



Piramal Enterprises Limited

Q2 FY2016 Results Presentation
2 November 2015

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.

Financial Highlights

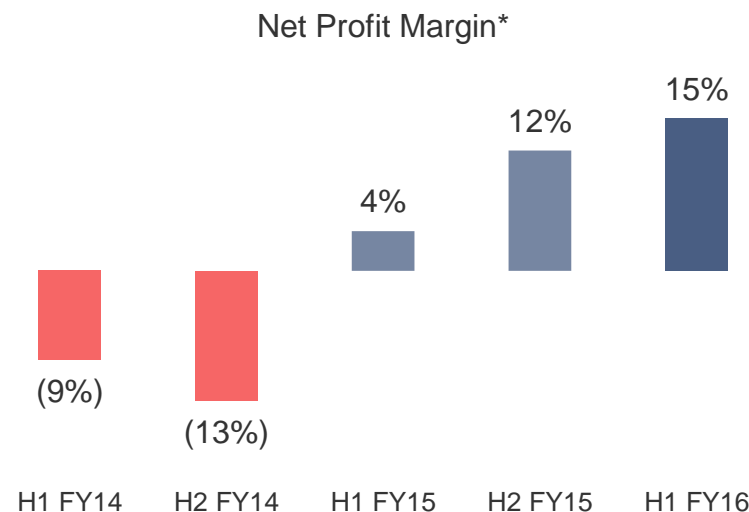
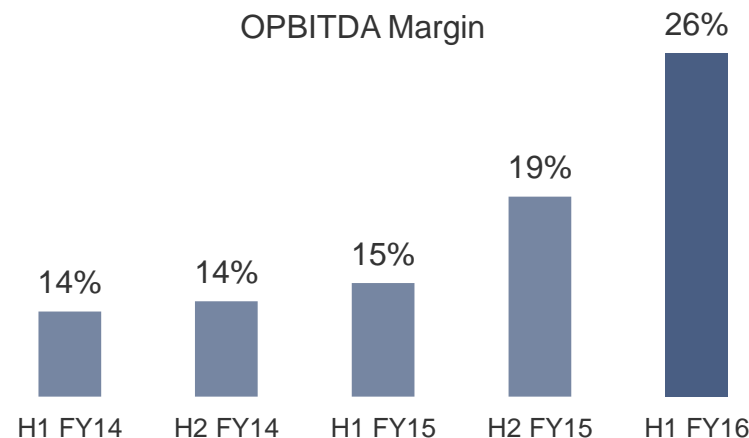
- Strong revenue growth during the quarter and the half year
 - Up 24% at Rs.1,544 Crores during Q2 FY2016 vs. Rs.1,243 Crores during Q2 FY2015
 - Up 24% at Rs.3,018 Crores during H1 FY2016 vs. Rs.2,425 Crores during H1 FY2015

- Operating profit was :
 - 122% higher at Rs.476 Crores during Q2 FY2016 vs. Rs.215 Crores during Q2 FY2015
 - 110% higher at Rs.776 Crores during H1 FY2016 vs. Rs.370 Crores during H1 FY2015

- OPBITDA Margin was :
 - Up at 31% in Q2 FY2016 vs. 17% in Q2 FY2015
 - Up at 26% in H1 FY2016 vs. 15% in H1 FY2015

- Net Profit excluding exceptional items:
 - Increased to Rs.255 Crores for Q2 FY2016 vs. Rs.41 Crores for Q2 FY2015
 - Increased to Rs. 460 Crores for H1 FY2016 vs. Rs.97 Crores for H1 FY2015

Consistently improving profit margins



Note:
1. Net profit margin is calculated using net profit excluding exceptional items.

Financial Services

- Significant scaling up of loan book
 - Loan Book grew by 150% to Rs.9,020 Crores as on 30 Sept 2015 vs. Rs.3,602 Crores as on 30 Sept 2014
- Total Funds under Management were up at Rs.8,936 Crores

Healthcare

- Pharma Solutions
 - Successfully integrated Coldstream and commenced investing in its capability & capacity expansion
 - Business head awarded as 'CEO of the year' at CPhI Pharma Awards
 - Company was rated as 'API Supplier of the Year' at Global Generics and Biosimilar Award 2015
- Critical Care
 - Entering new markets - Malaysia and Iraq
 - Increased presence in key markets like US and UK
- Consumer Products
 - Expanding to towns with more than 20,000 population

Information Management

- Recent acquisition HBI is performing as expected
- DRG India office on target with 100+ positions on boarded

Progressing well on our strategic priorities across businesses

Consolidated Financial Performance

(In Rs.Crores or as stated)

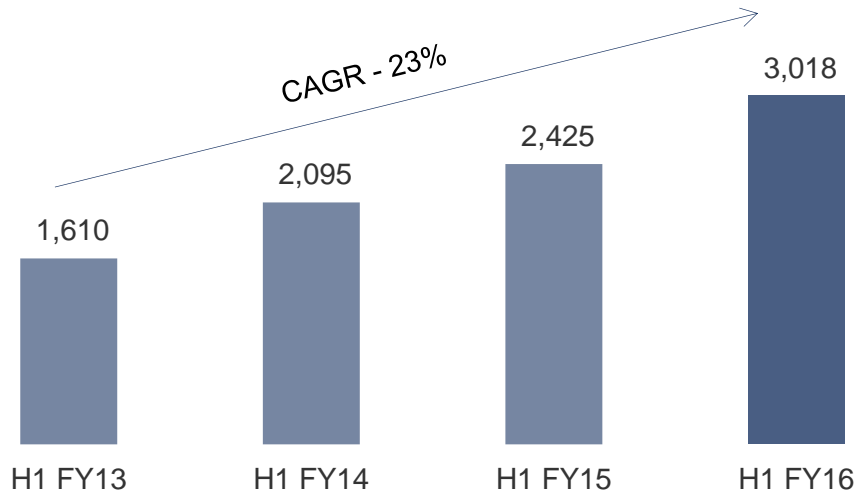
Particulars	Q2 FY2016	Q2 FY2015	H1 FY2016	H1 FY2015
OPBITDA	476	215	776	370
OPBITDA Margin (%)	31%	17%	26%	15%
PBT (Before Exceptional Items ¹)	235	13	414	55
PAT ² (Excluding Exceptional Items ¹)	255	41	460	97

1. Exceptional loss was Rs.12 Crores in H1 FY2016. Exceptional net gain of Rs.2,657 Crores for H1 FY2015 included gain on sale of 11% stake in Vodafone India for Rs.8,900 Crores (Investment of Rs.5,864 Crores made in FY2012) partly offset by the amount written down on account of scaling back of our investments in NCE research.
2. Includes our share of profits in Shriram Capital.

Delivered robust financial performance with growth in operating profit and net profit, primarily on back of strong operating performance

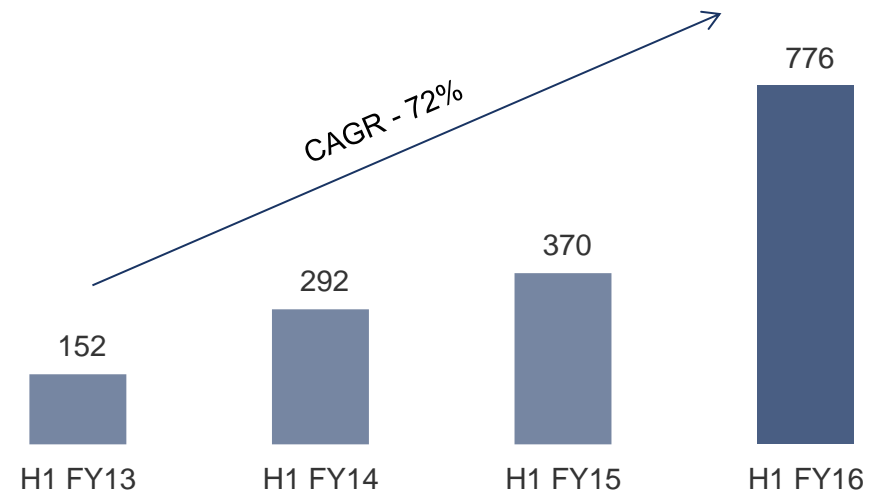
Consistently demonstrating strong growth on all key parameters

Revenues

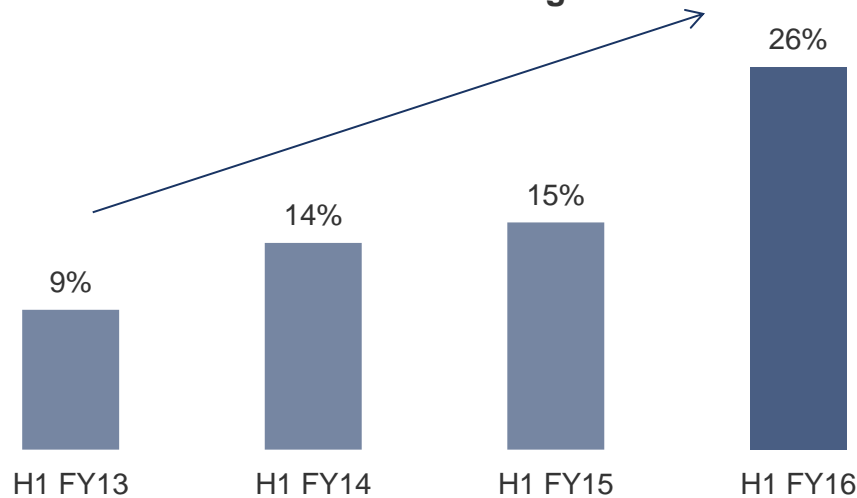


OPBITDA

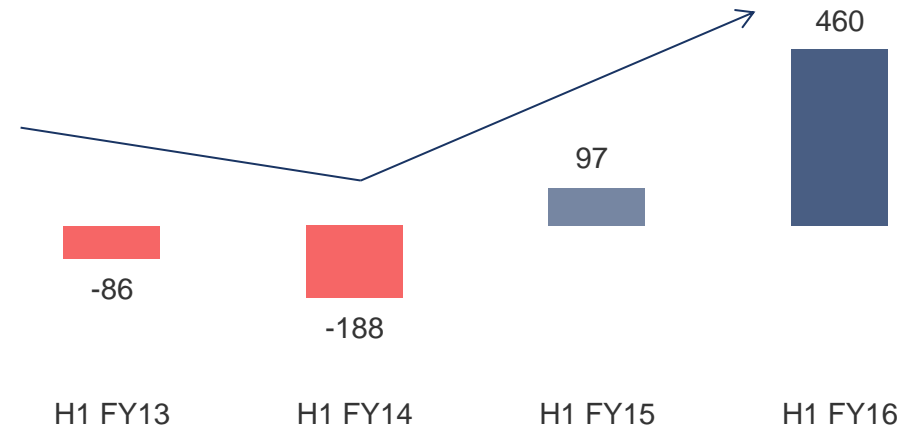
In Rs. Crores



OPBITDA Margin

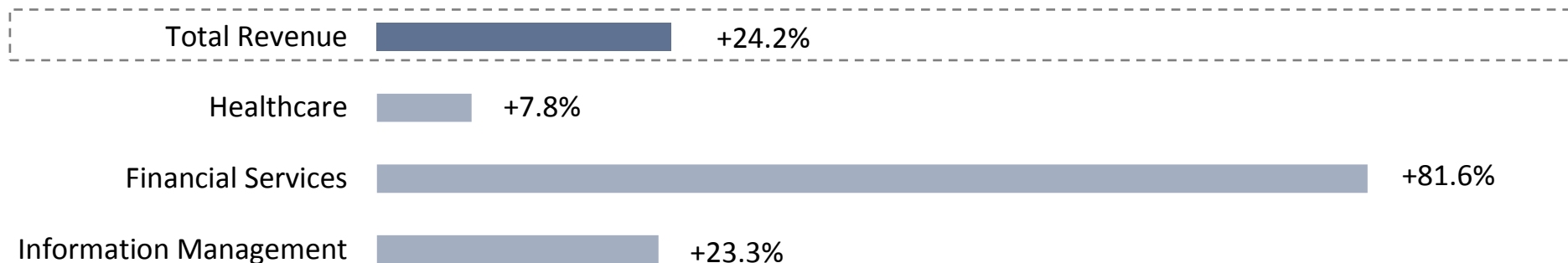


Net Profit excluding exceptional items

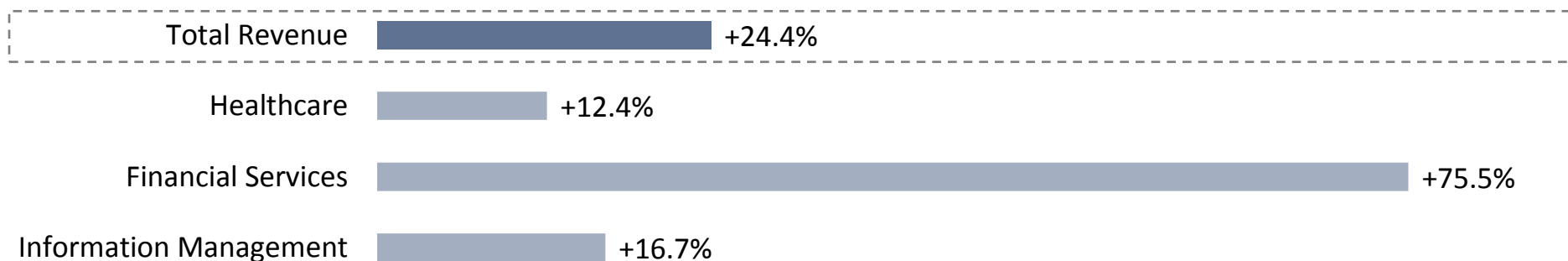


Revenue growth across business segments

% change - Q2 FY2016 Vs. Q2 FY2015 Revenues



% change - H1 FY2016 Vs. H1 FY2015 Revenues



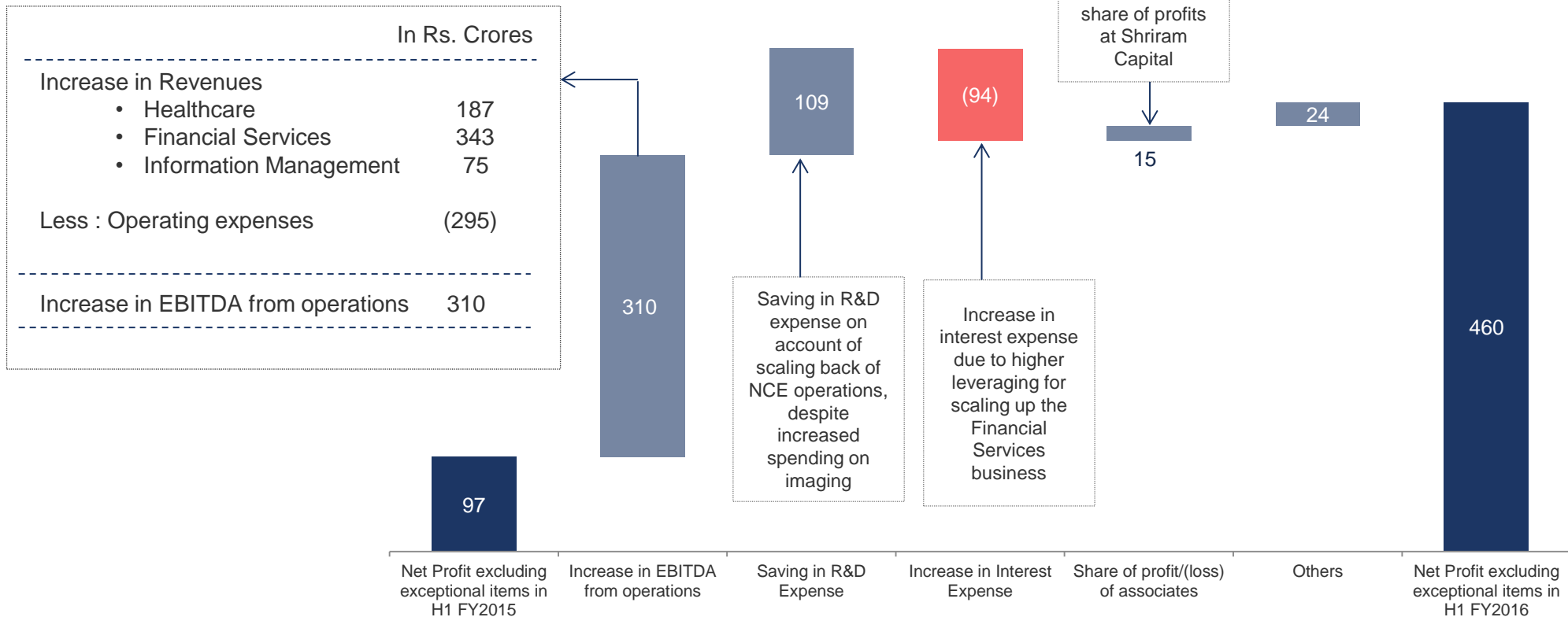
Strong growth in revenues is driven by improved operating performance across business segments in both periods

Note: Healthcare revenues does not include revenues from others businesses

Strong operating performance driving profitability turnaround

Net profit before exceptional item for H1 FY2016 Vs. H1 FY2015

(In Rs. Crore)

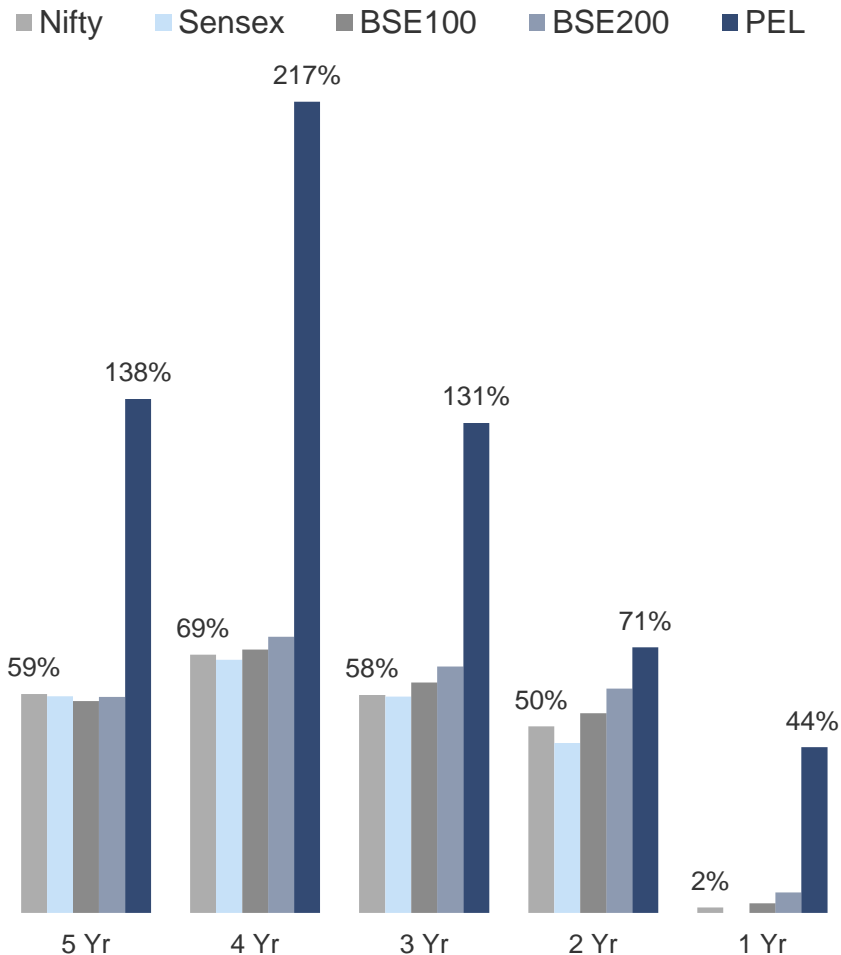


Note : Above chart excludes exceptional items during both periods. Exceptional item during the H1 FY2015 included an exceptional gain on sale of 11% stake in Vodafone India for Rs.8,900 Cr (Investment of Rs.5,864 Cr made in FY2012) partly offset by the amount written down on account of scaling back of our investments in NCE research.

Strong performance across business segments, efficient capital allocation decisions and higher return on our strategic investments in Shriram are delivering robust growth in our profitability

Returns to shareholder significantly outperforms the benchmark

Consistently delivered strong shareholder returns – significantly higher than benchmarked indices ¹



Shareholders earning significant annualized returns on their investments in PEL

Returns to shareholders on investment in PEL shares

Particulars	UOM	CY11	CY12	CY13	CY14	CY15
PEL Share price as on 31 Oct	Per share	361	-	-	-	935
Dividend paid	Per share	-	18	18	53	20
Net cash flow	Per share	361	18	18	53	955
Annualized Return (IRR)	%	32%				

NIFTY Returns over period

Particulars	UOM	CY11	CY12	CY13	CY14	CY15
Nifty as on 31 Oct	Per share	5,327	-	-	-	8,066
Annualized Return (IRR)	%	11%				

Notes:

1. Total shareholder return numbers are as on 31 August 2015 (Source : Bloomberg).



Healthcare

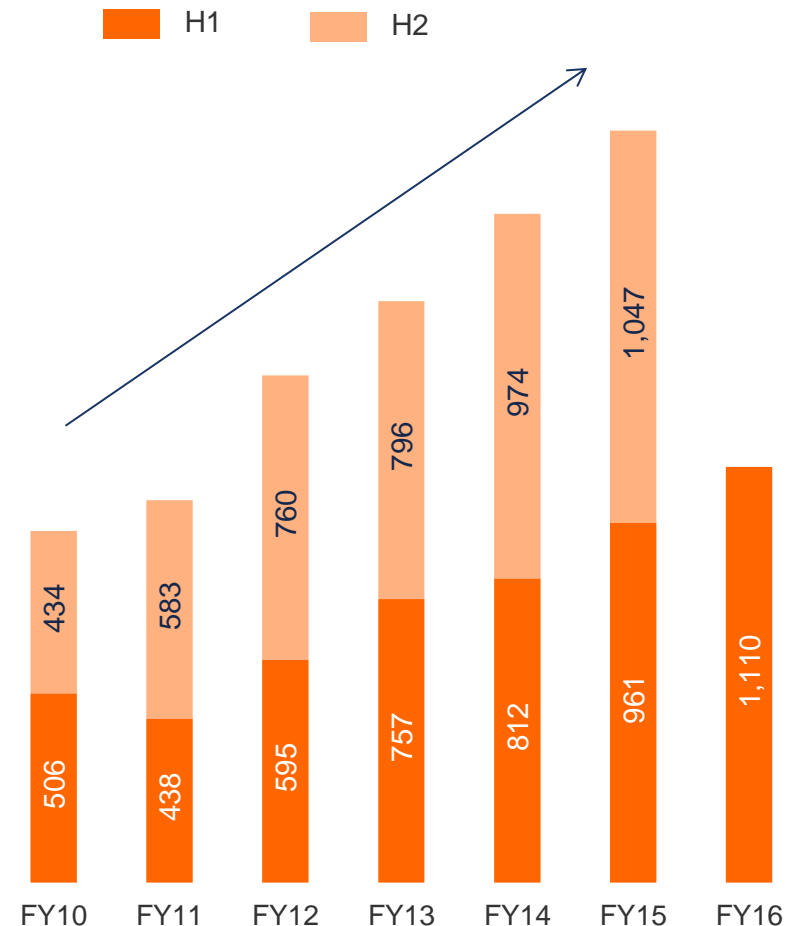
Maintaining leadership position

- Business head awarded as **'CEO of the year'** at CPhI Pharma Awards on back of business's outperformance against its peers in terms of global reach, management capability, regulatory compliance, growth and strategy - Oct 2015
- Company also rated as **'API Supplier of the Year'** at Global Generics and Biosimilar Award 2015 - Oct 2015
- Rated among **best CMOs in terms of reliability, regulatory and quality**, 2nd year in a row - Jan 2015

Operating Performance

- First half revenues up 16% at Rs.1,110 Crores. Growth rate for the quarter was moderate due to the lumpy nature of this business
- High focus on compliance - Pithampur successfully cleared 3rd USFDA audit in less than a year

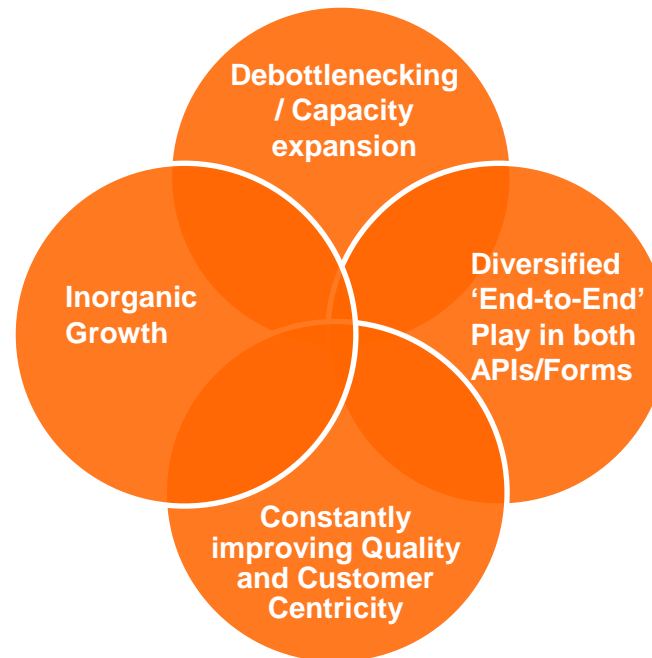
Strong revenue performance (In Rs. Crores)



Pharma Solutions' growth pillars : Series of initiatives undertaken to deliver strong performance in coming years

- Commenced investing in capability & capacity expansion of Coldstream to take benefit from rapidly growing outsourcing business in Sterile injectables
- Set to grow rapidly in ADCs based on focused investments at Grangemouth & Coldstream (also specialized in ADC fill/finish)
- Commenced operations at newly expanded capacity under Discovery Services business

- Successfully integrated Coldstream, a U.S. based CDMO acquired in 2015
- Continue to look at attractive M&A opportunities/adding niche capabilities for future growth



- Good traction at formulation development business
- Highest ever formulations' order book expected this fiscal

- Globally well-recognized for quality, reliability and compliance – rated among best
- Customer surveys initiated to improve customer experience and service delivery
- Multiple recognitions at reputed forums creating significant visibility for the business

Series of initiatives undertaken to deliver strong performance in coming years

Critical Care : Robust growth during the quarter

Maintaining strong market positioning

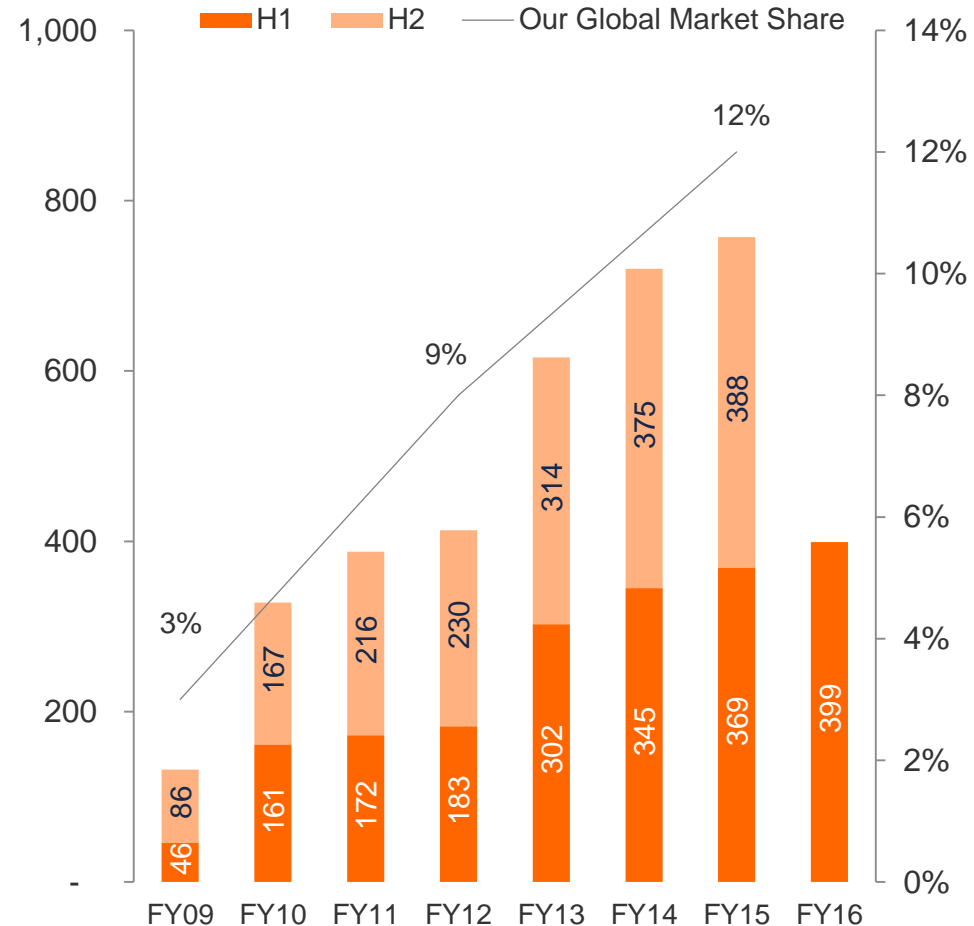
- Continue to be among top 3 players in Inhalation Anaesthesia business globally
- Organically grown our market share from 3% in FY09 to 12% in FY15
 - Our market share in US grew from 20% in 2011 to 30% currently
- Presence in 100+ countries
- Only company in the world with entire portfolio of Inhalation Anaesthesia

Operating performance

Revenues grew 19% during the quarter primarily on account of increased access to new markets, growing market share across geographies and positive impact of INR depreciation

- **US** : Became No.1 player in Isoflurane and increased sales volume of Sevoflurane
- **UK** : Post our entry last year, our market share increased to 15%
- Won national tender that gave us entry into Malaysia and Iraq

PEL's increasing revenues and global market share (In Rs. Crores)

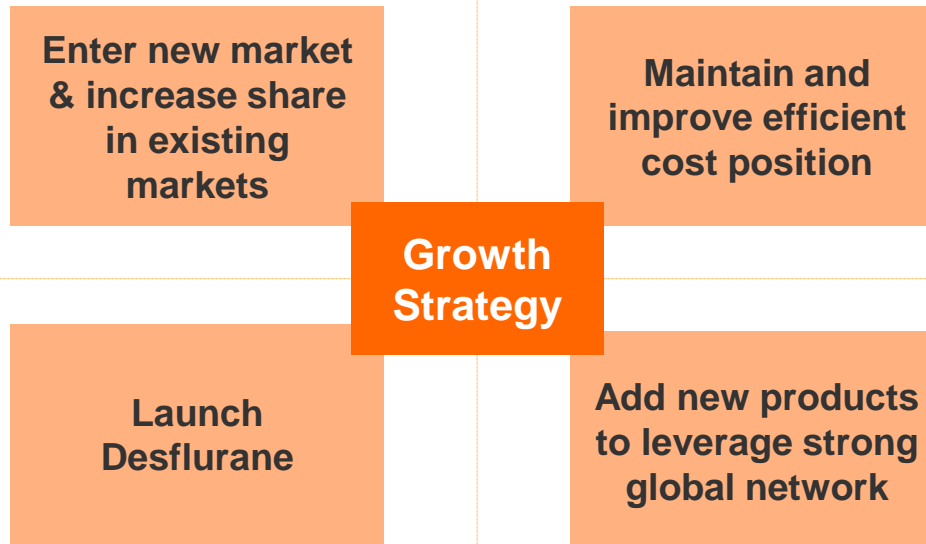


Note: All market data is based on primary & secondary research carried out internally

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

- Our market share in US grew from 28% in 2014 to 30% currently
- Currently have presence in 100+ countries
- New market entry - Malaysia & Iraq during 1st half
- Significant market penetration in Saudi Arabia, UK and Vietnam, where we entered few quarters back
- Won the wales tender in UK

- Progressing well on the initiatives to reduce costs and improve EBITDA margins
- Investments in Bethlehem site are yielding results
- Execution of capacity and yield improvement project is on track.



- Continuing to make progress towards the commercialization of Desflurane

- Actively looking at both organic and inorganic opportunities to add other critical care products to our product portfolio.

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

Consumer Products : Expecting improved performance in coming quarters

Strong product portfolio with unique positioning

- Our 6 brands rated in top 100 brands of OTC in India
- Saridon continues to maintain no. 1 rank in headache category. Lacto and i-pill maintains their leadership positioning
- Allergan India, continues to remain India leader in ophthalmology with 21% market share
- India-wide network - Presence in 481+ towns with a population of over 1 lacs

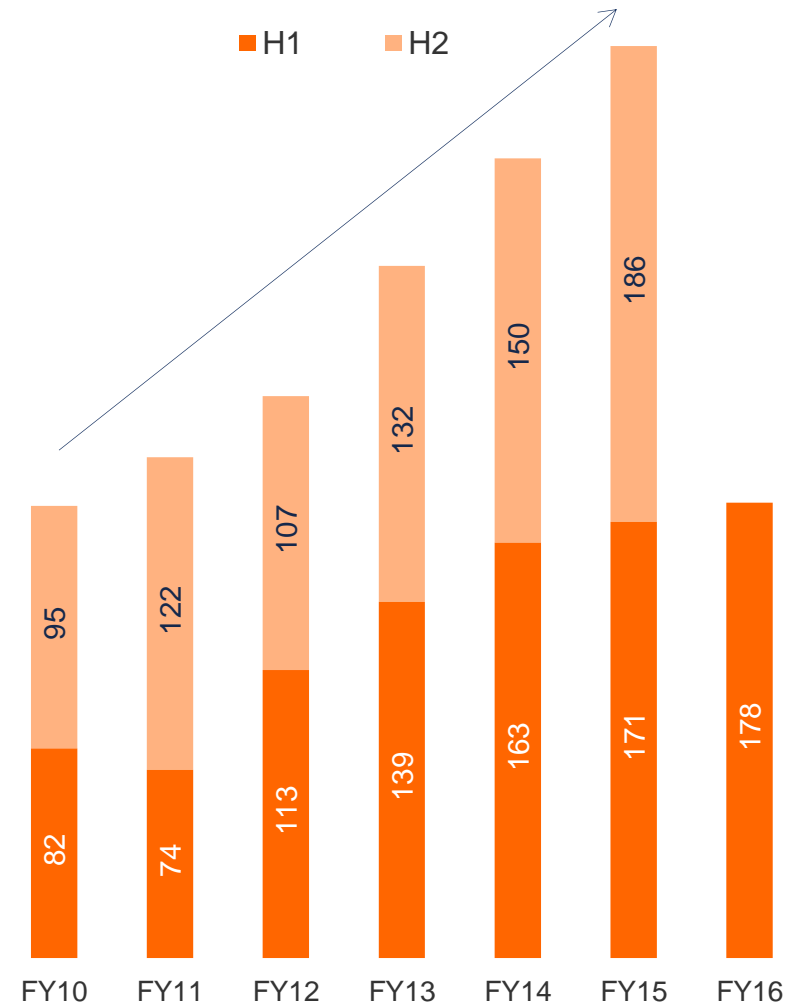
Operating performance

- Revenues¹ remained flat as high growth in most of our top brands was largely offset by temporarily lower growth in i-pill and Saridon. We remain confident to maintain and grow our market share in these brands.
- Commenced exports of few brands to nearby countries that has reach of Indian media
- Increasing digital presence with an exclusive launch of Untox™ with Snapdeal

Note:

1. Revenues includes revenues from our JV with Allergan

Strong revenue¹ performance (In Rs. Crores)



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

Geographical Expansion

- Expanding to towns with more than 20,000 population
 - Expanded in AP and Karnataka. Next phase will include West Bengal & Far East
- Exports to nearby geographies has started contributing to the business

New Product Development

- New product field force launched. Will be ramped up in phases

Sales Force Automation

- Mobile reporting for field force rolled out. This will enable higher sales productivity and optimization of Span of Control

Inorganic Initiatives

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

Business continues to pursue projects to optimise its operating costs and improve profitability margins



Financial Services

Wholesale Lending : Growing exponentially

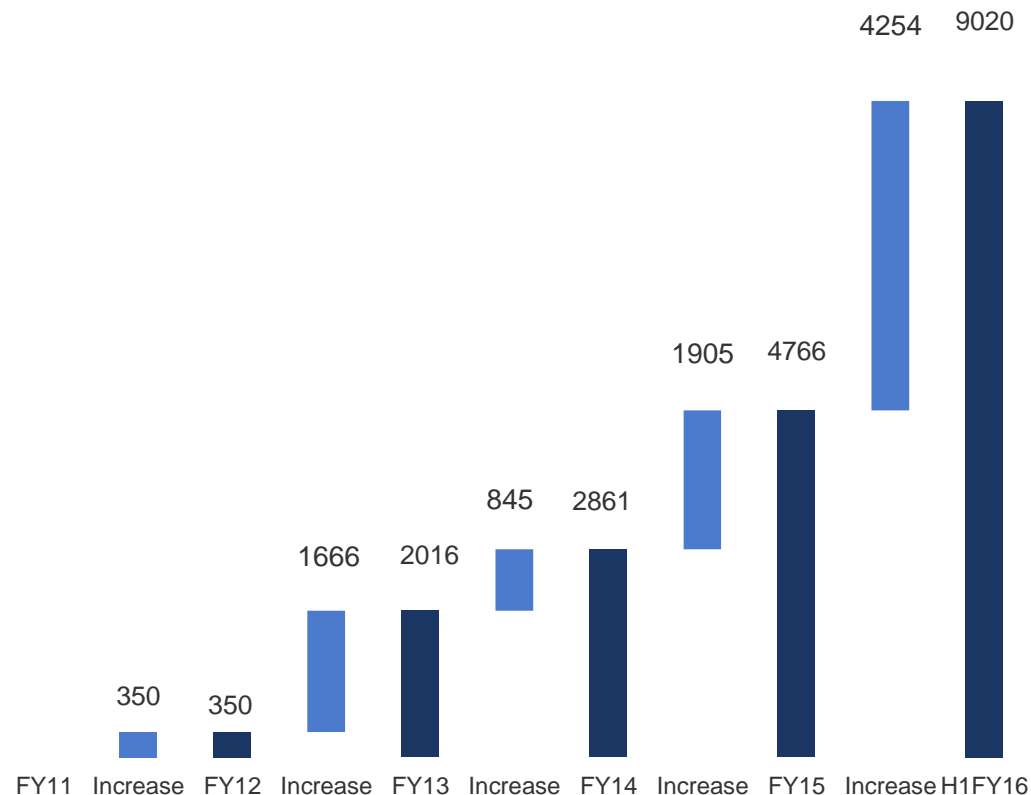
Total Loan Book of Rs.9,020 Crores as on 30 Sept 2015 vs. Rs.3,602 Crores, as on 30 Sept 2014

- Increase in Loan Book by Rs.4,254 Crores in last 6 months - Book almost doubled over March end size
- Robust asset quality with negligible NPAs

Real Estate Lending:

- Among leaders in residential real estate developer financing in India – Getting best quality deals from top developers
- >70% portfolio with grade ‘A’ developers - Significant investment of time to build these relationships
- Strong growth in Construction Financing – 27% of real estate loan book
- Proactive steps to identify opportunities of exits based on early warning signals

Trend showing significant scaling up of loan book¹
(In Rs. Crores)



Note:

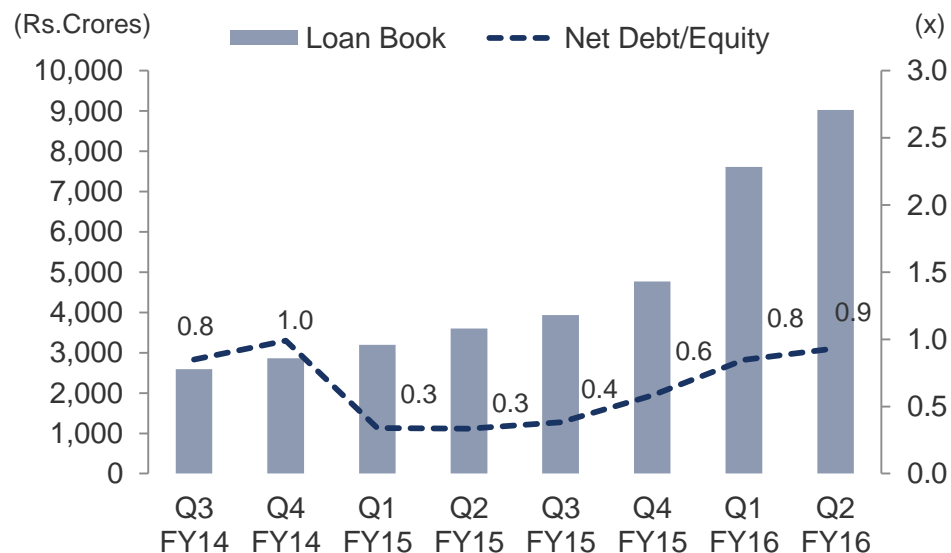
1. Excludes our investment in Vodafone India, which was exited during FY2015

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
- Large deleveraging post monetizing Vodafone investments had created room to expand our Financial Services business
 - Investments under Financial Services have grown well over last few years
 - Still significant potential to grow the business by increasing leverage
- ROE expected to further improve with increase in the scale of business, optimum leverage levels, more trusted partnerships (to generate higher fee income) and down-selling opportunities.

Particulars	Ratios
PEL overall Debt / Equity	0.9x
Average Yield on Loans	17%+
Credit rating	AA (ICRA)
Cost of Capital	9-10%
Gross NPA Performance	Among best-in-class

PEL overall Net Debt / Equity trend



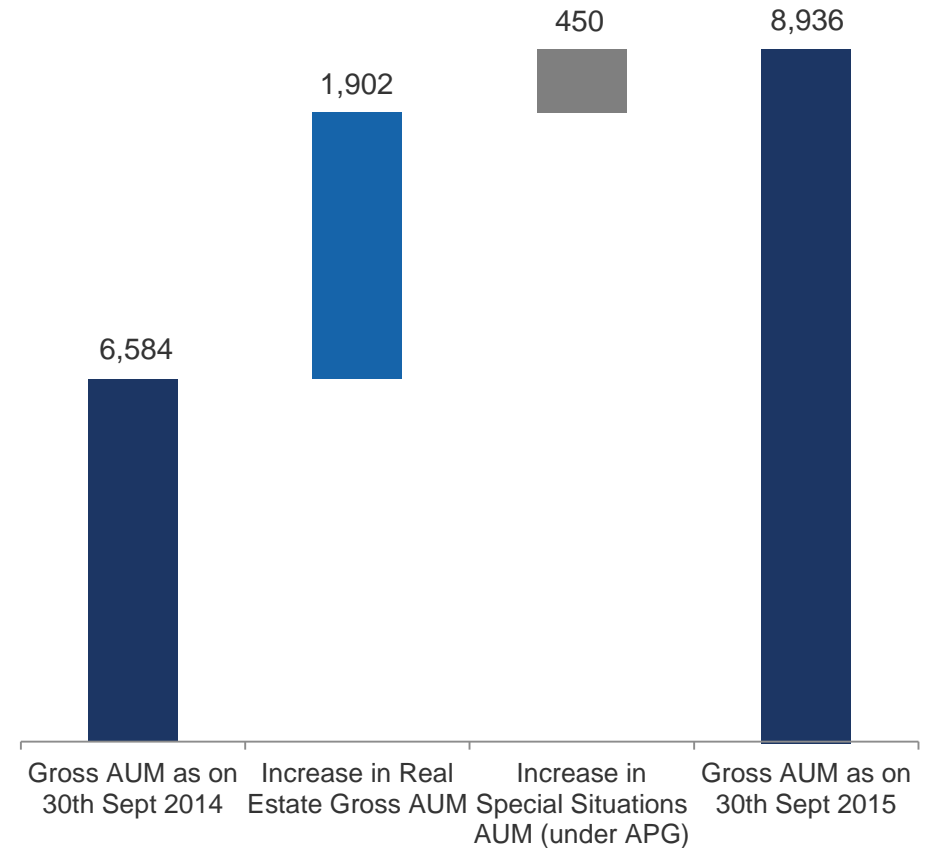
Alternative Asset Management : Special situations also started earning fee income now

Total gross Assets under Management grew to Rs.8,936 Crores

Real Estate :

- Real Estate gross funds under management of Rs.8,486 Crores as on Sept 30, 2015
- Invested in 57 projects across 6 cities with 23 leading developers
- Exited more than 91% of corpus in vintage funds
 - Expecting to reach 100% in next few months
- Recognized as the '**Best Overall Investment Manager (India)**' by Euromoney in its 11th Annual Real Estate Survey 2015

Growing Alternative Asset Management business (Rs. Crores)



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

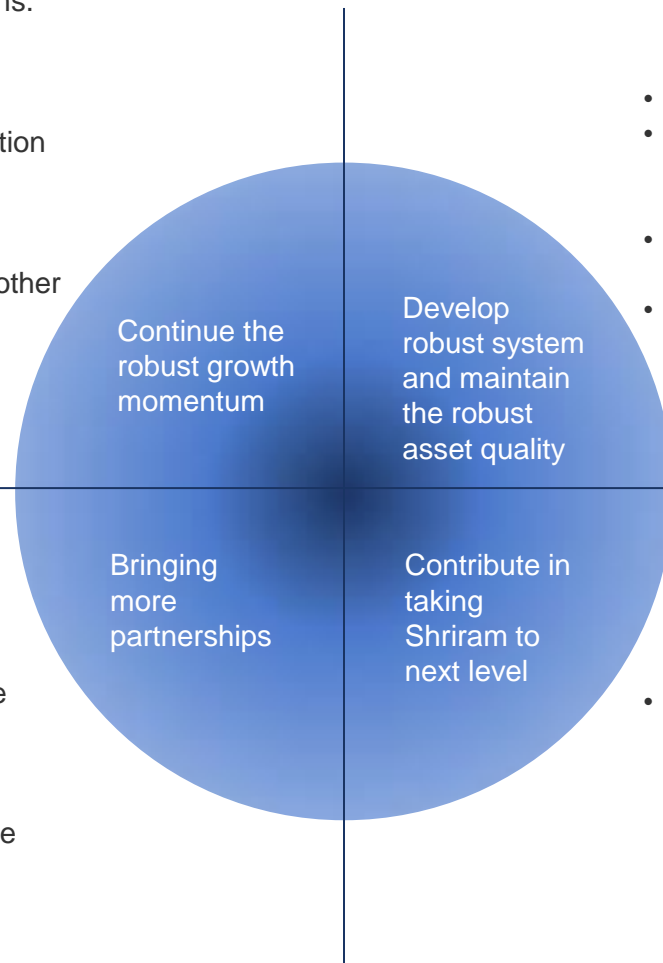
Healthy Security, Balanced Portfolio

- 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

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

- Loan book grew by 89% during last 6 months. AUM reached to Rs.8,936 Crores
- Potential of this business to grow in future through reaching optimum leverage level
- Real Estate financing entered into construction finance
- Special Situations decided to execute transactions in sectors other than infra
- Special Situations continuously evaluating other models of transactions to grow faster



- Growth to not happen at the cost of quality - Series of measures taken for ensuring robust asset quality
- Robust ALM framework in place
- Automatisation of systems and processes in progress along with proprietary book risk and rating system
- Developing and strengthening teams to handle the potential scale of this business
- Consistently monitor and react to early warning signals to ensure remedial measures

- Partners like CPPIB and APG reflects the robustness of our business model
- Multiple partners in Real Estate AUM business
- Partnerships to generate more fee income and improve ROEs
- Will explore down selling opportunities to improve future ROEs

- Mr. Piramal became chairman of Shriram Capital in Nov 2014
 - Focused on developing long term strategy for the group
 - Hired external consultant to assist in developing strategy

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



Information Management

Key business differentiators

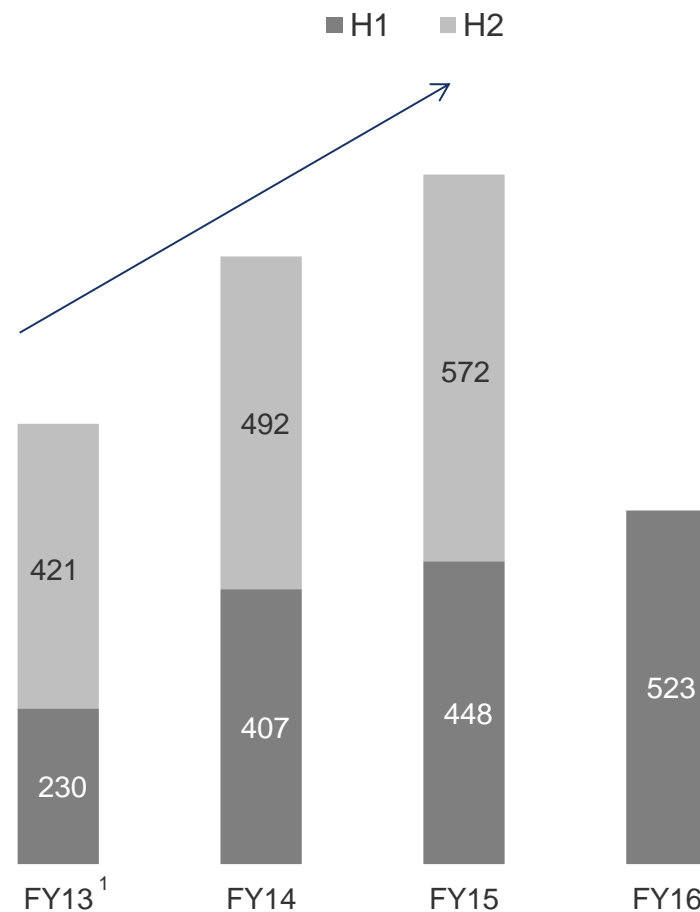
- Among gold standard service providers of healthcare analytics and insights
- US based business with over 75% of revenues being subscription based
- Serves nearly all top 50 pharma companies. A large number of these companies are clients for over 10 years
- DRG India office on target with 100+ positions on boarded

Operating performance

- Revenue grew 23% in Q2 FY2016 primarily driven by growth in data and analytics products and the acquisition of HBI
- **Continued high revenue visibility** – 95.5% retention rate during CY2015 till date, while continuing to add new customers.

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.

Information Management's growth initiatives :

- HBI acquisition enables us to accelerate our entry into providers market - HBI is performing as expected
- Organic and inorganic initiatives being carried out to bring payors business into pipeline

Expanding market size & geographical presence

Bring cost & operational synergies

Growth Drivers

Product innovation

Inorganic Growth opportunities

- DRG India office on target with 100+ positions on boarded
- Engaged Big 4 to review cost structure and identify margin improvement opportunities
- New team progressing well on integrating products and services under one brand

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

- Acquired HBI in May 2015 to accelerate entry into the Provider market
- Acquired Activate Networks in February 2015 - business integration completed
- Continue to look at attractive inorganic opportunities to enhance capabilities / expand geographically



Financials

Diversified Revenue Mix

(In Rs. Crores or as stated)

Net Sales break-up	Quarter II ended			% Sales	Half year ended		
	30-Sept-15	30-Sept-14	% Change		30-Sept-15	30-Sept-14	% Change
Healthcare	837	777	7.8%	55.9%	1,688	1,501	12.4%
Pharma Solutions	543	515	5.4%		1,110	961	15.5%
Critical Care	208	176	18.6%		399	369	8.1%
Consumer Products ¹	86	85	0.2%		178	171	4.4%
Financial Services	429	236	81.6%	26.4%	798	455	75.5%
Information Management	275	223	23.2%	17.3%	523	448	16.7%
Others	3	8	-	0.3%	10	22	-
Total ²	1,544	1,243	24.2%	100%	3,018	2,425	24.4%

Note:

1. Including Ophthalmology
2. Foreign Currency denominated revenue in Q2 FY2016 was Rs.953 Crores (62% of total revenue) and in H1 FY2016 was Rs.1,888 Crores (63% of the total revenue)

(In Rs. Crores or as stated)

Particulars	Quarter II ended			Half year ended		
	30-Sept-15	30-Sept-14	% Change	30-Sept-15	30-Sept-14	% Change
Total Revenues	1,544	1,243	24%	3,018	2,425	24%
R&D Expenses	27	71	(62%)	66	174	(62%)
Other Operating Expenses	1,041	957	9%	2,176	1,881	16%
OPBIDTA	476	215	122%	776	370	110%
OPBIDTA Margin %	31%	17%	-	26%	15%	-
Non-operating other income	51	13	285%	172	114	51%
Interest expenses	215	143	50%	385	291	32%
Depreciation	77	72	7%	150	139	8%
Profit before tax & exceptional items	235	13	1770%	414	55	658%
Exceptional items (Expenses)/Income ¹	(9)	(374)	-	(12)	2,657	-
Income tax ²	23	67	-	41	278	-
Profit after tax (before MI & Prior Period items)	202	(429)	-	361	2,433	(85%)
Minority interest	(0)	-	-	(0)	(0)	-
Share of profit/(loss) of associates ³	44	38	14%	87	72	21%
Net Profit after Tax	246	(391)	-	449	2,506	-
EPS (Rs./share)	14.3	(22.6)	-	26.0	145.2	-

Notes:

1. Exceptional gain for H1 FY2015 majorly included gain on sale of 11% stake in Vodafone India for Rs.8,900 Crores (Investment of Rs.5,864 Crores made in FY2012) partly offset by the amount written down on account of scaling back of our investments in NCE research
2. Tax expense for H1 FY15 include Rs.248 Crores of taxes paid 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	Sept 30 2015	Mar 31 2015	
Shareholders' Funds			
(A) Share Capital	35	35	
(B) Reserves & Surplus	12,243	11,701	
Minority Interest	29	29	
Loan Funds	11,752	7,306	
Deferred Tax Liability	3	3	
TOTAL	24,062	19,074	
Fixed Assets	7,931	7,342	
Investments	11,217	7,768	
Deferred Tax Asset	13	29	
Current Assets, Loans and Advances			
Inventories	796	675	
Sundry Debtors	714	832	
Cash and Bank Balances	303	460	
Other Current Assets	507	354	
Loans and Advances	4,309	3,475	
Less : Current Liabilities and Provisions			
Current Liabilities	1,430	1,229	
Provisions	299	633	
TOTAL	24,062	19,074	
Break Up Loan Funds (In Rs. Crores)	INR Debt	FX Debt	Total
As on 30-Sept-15	8,716	3,036	11,752
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.



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