as on 30 Jun 2015
 - Construction Finance now 46% of Real Estate loan book
 - Robust asset quality - Gross NPA at 0.6%
- Gross Alternative Assets under Management at Rs.8,715 Crores

Healthcare

- **Pharma Solutions**
 - Mahad plant cleared its first ever USFDA audit without any observation
 - Frost & Sullivan awarded Digwal team for excellence in sustainability and safety at its 'Green Manufacturing Excellence Awards – 2016'
- **Critical Care**
 - Strengthening presence in UK. Won first public tender in Spain
 - Renewed major GPO (Group Purchase Organisation) contract in US for Isoflurane with over 30% price increase
- **Consumer Products**
 - Integration completed for Little's and MSD brands
 - Agreed to acquire four brands from Pfizer

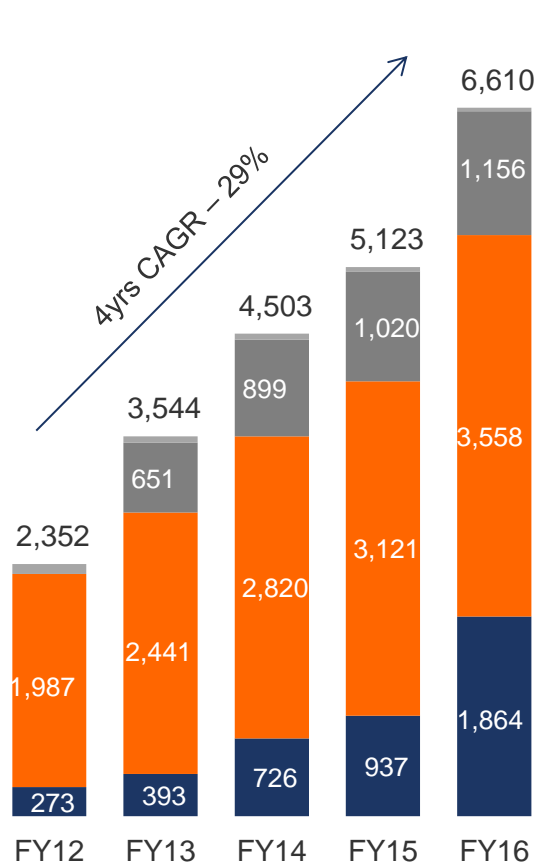
Information Management

- 210+ positions on boarded in Bengaluru and Gurugram offices
- Launched new dynamic, web-based delivery platform for all DRG research reports in July 2016

Robust Financial Performance since Abbott deal

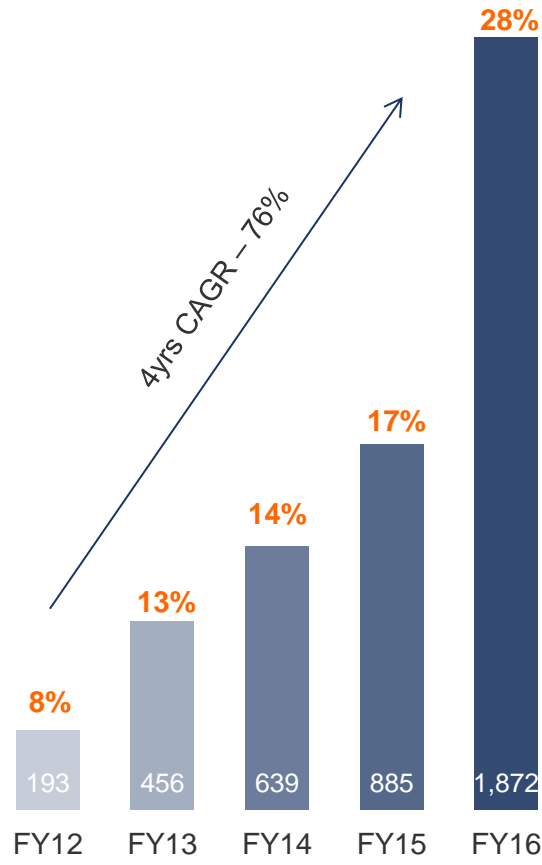
Business-wise revenue trend

■ FS ■ HC ■ IM ■ Others



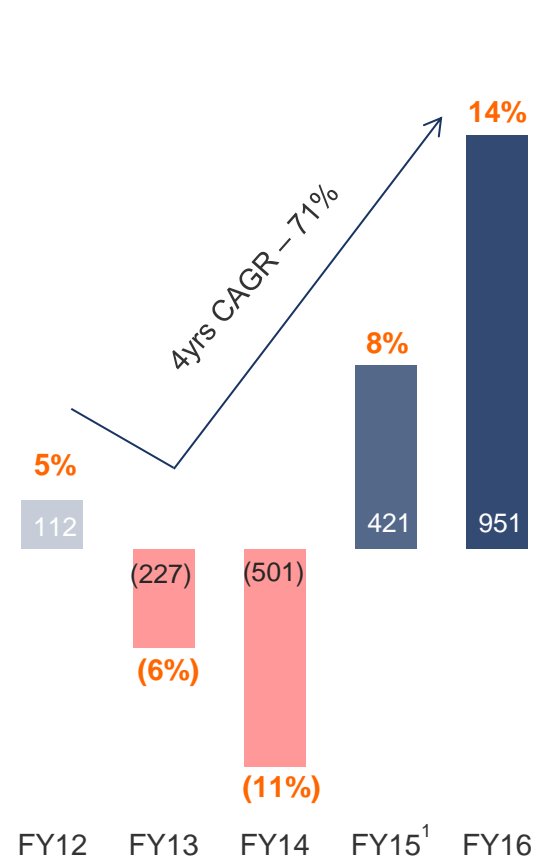
Operating profit and margin trend

■ OPBITDA ■ % OPBITDA Margin



Net profit and margin trend

■ Net Profit ■ % Net Profit Margin



Note: Numbers as reported during their respective periods

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.

Revenues : Delivering improved performance every quarter

| Period | Reported Period | Previous Period | % Change |
|-----------|------------------|------------------|----------|
| Q1 FY2015 | Rs. 1,182 Crores | Rs. 965 Crores | + 22% |
| Q2 FY2015 | Rs. 1,243 Crores | Rs. 1,131 Crores | + 10% |
| Q3 FY2015 | Rs. 1,400 Crores | Rs. 1,286 Crores | + 9% |
| Q4 FY2015 | Rs. 1,298 Crores | Rs. 1,121 Crores | + 16% |
| Q1 FY2016 | Rs. 1,401 Crores | Rs. 1,182 Crores | + 19% |
| Q2 FY2016 | Rs. 1,544 Crores | Rs. 1,243 Crores | + 24% |
| Q3 FY2016 | Rs. 1,859 Crores | Rs. 1,400 Crores | + 33% |
| Q4 FY2016 | Rs. 1,734 Crores | Rs. 1,298 Crores | + 34% |
| Q1 FY2017 | Rs. 1,776 Crores | Rs. 1,401 Crores | + 27% |

Note: Q1 FY2017 results have been prepared based on the Ind AS and Q1 FY2016 results have been reinstated to make it comparable with the reported period

OPBITDA : Delivering improved performance every quarter

| Period | Reported Period | Previous Period | % Change |
|-----------|-----------------|-----------------|----------|
| Q1 FY2015 | Rs. 156 Crores | Rs. 141 Crores | + 11% |
| Q2 FY2015 | Rs. 215 Crores | Rs. 152 Crores | + 42% |
| Q3 FY2015 | Rs. 321 Crores | Rs. 276 Crores | + 16% |
| Q4 FY2015 | Rs. 194 Crores | Rs. 71 Crores | + 173% |
| Q1 FY2016 | Rs. 233 Crores | Rs. 156 Crores | + 49% |
| Q2 FY2016 | Rs. 476 Crores | Rs. 215 Crores | + 121% |
| Q3 FY2016 | Rs. 628 Crores | Rs. 321 Crores | + 96% |
| Q4 FY2016 | Rs. 468 Crores | Rs. 194 Crores | + 141% |
| Q1 FY2017 | Rs. 638 Crores | Rs. 233 Crores | + 174% |

Note: Q1 FY2017 results have been prepared based on the Ind AS and Q1 FY2016 results have been reinstated to make it comparable with the reported period

Net Profit excluding key exceptional items : Delivering improved performance every quarter

| Period | Reported Period | Previous Period | % Change |
|-----------|-----------------|------------------|----------|
| Q1 FY2015 | Rs. 55 Crores | (Rs. 147 Crores) | + NM |
| Q2 FY2015 | Rs. 41 Crores | (Rs. 32 Crores) | + NM |
| Q3 FY2015 | Rs. 224 Crores | (Rs.11 Crores) | + NM |
| Q4 FY2015 | Rs. 100 Crores | (Rs.311 Crores) | + NM |
| Q1 FY2016 | Rs. 169 Crores | Rs.55 Crores | + 206% |
| Q2 FY2016 | Rs. 246 Crores | Rs.41 Crores | + 495% |
| Q3 FY2016 | Rs. 322 Crores | Rs.224 Crores | + 44% |
| Q4 FY2016 | Rs. 180 Crores | Rs.100 Crores | + 80% |
| Q1 FY2017 | Rs. 231 Crores | Rs.169 Crores | + 36% |

Note: Q1 FY2017 results have been prepared based on the Ind AS and Q1 FY2016 results have been reinstated to make it comparable with the reported period
FY2015 quarterly numbers excludes exceptional gain from Vodafone transaction and exceptional loss from NCE shutdown

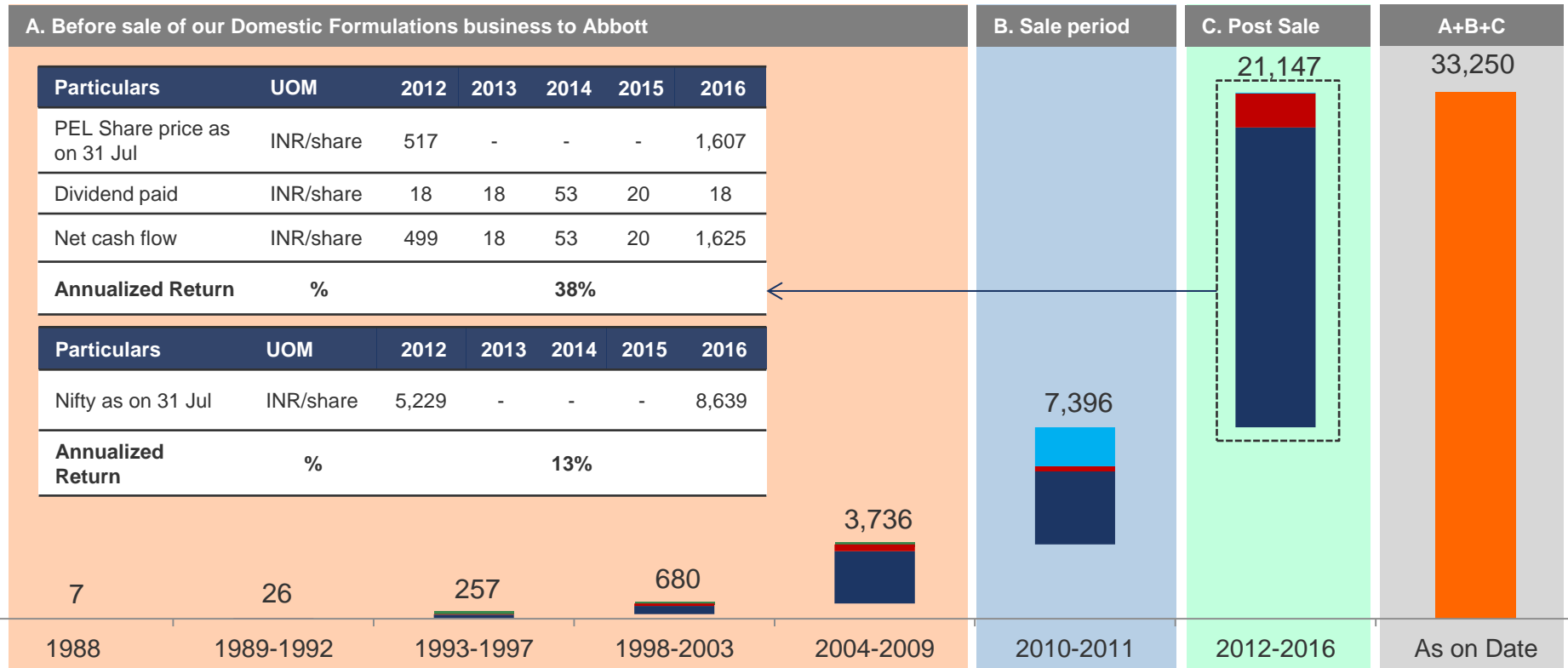
NM – Not measurable

Consistently improved performances every quarter is creating significant value for shareholders

Shareholder value creation in less than 3 decades

(In Rs. Crores)

■ Incremental Market Cap ■ Dividend Paid ■ Capital returned through buyback ■ Capital raised¹



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 29 Jul 2016

24%
Revenue CAGR for last 28 years

27%
PBITDA CAGR for last 28 years

Over 28%*
Annualized return to shareholders over last 28 years

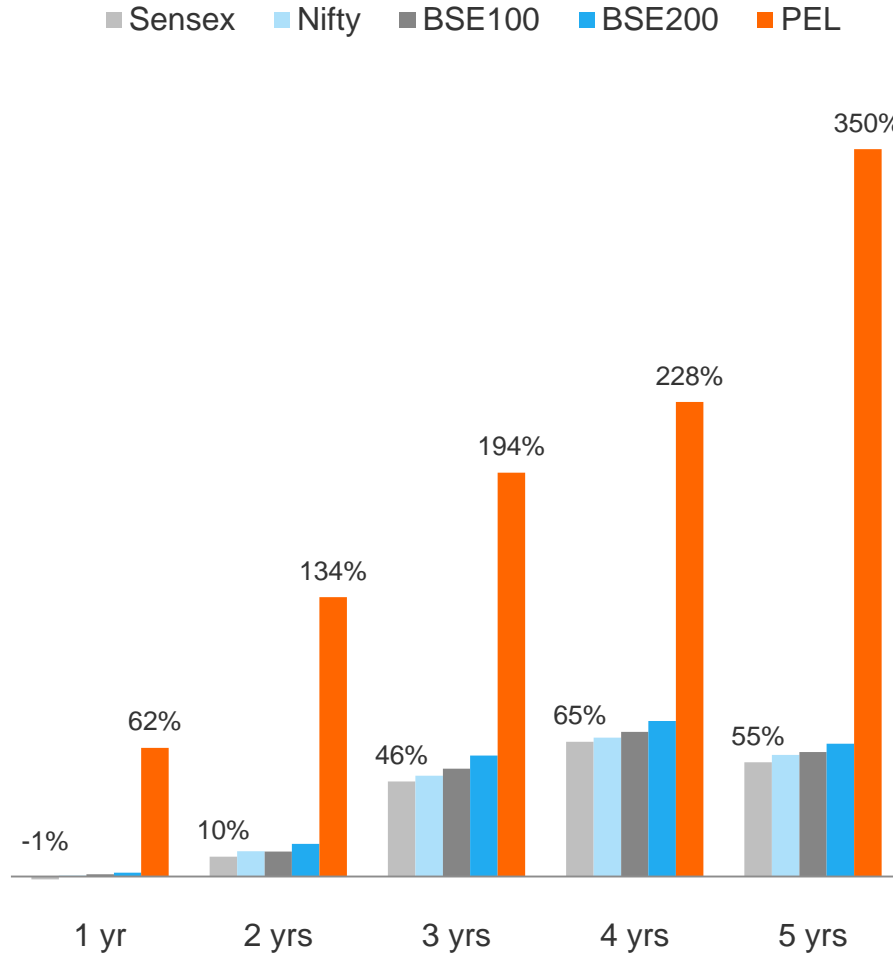
Rs. 1 Lac invested in the company in 1988 has generated total value of Rs.11 Crores*

Source : Bloomberg * Assumed dividend reinvested in the stock

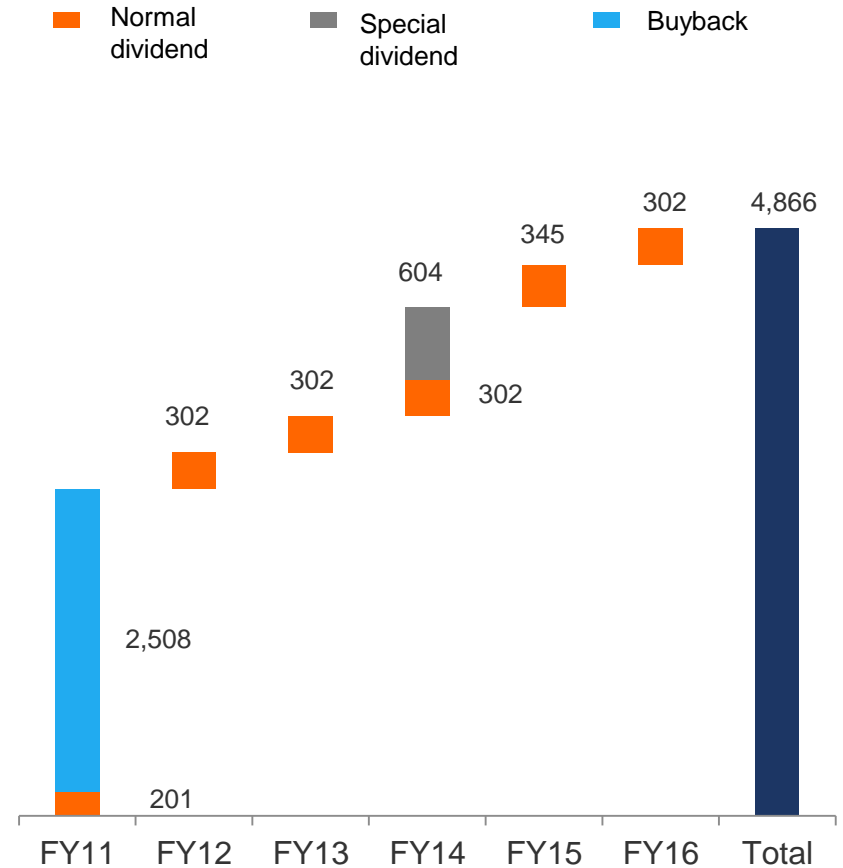
Returns to shareholders consistently outperforming all benchmarks

Consistently delivered strong shareholder returns – significantly higher than benchmarked indices¹

Rs.4,866 Crores^{2,3} returned to shareholders since sale of Domestic Formulations business in 2010



In Rs. Crores



Notes:
 1. Total shareholder return numbers are as on 30 Jun 2016. Assumes re-investment of dividend in the stock (Source : Bloomberg)

2. Of the buy back of 41.8 mn shares shown in FY11, buyback of 0.7 mn shares happened in FY12
 3. Capital returned to shareholder through dividends doesn't include amount paid under Dividend Distribution Tax



Piramal
knowledge action care

Financial Services



Wholesale Lending

Total Loan Book of Rs.16,112 Crores as on 30 Jun 2016 vs. Rs.7,611 Crores, as on 30 Jun 2015

- Robust asset quality - Gross NPAs at 0.6%
- Technology transformation initiative is on track; implementation expected to be completed by the end of FY2017

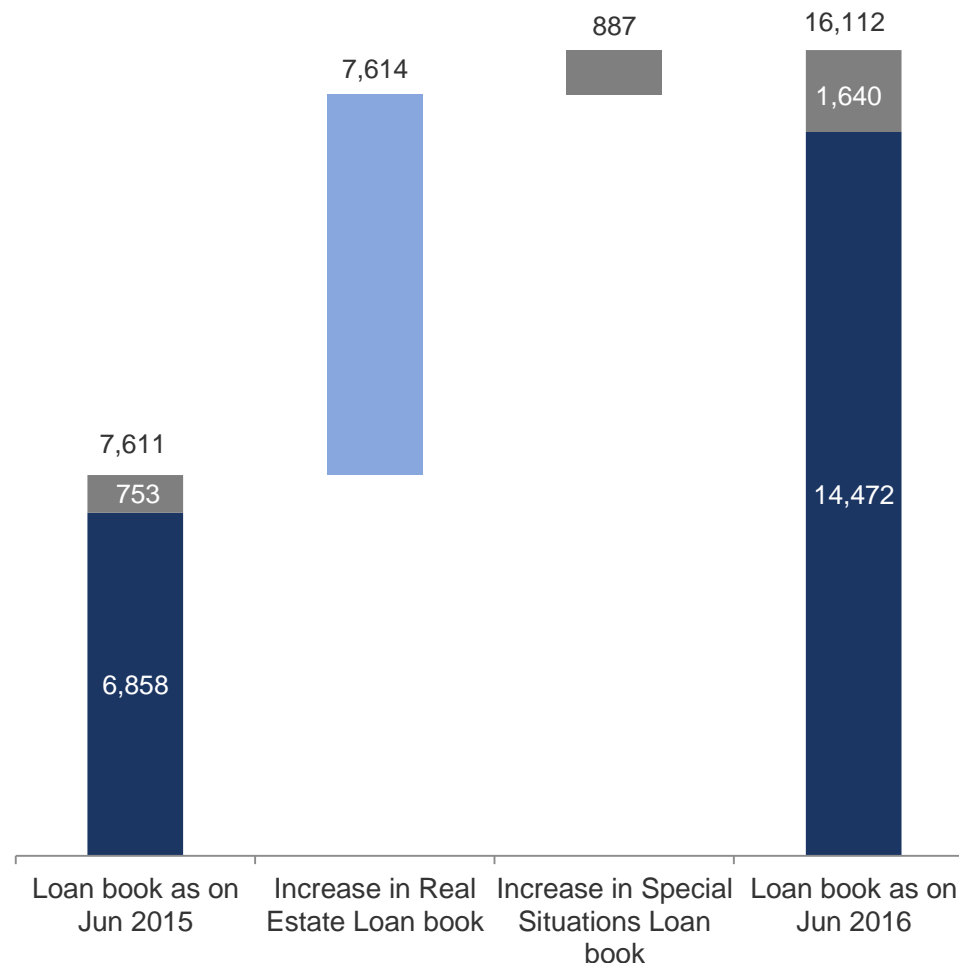
Real Estate Lending:

- Construction Finance is now 46% of our Real Estate loan book
- Entered transactions in commercial space
- Relationship building exercise with Tier A developers going successful through 'Piramal Preferred Partner' initiative

Special Situations :

- Loan book grew to Rs.1,640 Crores as 30 Jun 2016 vs. Rs.753 Crores as on 30 Jun 2015
- Assets spread across various industries including infrastructure, cement, renewables, transportation, etc.

Continued scaling up of whole-sale lending business (Rs. Crores)



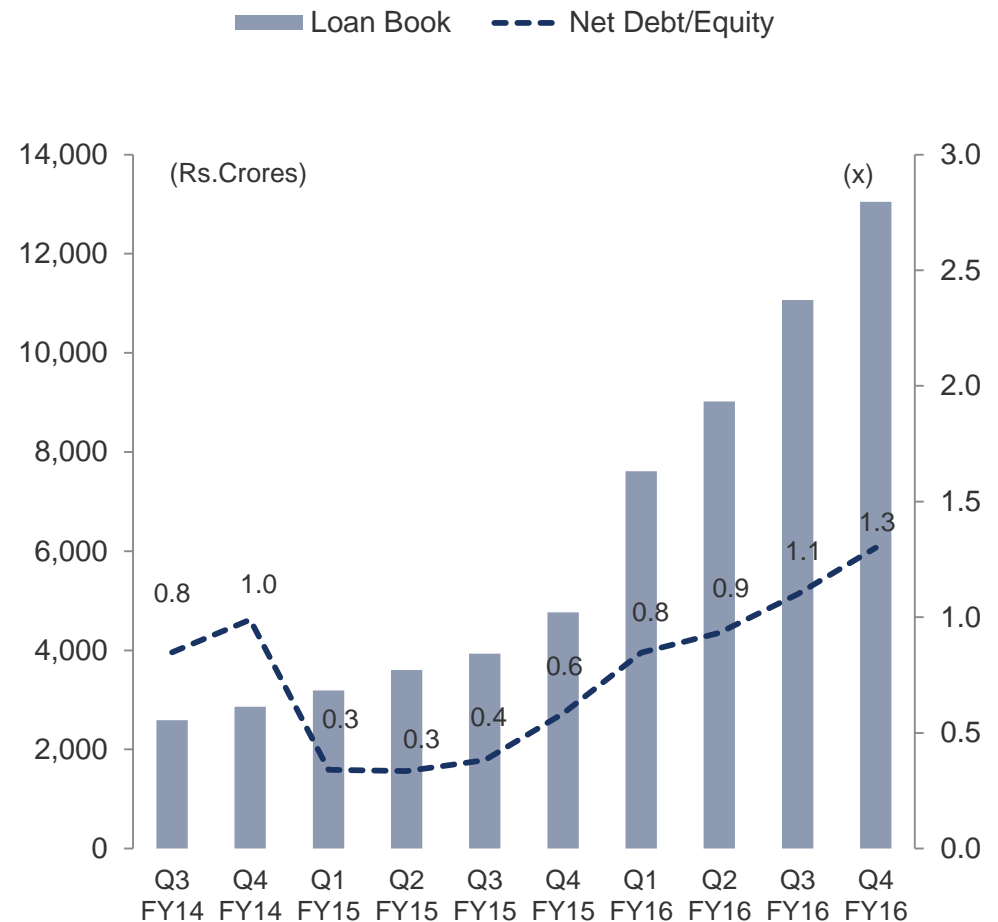
Loan book performance against parameters

| Particulars | Q1 FY2017 |
|------------------------|------------------|
| Total Loan Book size | Rs.16,112 Crores |
| Average Yield on Loans | 16% |
| Cost of Capital | 9% |
| Cost to Income Ratio | 7% |
| Gross NPA ratio | 0.6% |
| ROA | 6% |
| ROE | 25%+ |

Strong balance sheet gives huge potential to significantly 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 proposed 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



Total gross Assets under Management grew to Rs.8,715 Crores

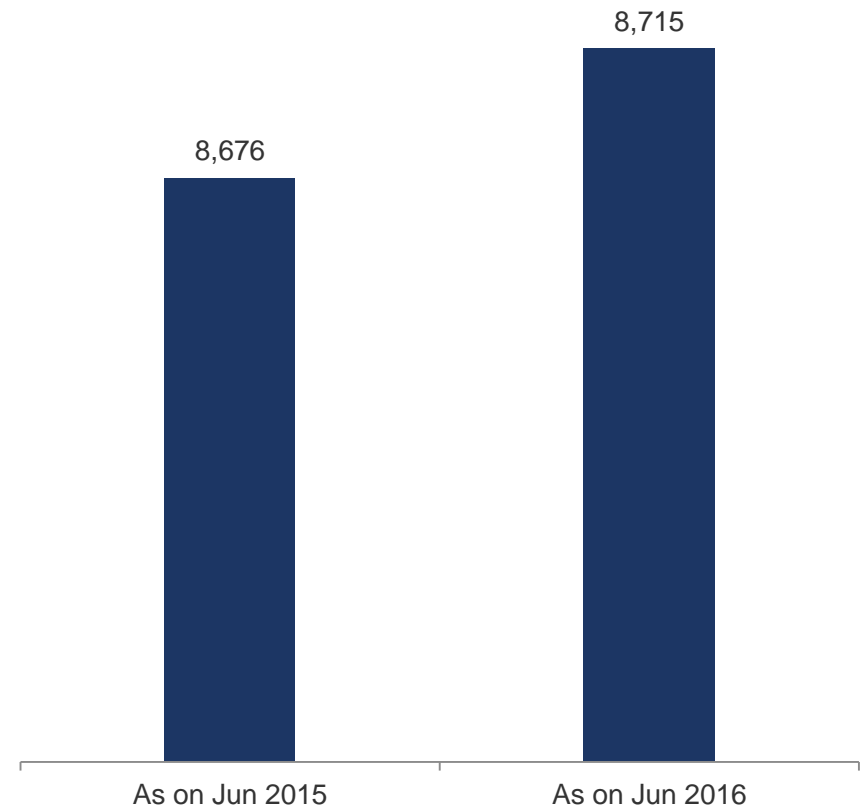
Real Estate :

- Real Estate gross funds under management of Rs.8,190 Crores as on Jun 30, 2016
- Invested in 62 projects across 7 cities with 25 leading developers

Special Situations :

- Investments made by APG under our alliance with them includes total disbursements of Rs.525 Crores as on Jun 30, 2016
 - PEL will earn Management Fees and Carry Interest on the investments made by APG

Growing Alternative Asset Management business
(Rs. Crores)



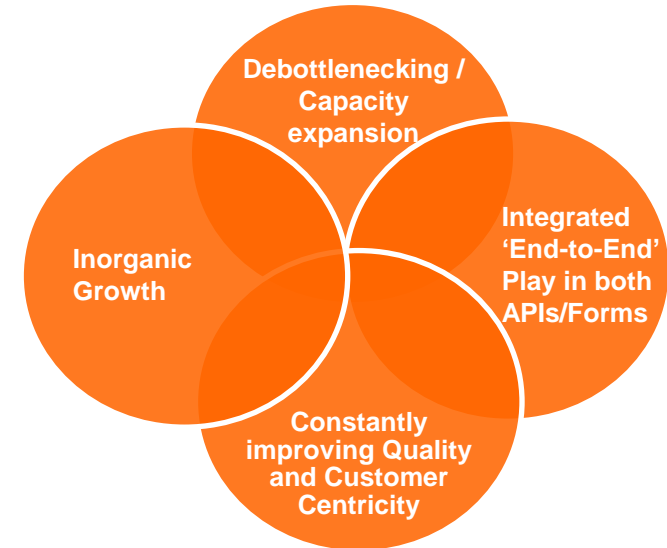


Healthcare

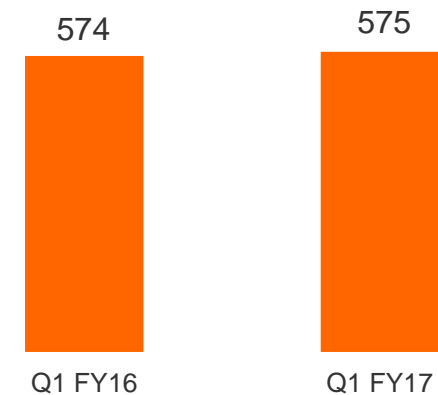


- **Revenue Performance:** Q1 FY2017 Revenues were at Rs.575 Crores, broadly in line with corresponding quarter of the previous year due to lumpy nature of business.
- **Continued focus on quality:**
 - Mahad plant cleared its first ever USFDA audit without any observation
 - Frost & Sullivan recently concluded 'Green Manufacturing Excellence Awards – 2016' where Digwal team won two awards:
 - Sustainability award – “Certificate of Merit-challengers category”
 - Safety Excellence Award – “Certificate of Merit – Safety Excellence”
- **Diversification of customer portfolio:** Tapping several mid-size/Biotech customers with opportunities to become preferred partners thereby maximizing customer lifetime value as their products mature across the value chain
- Two development projects at overseas sites have been successfully validated and scaled up for commercialization from next year.

Pharma Solutions' growth strategy



Q1 FY17 vs. Q1 FY16 Revenue performance (In Rs. Crores)

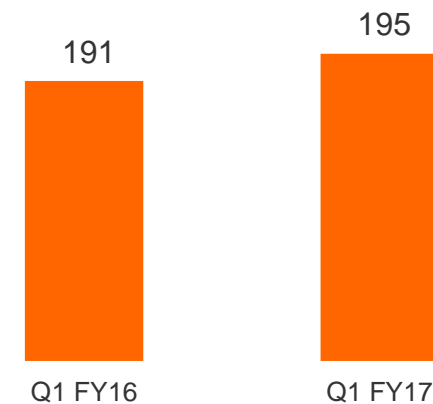


- **Revenue performance:** Q1 FY2017 Revenues were at Rs.195 Crores, broadly in line with corresponding quarter of the previous year.
 - Delivered strong growth for last year.
- **Growth in regulated markets continued:**
 - **UK :** Continue to strengthen our presence and expand our market share in UK by winning more tenders in its various geographies.
 - Won first public tender in Spain
 - **US :** Renewed major GPO (Group Purchase Organisation) contract for Isoflurane with >30% price increase.
- **Executing on strategy of adding new products:** Continue to explore inorganic opportunities to expand product portfolio
- **Maintaining cost leadership**
 - Progressing well on cost reduction initiatives to improve EBITDA margins and gain market share
 - Investments made in Bethlehem site are yielding good results
- **Continue to work towards launching Desflurane in 2017**

Critical Care's growth strategy



Q1 FY17 vs. Q1 FY16 Revenue performance (In Rs. Crores)



- **Revenue performance** : Q1 FY2017 Revenues grew 31% YoY at Rs.80 Crores, surpassing the market growth of 3% for Q1 FY2017
Key drivers include:

- Successful integration of acquired brands :
 - Integration completed for Little’s & MSD brands
 - Acquired brands expanding their coverage
- Increased distribution of current brands
- Sound acceptance of new launches in the market

- **Acquisition:** Agreed to acquire four brands from Pfizer Ltd - Ferradol, Neko, Sloan’s and Waterbury’s Compound.

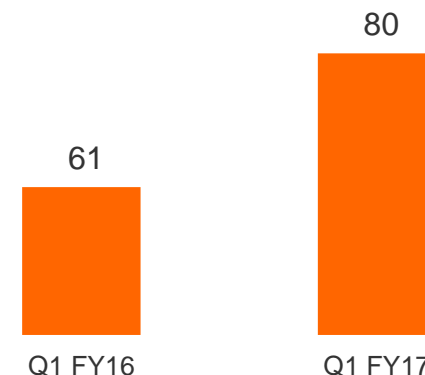
- **Launching product extensions:**

- Launched extensions of existing brands Polycrol and Tetmosol
- i-range portfolio continues to sustain the demand . Business has launched its new extension ‘i-pill daily’, a regular contraceptive pill

Consumer Product’s growth strategy



Q1 FY17 vs. Q1 FY16 Revenue performance (In Rs. Crores)



Note: Revenue does not include revenues from our JV with Allergan as it is now accounted as an associate income as per the Ind AS.

Consumer Products : Created a large India-wide distribution network

| | FY2015 | Now |
|-------------------------|---------|---------|
| No. of towns present | 481 | 1,500 |
| Total Outlet presence | 230,000 | 350,000 |
| Chemist Outlet presence | 140,000 | 220,000 |
| Field Force | 800 | 2,000 |

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

Consumer Products : Acquired three brand portfolios to leverage this strong distribution network



Agreed to acquire 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



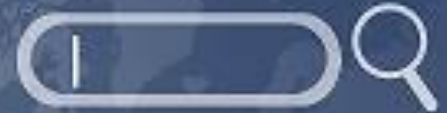
Successfully integrated the baby-care brand “Little’s”

- 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%
- Starting to leverage on our India-wide strong network

HEALTH DATA

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

10-may-14



Information Management

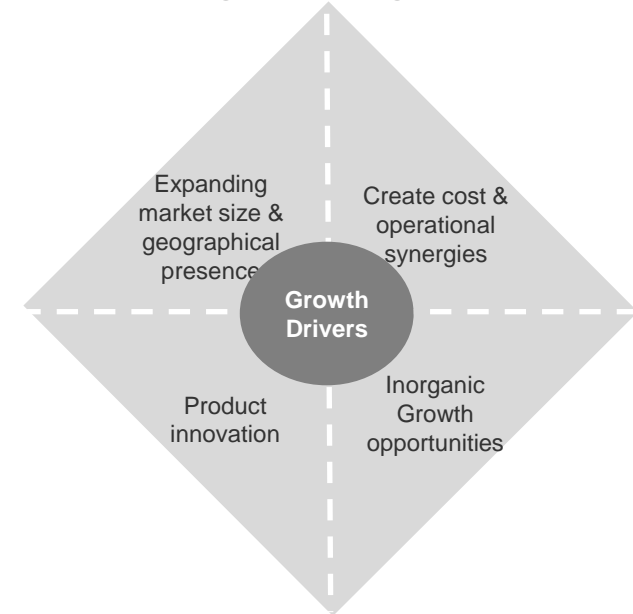
patient #08001

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

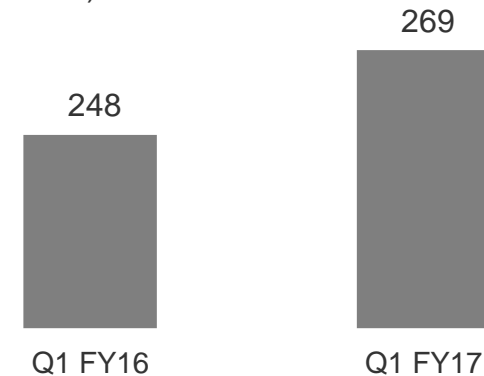


- **Revenue performance** - Revenue grew 9% during the quarter
- **Expanding to Provider & Payer market**
 - HBI acquisition enabling our entry into provider market
 - Adaptive Software acquisition enabling our entry into payer market
- **India Expansion - Key to Accelerating Product Development & Innovation and Boosting Margins**
 - Bengaluru and Gurugram offices on target, with 210+ positions on-boarded (India headcount now represents ~20% of DRG's global workforce)
- **Insights Platform On Track**
 - Launched on schedule, a new dynamic, web-based delivery platform for all DRG research reports in July 2016
 - Will transform how customers access DRG content

Information Management's growth initiatives



Strong revenue performance (In Rs. Crores)





Financials



(In Rs. Crores or as stated)

| Net Sales break-up | Quarter I ended | | | % Sales |
|---------------------------|-----------------|--------------|------------|-------------|
| | 30-Jun-16 | 30-Jun-15 | % Change | |
| Healthcare | 851 | 827 | 3% | 48% |
| Pharma Solutions | 575 | 574 | 0% | - |
| Critical Care | 195 | 191 | 2% | - |
| Consumer Products | 80 | 61 | 31% | - |
| Financial Services | 635 | 320 | 98% | 36% |
| Information Management | 269 | 248 | 9% | 15% |
| Others | 21 | 6 | - | 1% |
| Total ² | 1,776 | 1,401 | 27% | 100% |

Note:

1. Foreign Currency denominated revenue in Q1 FY2017 was Rs.977 Crores (55% of total revenue)

Consolidated P&L

(In Rs. Crores or as stated)

| Particulars | Quarter I ended | | |
|---|-----------------|-----------|----------|
| | 30-Jun-16 | 30-Jun-15 | % Change |
| Total Revenues | 1,776 | 1,401 | 27% |
| R&D Expenses | 24 | 38 | (37%) |
| Other Operating Expenses | 1,114 | 1,130 | (1%) |
| OPBIDTA | 638 | 233 | 174% |
| OPBIDTA Margin % | 36% | 17% | - |
| Non-operating other income | 53 | 113 | (53%) |
| Interest expenses | 395 | 171 | 132% |
| Depreciation | 77 | 55 | 41% |
| Profit before tax & exceptional items | 219 | 120 | 82% |
| Exceptional items (Expenses)/Income ¹ | - | (3) | - |
| Income tax | 46 | (2) | - |
| Profit after tax (before MI & Prior Period items) | 173 | 120 | 44% |
| Minority interest | - | - | - |
| Share of profit/(loss) of associates ² | 58 | 50 | 17% |
| Net Profit after Tax | 231 | 169 | 36% |
| EPS (Rs./share) | 13.4 | 9.9 | 36% |

Notes:

1. Exception loss for Q1 FY2016 amounting Rs. 2.6 Crores represent loss on sale of Piramal Clinical Research Business.
2. Income under share of associates primarily includes our share of profits at Shriram Capital and Allergan India



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