



# Q4 & FY10 Results

Analyst Presentation  
Date : 7<sup>th</sup> May, 2010

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# Business Review – Healthcare Solutions

# Healthcare Solutions – One of the fastest growing companies in the domestic pharma industry



1

Increasing market share with significant scale

Market share of 4.4% in March 2010 as compared to 4.0% in March 2009, Ranked # 3 for Q4FY10 in Indian Pharmaceutical Market

2

Strong Portfolio of diverse brands

Largest number of >Rs. 10 Crs brands – 48 brands, Our largest brand is #2 brand in the industry

3

Largest field force and broad reach

Sales force of about 4000 people and low cost nation-wide distribution, Improved PMPM by 25%

4

Demonstrated success in New Product launches

Ranked no. 1 by ORG IMS on absolute sales from New Products launched for FY10, 32 new products launched during the year

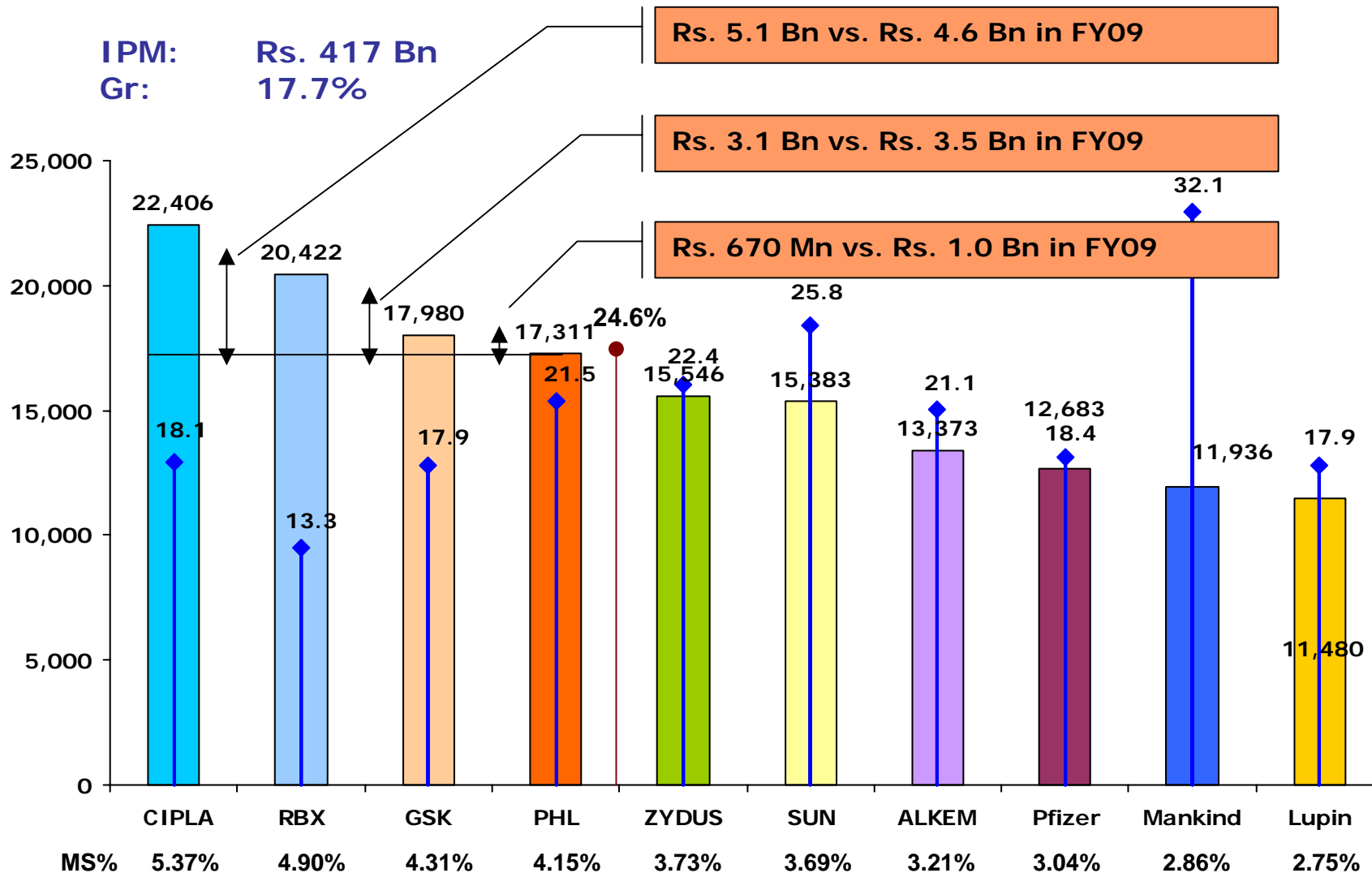
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Consistent success in M&A

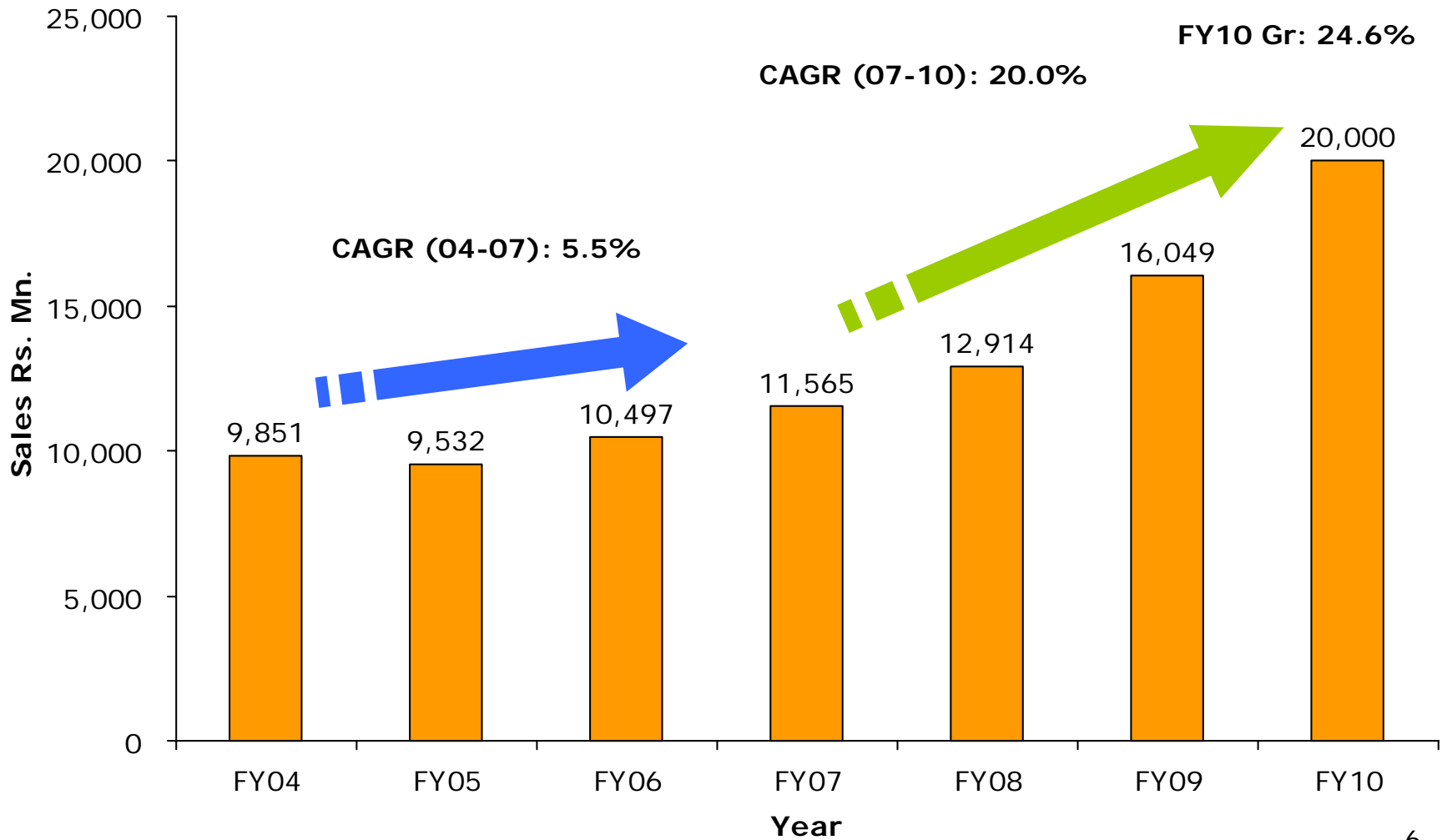
Completed acquisition of i-pill in FY10

# Growth rate has been one of the highest amongst the top-10

Rs. million



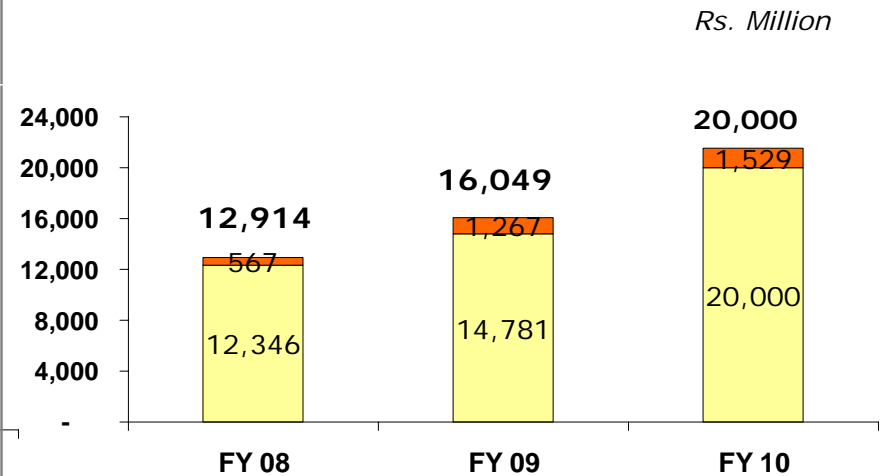
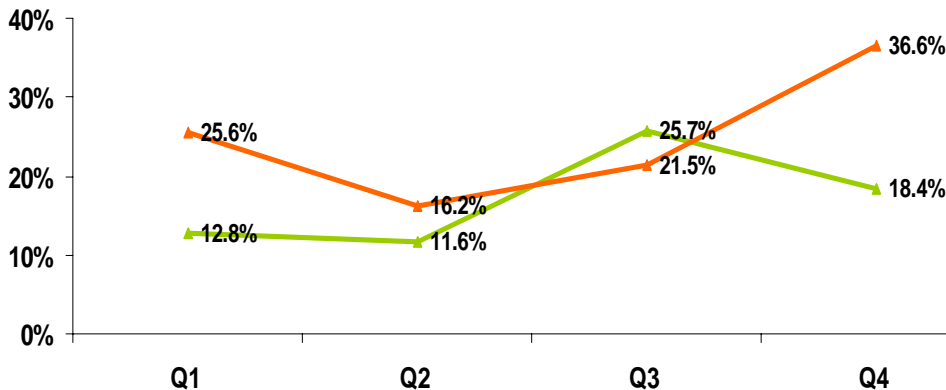
# Sales growth has accelerated in the last 3 years



# FY10: Strong sales growth and new products launches...

PHL growth in FY 10 at 24.6% is significantly higher than IPM growth of 17.7%

New product sales has increased from 4.4% of sales in FY08 to 7.6% in FY10



— Piramal Healthcare  
— Indian Pharma Market

Existing Products  
New Products

New Product = Product launched in Year + 1 previous year

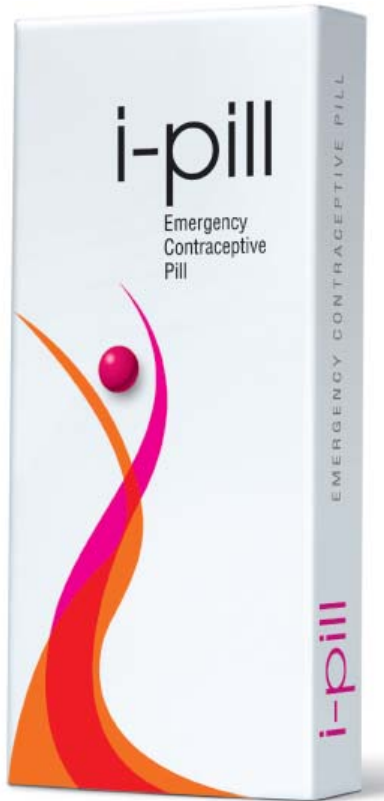
# Strengthening presence in OTC space

- OTC sales crossed Rs. 1 billion in FY10
- Broad OTC portfolio consisting of leading brands like Saridon, Lacto Calamine, Superactiv and Polycrol
- Lacto Calamine won coveted 2010 REBRAND 100 Winner, sales crossed Rs.500 mn
- Strong sales distribution network established covering 220,000 stores
- Launched Superactiv and Itchmosol in 2010 these are now ranked 2<sup>nd</sup> in their category





# Acquired i-pill, India's largest ECP brand



- Acquired i-pill, from Cipla in March 2010 for Rs. 950 million
- “i-pill” features in the top-300 pharmaceutical products and had sales of Rs. 316 million (ORG IMS MAT March 2010)

## Strategic Rationale

- ECPs - Newly created category in 2007, already ~ 100 cr. in 2 years and is the fastest growing OTC category
- High involvement category leading to high brand loyalty and low price sensitivity

# Healthcare Solutions – growth across TAs

Rs. million

- TA-wise sales break-up:

No.	Therapeutic Area	PHL Consolidated Quarter IV Ended				PHL Consolidated Year ended				Market growth
		Saliency	31-Mar-10	31-Mar-09	Growth	Saliency	31-Mar-10	31-Mar-09	Growth	MAT March 10
		% of total	Rs. million	Rs. million	%	% of total	Rs. million	Rs. million	%	%
1	Respiratory	19.4%	1,047.3	748.3	40.0%	17.4%	3,481.1	2,833.2	22.9%	21.0%
2	Anti-Infective	20.4%	1,101.5	766.1	43.8%	17.6%	3,520.7	2,557.8	37.6%	15.0%
3	CVS	8.3%	448.1	399.8	12.1%	11.8%	2,364.7	2,055.9	15.0%	19.9%
4	CNS	11.5%	620.4	464.9	33.4%	10.1%	2,024.4	1,684.8	20.2%	20.3%
5	Nutritionals	8.9%	481.3	322.6	49.2%	7.1%	1,426.4	1,081.7	31.9%	15.2%
6	Biotek	1.0%	54.4	67.5	-19.5%	1.4%	273.3	275.8	-0.9%	
7	Anti-Diabetic	8.7%	471.3	352.7	33.6%	6.5%	1,295.3	1,021.2	26.8%	24.0%
8	Gastro-intestinal	3.4%	184.9	155.3	19.1%	4.5%	895.4	768.1	16.6%	15.9%
9	Dermatology	1.3%	70.1	49.8	40.8%	3.6%	728.9	587.9	24.0%	18.7%
10	NSAIDs	2.0%	108.4	119.4	-9.2%	4.3%	869.7	736.3	18.1%	17.3%
11	OTC	7.4%	400.9	183.1	119.0%	6.2%	1,245.4	759.0	64.1%	
12	Others	5.1%	272.4	201.1	35.5%	6.8%	1,353.0	1,206.7	12.1%	
13	Ophthalmology	2.5%	132.7	118.5	12.0%	2.6%	524.1	480.3	9.1%	16.7%
<b>Healthcare Solutions</b>		<b>100%</b>	<b>5,393.6</b>	<b>3,949.0</b>	<b>36.6%</b>	<b>100%</b>	<b>20,002.3</b>	<b>16,048.9</b>	<b>24.6%</b>	<b>17.7%</b>

- Formulations portfolio details (on a consolidated basis):

- Top-10 Brands : 26.4% of FY10 Sales
- Lifestyle products : 29.5% of FY10 Sales
- New products (launched during last 24 months) : 7.6% of FY10 Sales
- New products launched during FY10 : 32

# 5 – pillared growth strategy

- Talent acquisition and retention
- Performance management system

- Prioritize therapy areas and brands for leadership
- Optimize customer coverage
  - Lifecycle management of mature brands
  - Accelerate growth of high potential products



- Field force productivity improvement
- Working capital management

- Strategic alliances for entry into new therapies or augment existing portfolio
- Entry and expansion into new channels

- Build scientific image through Piramal Knowledge Academy
- Build partnerships by delivering patient services to doctors

# Business Review – Pharma Solutions

# FY10: Key Developments across facilities – Early Phase Assets

- Ahmedabad:
  - Of the top-10 companies in the world:
    - 5 have conducted audits
    - 4 have awarded projects
    - 2 are sourcing clinical supplies
- Chennai:
  - Conducting R&D/Development projects for virtually all of top 10 pharma companies
  - Site audited for project work by virtually all of top 10 pharma companies
  - Site active in several bundled projects utilizing Piramal's pharmaceutical API manufacturing capabilities and formulation services across geographies

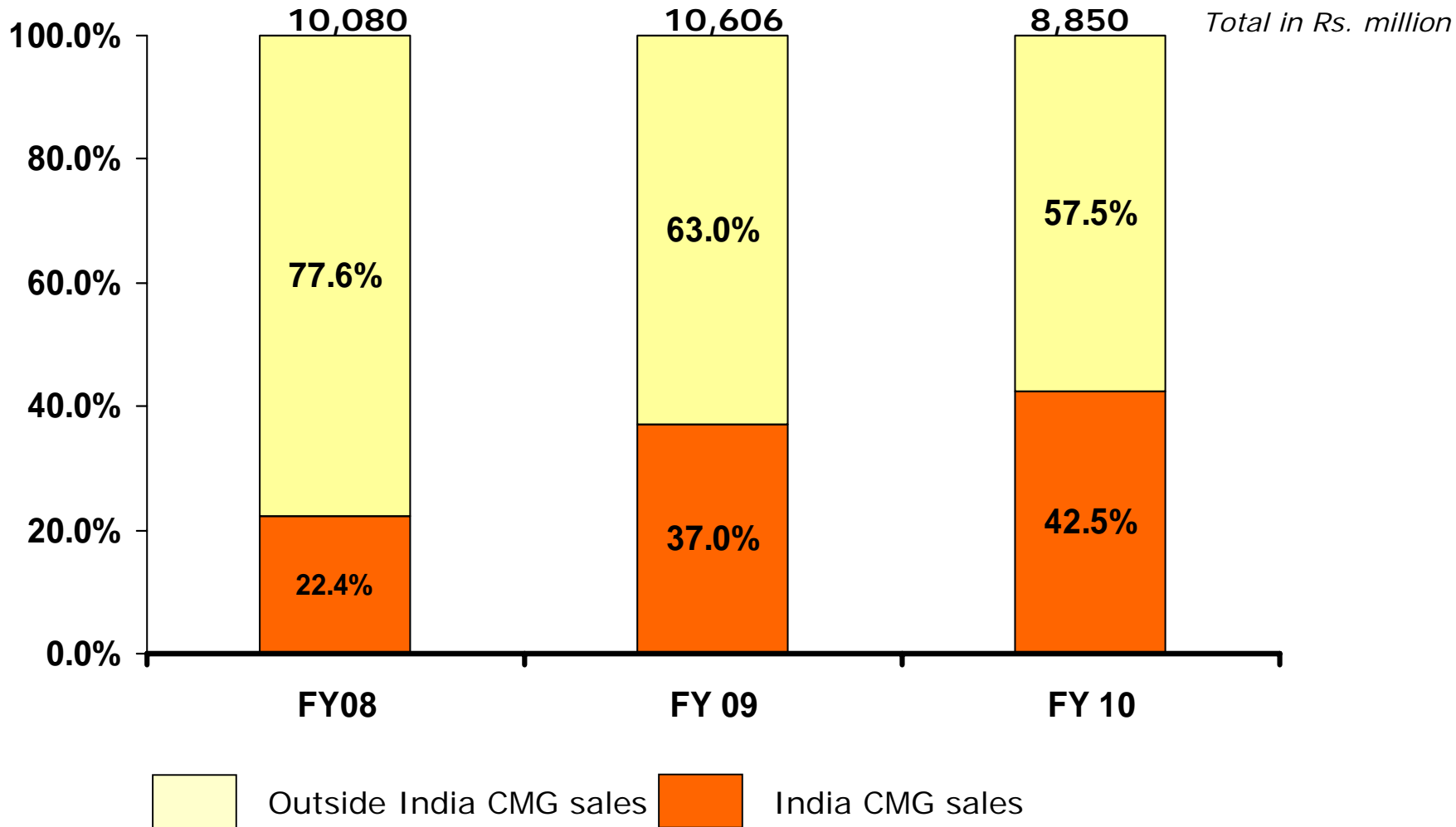
# FY10: Key Developments across facilities – Late Phase Assets

- Digwal:
  - Transition started for some of the Huddersfield clients
  - Successful audits by numerous top 10 pharma companies
  - Implementation of manufacturing of a portfolio of products for top 10 pharma company, including multiple API's
- Morpeth
  - Extension of the remaining contract from Pfizer at Morpeth, contract renewed for an indefinite period
  - Non-Pfizer business gaining scale now accounts for c. 15% of Morpeth Revenues
- Grangemouth:
  - Working on 3 of the 4 most significant antibody-drug conjugate platforms and therefore working with 11 of 19 large biotech companies
  - Contract signed with one of the leading Antibody-Drug Conjugates company

# FY10: Key Developments across facilities

- Audits Done/Awards Won:
  - USFDA inspection at Morpeth with zero 483s, first time in site's 40 year history
  - USFDA audit at Pithampur in April 2009 without any 483s
  - UK-MHRA audit in January 2010 at Digwal
  - UK-MHRA audit at Pithampur in April 2009 with no critical non-compliances
  - Awarded Platinum award in Economic Times India Manufacturing Excellence Awards (IMEA) – 2009, survey conducted by Frost & Sullivan at Pithampur
  - Golden award of Frost and Sullivan for Manufacturing Excellence in 2009 at Digwal
  - CII-National award for Energy efficient operations in 2009 at Digwal

# Increasing contribution from sales from Indian assets





# Business Review – Piramal Critical Care

# Critical Care - Overview

	Inhalation Anaesthetics	Other Anaesthetics	Others
Products	Halothane, Isoflurane, Enflurane, Sevoflurane & Desflurane	Propofol – intravenous, Bupivacaine – Local, Atracurium Besylate	Haemmacel – Blood Plasma Volume Expander
Market Size	US \$ 1,000 mn	US \$ 825 mn	US \$ 300 mn
Mfg. Location	Digwal, India Bethlehem, USA	Sourced from BSV's facility in Ambernath, Mumbai	Baddi India

# FY10: Key Developments across functions

## Increased Production

- Production has tripled at Bethlehem facility
- Haemaccel supplies started from Baddi

## Sales & Marketing

- Significant inroads made in private market segments in LATAM, SE Asia & Africa for Sevoflurane
- Sevoflurane market share grew from 4.7% to 17.8% in volume terms in US market

## Margin Enhancement

- Sevoflurane price realization improved by 7% as compared to pre-acquisition Minrad pricing (ROW)
- Reduced manufacturing costs significantly

## Regulatory

- Completed dossier fillings for 28 EU countries for Sevoflurane
- Received the first Sevoflurane registration in MENA region

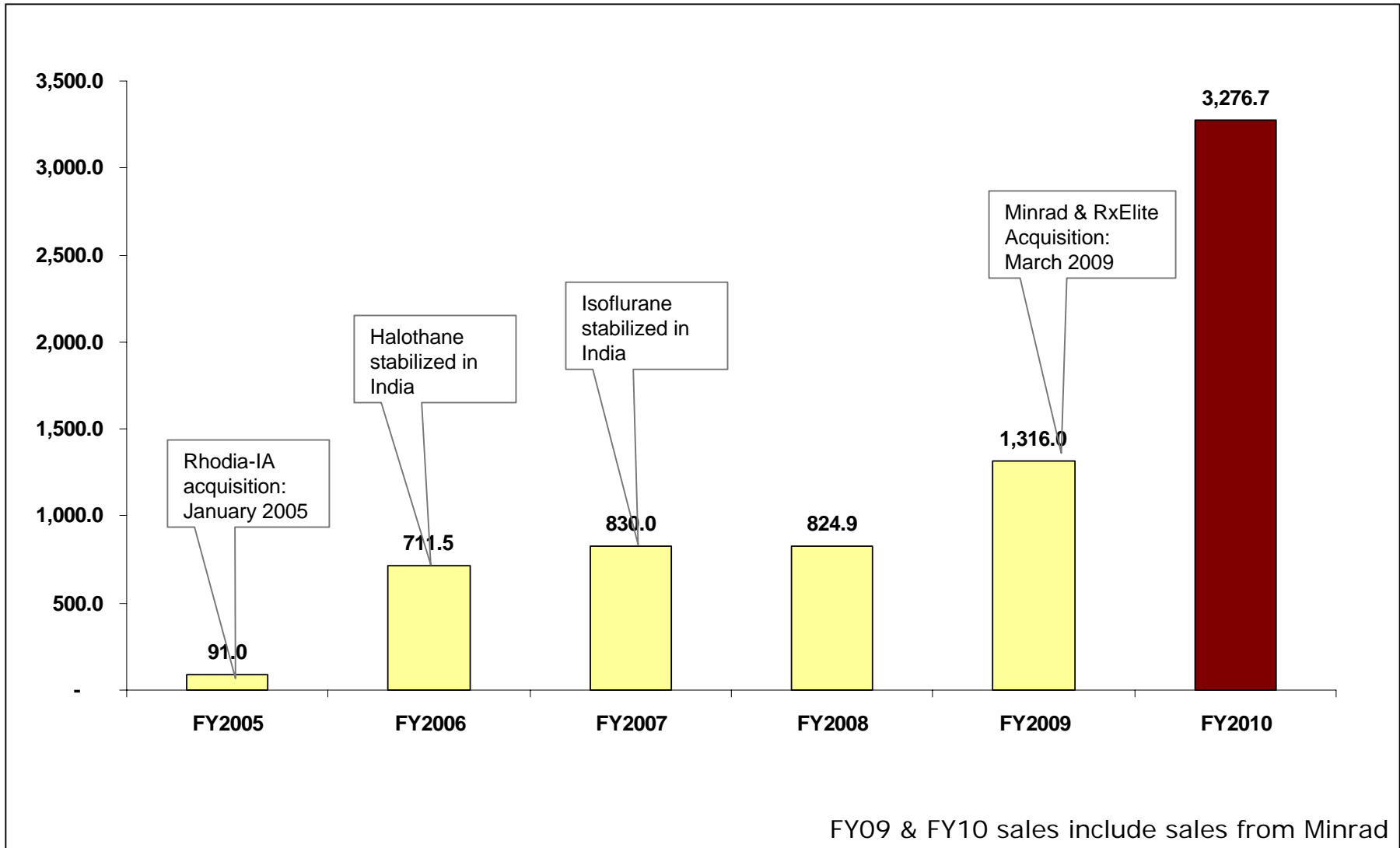
## Increased Veterinary Presence

- Veterinary Sevoflurane market share grew from 0.5% to 9.9%
- Gained private label Isoflurane supply contract for largest U.S. animal health distributor

# Acquisition of BSV's Anesthetic Business

- Acquired Bharat Serum & Vaccines's Anesthetic product business consisting of Propofol, Bupivacaine and Atracurium Besylate in April 2010
- Acquisition to provide PHL an access to world's largest selling Injectable Anaesthetic – Propofol global market size – US \$ 825 million with ex-US/Europe/Japan market being US \$ 250 million
- Business had sales of Rs. 106 million in FY10, currently being sold in 30 countries including India, Russia, Columbia and Ukraine
- PHL to leverage it's strong distribution framework across 108 countries to build on Propofol sales
- Acquisition to complement existing anesthetic portfolio of largely inhalation anesthetic products

# Evolution of PCC business



## Financial highlights Q4 & FY10

# Business Mix – Consolidated Q4 & FY10

Rs. million

No.	Net Sales break-up	%	Quarter IV ended			Year ended		
		Sales	31-Mar-10	31-Mar-09	Gr %	31-Mar-10	31-Mar-09	Gr %
1	Healthcare Solutions	57.3%	5,393.6	3,949.0	36.6%	20,002.3	16,048.9	24.6%
2	Pharma Solutions	22.9%	2,159.8	3,021.3	-28.5%	8,849.9	10,606.5	-16.6%
	From Assets in India	8.7%	817.6	1,618.5	-49.5%	3,758.8	3,925.1	-4.2%
	From Assets O/s India	14.3%	1,342.2	1,402.8	-4.3%	5,091.1	6,681.3	-23.8%
3	Piramal Critical Care	9.4%	884.1	563.4	56.9%	3,276.7	1,316.0	149.0%
4	Diagnostics	5.6%	529.3	405.9	30.4%	2,064.3	1,689.6	22.2%
5	Others	4.8%	451.4	569.4	-20.7%	2,517.4	3,150.1	-20.1%
	<b>Total</b>	<b>100.0%</b>	<b>9,418.2</b>	<b>8,509.1</b>	<b>10.7%</b>	<b>36,710.5</b>	<b>32,811.0</b>	<b>11.9%</b>

Pharma Solution sales (excluding Huddersfield) for FY10 is lower by 5.2%

# Q4 & FY10 - P&L Statement

Rs. million

Period ended - Consolidated	Q4 Ended			Year Ended		
	31-Mar-10	31-Mar-09	Gr %	31-Mar-10	31-Mar-09	Gr %
Net Sales	9,079.4	8,279.2	9.7%	36,244.7	32,448.1	11.7%
Other operating income	338.8	229.9	47.4%	465.8	362.9	28.4%
Total operating income	9,418.2	8,509.1	10.7%	36,710.5	32,811.0	11.9%
OPBIDTA	2,211.8	1,953.4	13.2%	7,409.3	5,813.5	27.5%
OPM %	23.5%	23.0%	-	20.2%	17.7%	-
Non-operating other income	-	72.1	-	0.4	73.8	-
EBIDTA	2,211.8	2,025.5	9.2%	7,409.7	5,887.3	25.9%
Interest (Net)	192.2	286.3	-32.9%	916.4	838.0	9.4%
Depreciation	232.7	343.1	-32.2%	1,426.5	1,195.7	19.3%
Operating Profit before tax	1,786.9	1,324.0	35.0%	5,066.4	3,779.8	34.0%
Profit before tax (before exceptional )	1,786.9	1,396.1	28.0%	5,066.8	3,853.6	31.5%
Exceptional items	65.5	310.0	-	69.1	446.1	-84.5%
Income tax	178.1	(53.0)	-	180.3	219.4	-17.8%
Profit after tax	1,543.2	1,149.0	34.3%	4,819.0	3,162.5	52.4%
Minority interest	0.1	(9.9)	-	(1.6)	25.6	-
EPS (Rs.)	7.4	5.5	34.2%	23.1	15.1	52.4%
EPS before exceptional items	7.7	7.4	3.9%	23.4	17.3	35.2%



# Q4 & FY10 - P&L Ratios

No.	Particulars	Q4 Ended	Q4 Ended	Year Ended	Year Ended
		31-Mar-10	31-Mar-09	31-Mar-10	31-Mar-09
1	Net Operating Income	100	100	100	100
2	Total Expenditure	76.5	77.0	79.8	82.3
	Material cost	37.0	37.5	38.1	37.6
	Staff cost	14.4	14.1	15.9	15.3
	Marketing & Selling expenses	13.1	12.5	13.0	12.8
	Process Development and Research	1.8	2.4	1.9	2.6
	Net Forex Expenditure	(0.5)	(2.0)	(0.4)	2.5
	Other expenditure (Net)	10.8	12.5	11.3	11.5
3	OPBIDT	23.5	23.0	20.2	17.7
4	Interest (Net)	2.0	3.4	2.5	2.6
5	Depreciation	2.5	4.0	3.9	3.6
6	Operating Profit before Tax & Exceptional Items	19.0	15.6	13.8	11.5
7	Profit before Tax and after Exceptional Items	18.3	12.8	13.6	10.4
8	PAT	16.4	13.5	13.1	9.6

Note: Material cost includes cost of all material. Staff cost includes cost of all staff including factory and marketing staff. Marketing & selling expenses include promotional expenses, but exclude marketing/selling staff cost.

# Balance Sheet

Rs. million

Period ended- Consolidated	Year Ended	Year Ended
	31-Mar-10	31-Mar-09
Equity capital	418.0	418.0
Reserves & Surplus	16,430.9	12,752.7
Networth	16,848.9	13,170.7
Minority interest	0.0	74.5
Deferred tax liability (Net)	567.8	725.5
Loan funds	12,949.6	13,390.8
<b>Total</b>	<b>30,366.3</b>	<b>27,361.5</b>
Net fixed assets	21,130.1	20,390.9
Investments	325.5	278.3
Net current assets	8,910.7	6,692.3
Inventories	4,694.5	4,833.6
Sundry debtors	4,529.5	4,866.3
Other current assets	6,997.1	5,207.7
Current liabilities	7,310.4	8,215.3
<b>Total</b>	<b>30,366.3</b>	<b>27,361.5</b>

# Balance Sheet - Ratios

Rs. million

Period ended- Consolidated	Year ended	Year ended
	31-Mar-10	31-Mar-09
Debt/equity ratio:	0.8	1.0
Networth	16,848.9	13,170.7
Total debt	12,949.6	13,390.8
Book value (Rs./share)	80.6	63.0
Net Sales/Net fixed assets ratio	1.7	1.6
Current assets ratios:		
Net current assets	87	73
Inventories	46	53
Receivables	44	53
ROCE %*	21.2%	19.0%
RONW %**	28.6%	24.0%

# FY10 Guidance Review

## ■ Guidance:

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- Continuing business growth 13 – 15%
- *Healthcare Solutions growth 18 - 20%*
- *Pharma Solutions to be Rs. 9.5 billion*
- *PCC to contribute Rs. 3.3 billion*
  
- EBITDA Margin to be 20%
  
- EPS for the year to be Rs. 23.5-24.0
  
- Capex: Rs. 1.3 billion

## ■ Performance:

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- Continuing business grew by 11.9%
- *Healthcare Solutions Sales grew by 24.6%*
- *Pharma Solutions sales was Rs. 8.8 billion*
- *PCC contributed Rs. 3.3 billion*
  
- EBITDA Margin was 20.2%
  
- EPS was Rs. 23.4
  
- Capex was Rs. 1.5\* billion

\* Capex is exclusive of Rs. 950 million towards acquisition of i-pill brand

Thank you