

# Piramal Enterprises Limited

## Q3 & 9M FY2018 Results Presentation

30 January 2018



## Key Financial Highlights

**22%** growth in revenues  
during  
Q3 FY2018

**Rs.2,858 Crores**

**21%** growth in net profit  
during  
Q3 FY2018

**Rs.490 Crores**

**26%** growth in revenues  
during  
9M FY2018

**Rs.7,648 Crores**

**25%** growth in net profit  
during  
9M FY2018

**Rs.1,176 Crores**

## Operational highlights for the quarter

### Financial Services

Total Loan Book grew 68% to Rs.38,036 Crores; loans approved but not disbursed stands at Rs.22,940 Crores as on 31 Dec 2017; Gross NPA ratio – 0.4%

### Financial Services

Corporate Finance loan book grew 134% to Rs.6,392 Crores

### Global Pharma

Transition and integration of acquired products from Mallinckrodt & Janssen is progressing as per plan

### Financial Services

Received RBI approval for reverse merger of Piramal Finance and Piramal Capital with Piramal Housing Finance

### Global Pharma

Of the US\$ 55 mn expansion of API manufacturing capabilities, US\$ 37 mn towards addition of commercial API capacities is on track and would commission during CY19

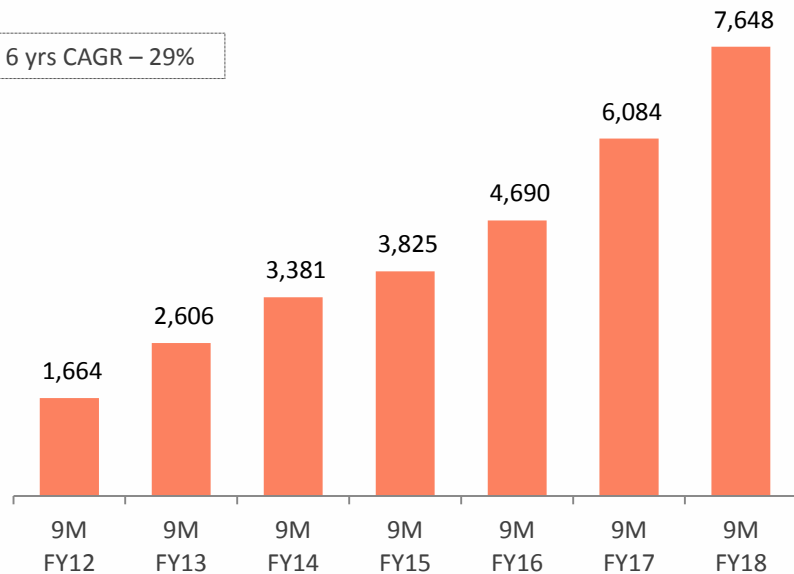
### India Consumer Products

Revenue for the quarter grew 17% YoY; Acquired Digeplex & associated brands in gastro intestinal segment

# Delivering robust growth track record

9M Total Revenues

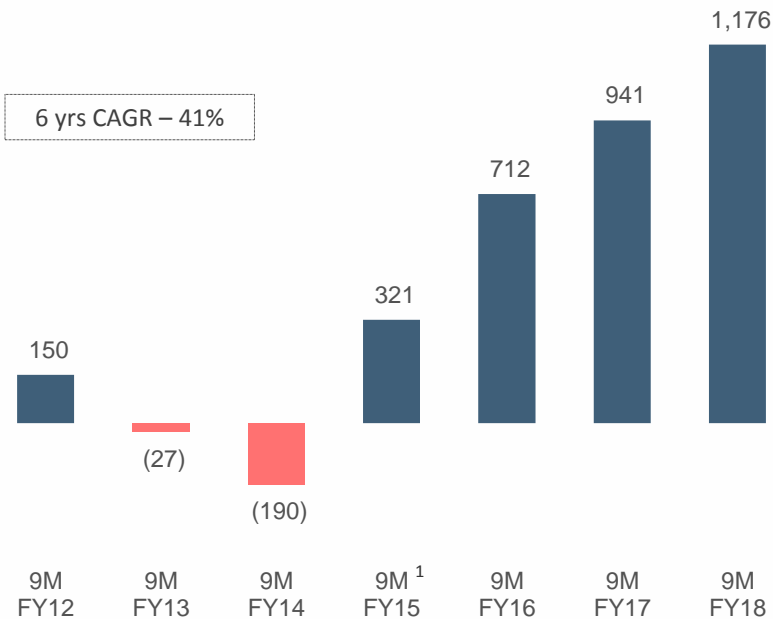
6 yrs CAGR – 29%



9M Net profit

(In Rs. Crores)

6 yrs CAGR – 41%



Note:

1. 9M FY2015 net profit excludes exceptional gain on sale of 11% stake in Vodafone India partly offset by the amount written down on account of scaling back of our investments in NCE research.
2. 9M FY2016, 9M FY2017 and 9M FY2018 results have been prepared based on IND AS

## Consistently delivering strong performance since last few years

Period	Revenues			Net Profits		
	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% YoY Change	Reported Period (Rs. Cr)	Previous Period (Rs. Cr)	% YoY Change
Q1FY15	1,182	965	+22%	55	(147)	NM
Q2FY15	1,243	1,131	+10%	41	(32)	NM
Q3FY15	1,400	1,286	+9%	224	(11)	NM
Q4FY15	1,298	1,121	+16%	100	(311)	NM
Q1FY16	1,401	1,182	+19%	169	55	+206%
Q2FY16	1,504	1,243	+21%	235	41	+473%
Q3FY16	1,786	1,400	+28%	307	224	+37%
Q4FY16	1,691	1,298	+30%	193	100	+93%
Q1FY17	1,776	1,401	+27%	231	169	+36%
Q2FY17	1,966	1,504	+31%	306	235	+30%
Q3FY17	2,342	1,786	+31%	404	307	+32%
Q4FY17	2,463	1,691	+46%	311	193	+61%
Q1FY18	2,254	1,776	+27%	302	231	+31%
Q2FY18	2,536	1,966	+29%	384	306	+25%
Q3FY18	2,858	2,342	+22%	490	404	+21%

Overall revenue growth has been higher than 20%  
in each of the last 10 quarters

Our normalised net profit has grown over 20%  
in each of the last 10 quarters

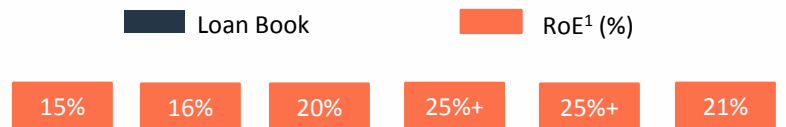
### Note:

- All periods of FY2017, Q1 FY2018, Q2 FY2018 and Q3 FY2018 results have been reported in line with Ind AS Accounting and the results of the corresponding periods of the previous year have been reinstated to make them comparable with the reported period. Prior period numbers are as reported in their respective period.
- FY2015 quarterly net profit numbers exclude exceptional gain from Vodafone transaction and exceptional loss from NCE shutdown
- NM – Not measurable

# Strong performance trend across both Financial Services and Pharma

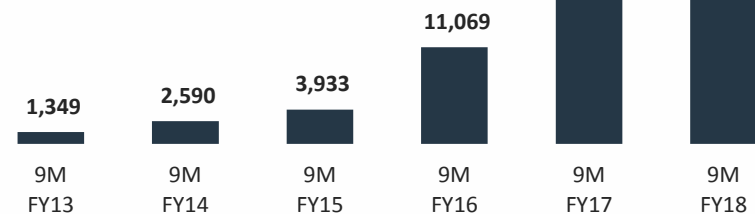
(In Rs. Crores)

## Financial Services Performance

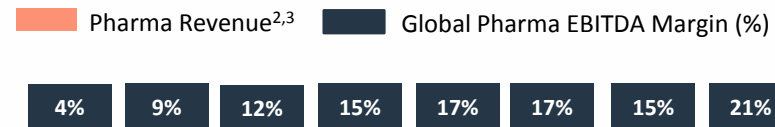


5 yrs Loan Book CAGR – 95%

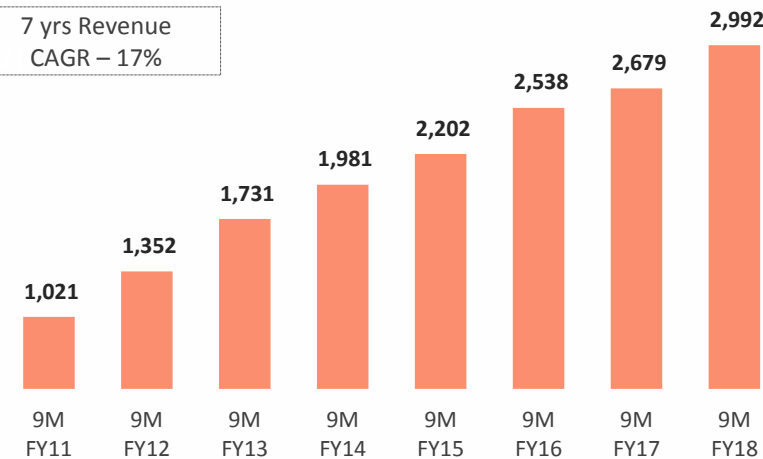
Gross NPA ratio as on 31 Dec 2017 is 0.4%



## Pharma Performance



7 yrs Revenue CAGR – 17%



Note :

1. RoE is for the full Financial Year
2. Excludes revenue from JV with Allergan

3. Global Pharma revenue accounted for 91% of the overall Pharma revenue during 9MFY18

## Year-on-year performance across business segments

% change - 9M FY2018 vs. 9M FY2017 Revenues

Financial Services



Pharma<sup>1</sup>



Healthcare Insight and Analytics

-2%



Total Revenue



Note : Pharma revenue includes revenue form others

# PEL among best performing companies in terms of revenue and profitability growth

- PEL among top 5 companies (within BSE 100 Index) in terms of 5 years revenue CAGR
- PEL among top 5 companies (within BSE 100 Index) in terms of 5 years Net Profit CAGR
- Very few companies are currently delivering similar / better track record of consistent growth in revenue and net profit over last so many quarters

PEL's relative positioning in terms of 5 year revenue and net profit CAGR among BSE 100 companies

BSE-100	5Yr Revenue CAGR	5Yr Net Profit CAGR
Quartile 1 Top 25 companies	●	●
Quartile 2 26-50 companies		
Quartile 3 51-75 companies		
Quartile 4 76-100 companies		

Source : Factset

Note : 5 year CAGR is for over FY12-FY17





# Fund raising

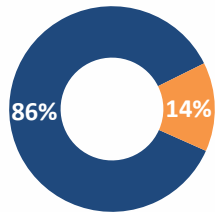
# Key highlights

- ✓ **First major fund raise in the history of PEL - Raising up to Rs.7,000 Crores:**
  - Rs.4,996 Crores through Qualified Institutional Placement (QIP) of Compulsorily Convertible Debentures (CCDs)
  - Up to Rs.2,000 Crores through Rights Issue at Rs 2,380 per equity share
    - Record Date – 1st Feb 2018
    - Rights Entitlement Ratio - 1 Equity Share for every 23 fully paid-up Equity Shares held on record date
    - Promoters will underwrite the Rights Issuance to an extent of 90% of its size
    - Received final SEBI observation for the Rights Issue
    - CCD Holders also have the right to participate in the Issue
- ✓ **Largest QIP deal by any company (excluding banks) in India**
- ✓ **First QIP of INR denominated CCDs in India** - A milestone deal in the history of Corporate India. Structure of the deal to set a benchmark for future fund raising deals in India
- ✓ **Widespread participation** from FII long only investors, global university endowment fund, domestic institutions and alternative asset managers comprising over 30 institutional investors

No.	Top 10 QIP participants
1	CDPQ
2	CAPITAL INTERNATIONAL
3	EASTBRIDGE CAPITAL
4	UNIVERSITY OF CALIFORNIA
5	JUPITER ASSET MANAGEMENT
6	KARST PEAK CAPITAL
7	STEADVIEW CAPITAL
8	DISCOVERY CAPITAL
9	MYRIAD ASSET MANGEMENT
10	RELIANCE INDUSTRIES

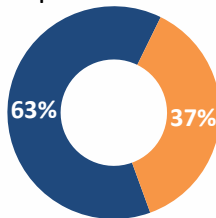
86% of CCDs were allotted to FIIs

■ FIIs      ■ DIIs



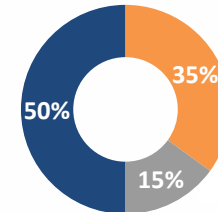
Top 6 investors contributed 63% of allotted CCDs

■ Top 6      ■ Rest



Investors were spread across geographies

■ North America      ■ Asia      ■ Europe





# Financial Services

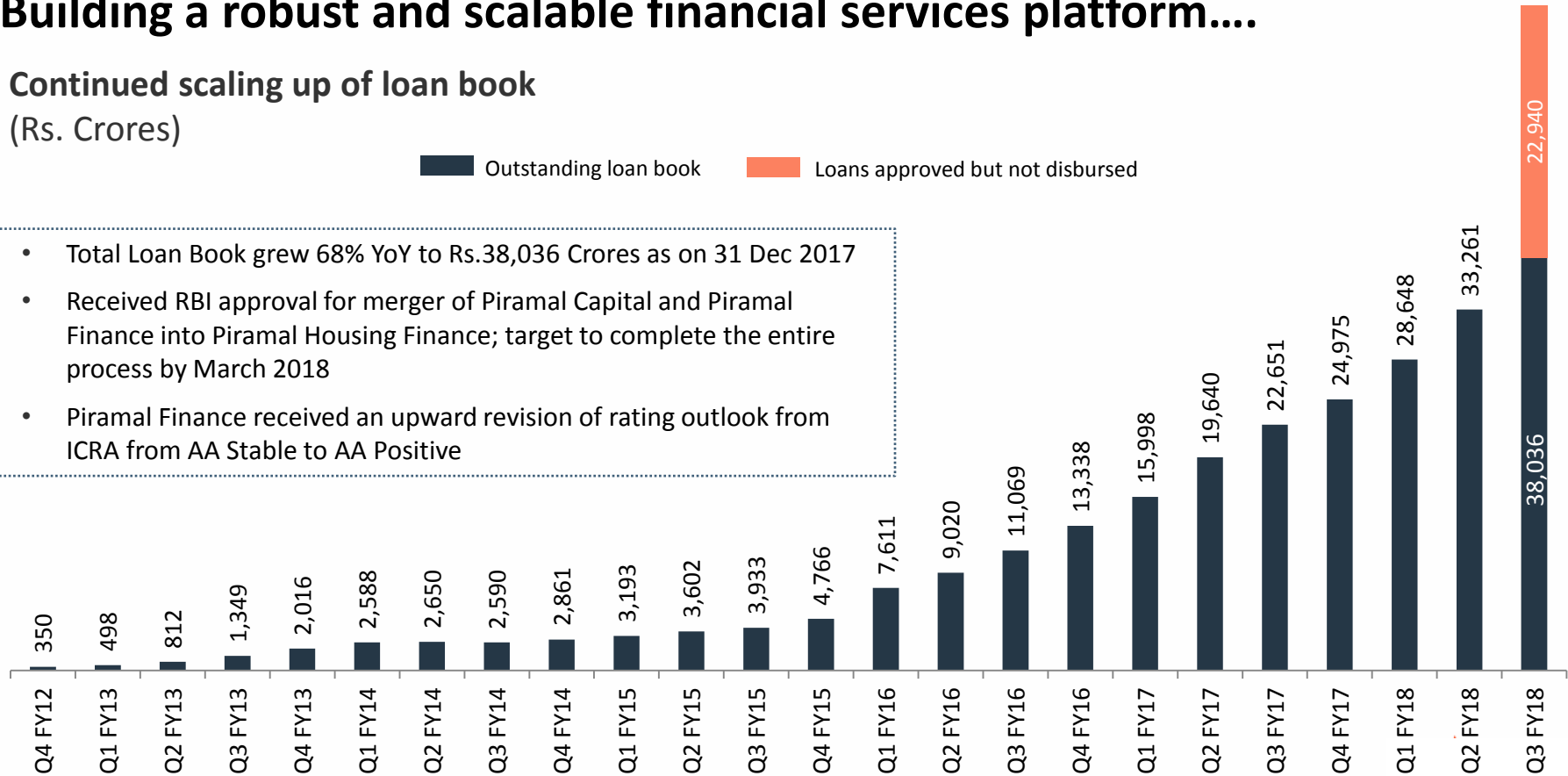
# Building a robust and scalable financial services platform....

## Continued scaling up of loan book

(Rs. Crores)

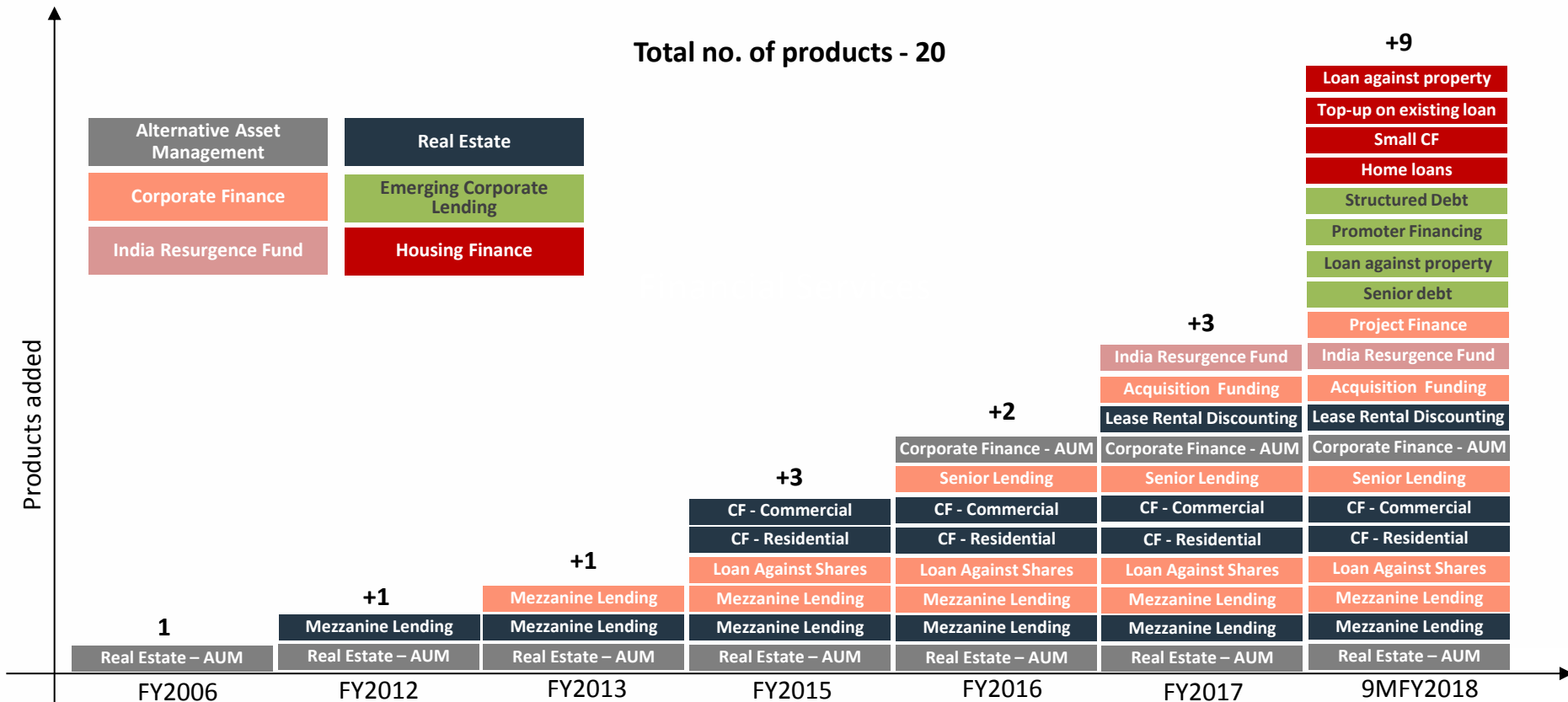
Outstanding loan book
  Loans approved but not disbursed

- Total Loan Book grew 68% YoY to Rs.38,036 Crores as on 31 Dec 2017
- Received RBI approval for merger of Piramal Capital and Piramal Finance into Piramal Housing Finance; target to complete the entire process by March 2018
- Piramal Finance received an upward revision of rating outlook from ICRA from AA Stable to AA Positive



Alternative Assets Under Management was Rs.6,776 Crores as on 31 Dec 2017

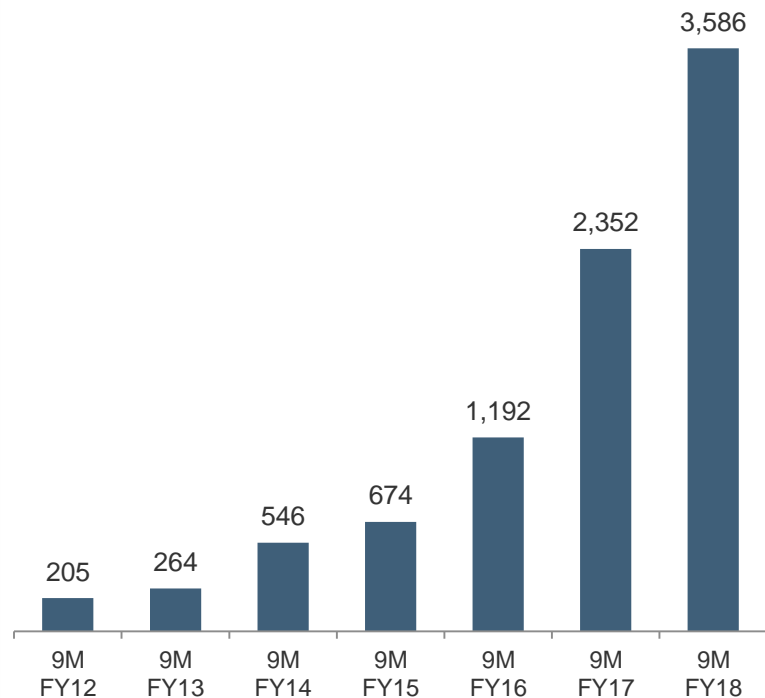
# ...through consistently expanding product portfolio



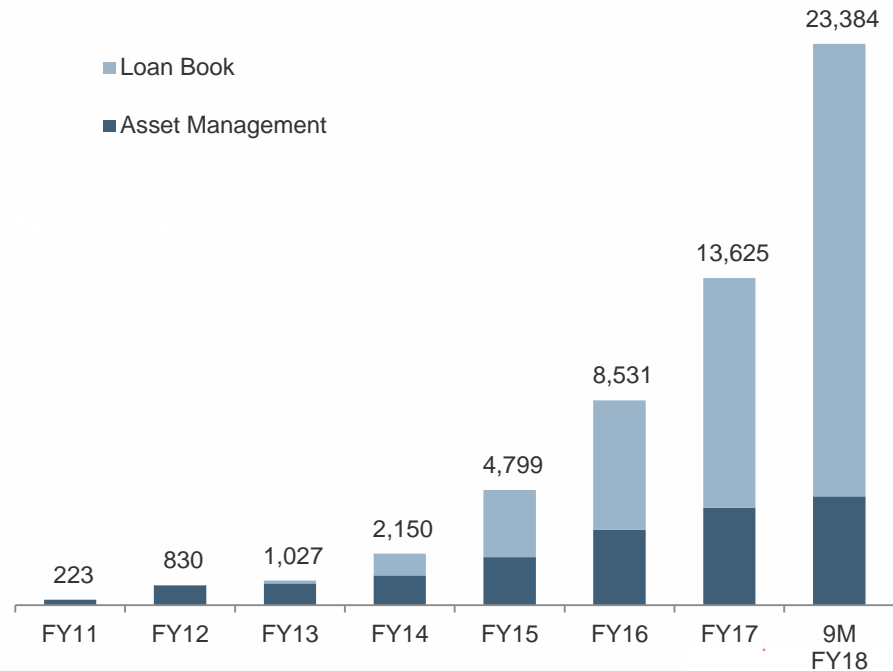
Note : CF – Construction Finance

# Strong trend of growth in income and exits/repayments

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



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



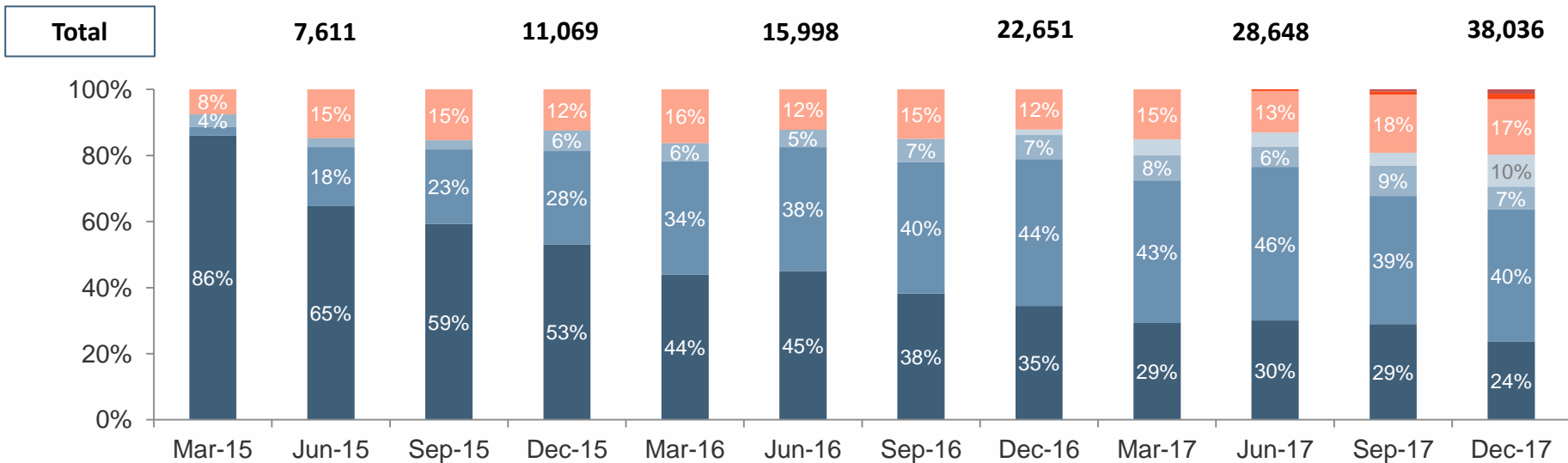
Notes:

1. Excludes our investment in Vodafone India, which was exited during FY2015
2. Exits from Asset Management business have been included on calendar year basis

# Consistently enhancing diversification in the lending portfolio; significantly lowering the overall risk profile

## Trend of changing portfolio mix (%)

- Mezzanine RE
- RE Lease Rent Discounting
- Housing Finance <sup>New</sup>
- RE Construction Finance - Residential
- Corporate Finance Group
- RE Construction Finance - Commercial
- Emerging Corporate Lending <sup>New</sup>



Note : RE – Real Estate

# Strong growth in Real Estate loan book and commencement of Housing finance business

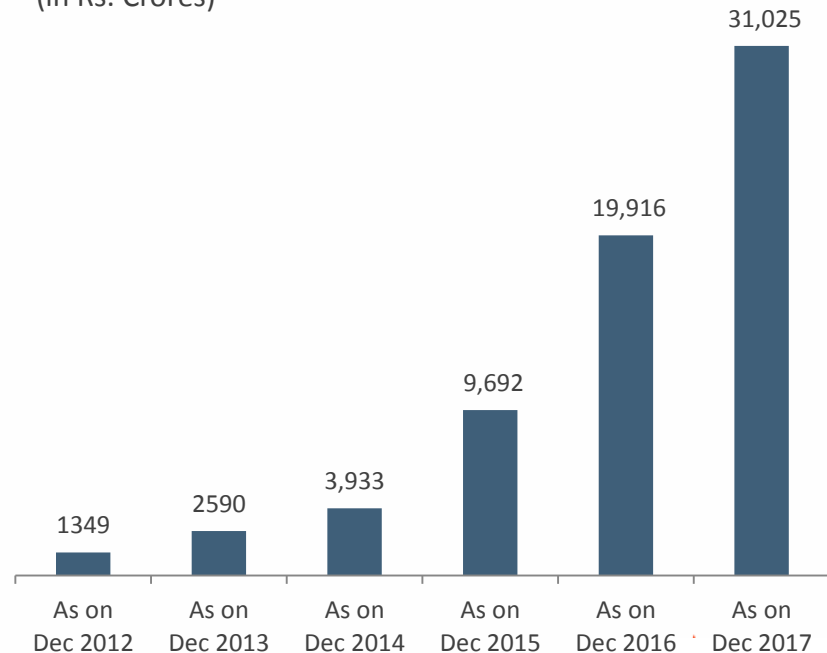
## Real Estate Lending :

- Loan book grew by 53% to Rs.30,534 Crores as on 31 Dec 2017
  - Construction Finance is now 58% of our Real Estate loan book
  - Rs.9,413 Crores repaid / prepaid during the last 12 months
- Covering 113 developers, 211 transactions and 372 projects across India
- Forayed into Hospitality sector - Committed Rs.1,200 Crores of loans across Marquee Hotel Assets in Gurugram, Bangalore and Pune

## Housing Finance :

- Loan book grew to Rs.491 Crores as on 31 Dec 2017
  - Over 70% of loans through leveraging the existing developer relationship
- Loans approved but not disbursed stands at Rs.680 Crores as on 31 Dec 2017
- Partnered with 275+ connectors, 75+ DSAs & 50+ projects
- Plan to open branches in Delhi, Noida, Gurugram, Bengaluru and Pune during Q4 FY2018

## Rapidly growing Real Estate (incl. Housing Finance) loan book (in Rs. Crores)



Note : For more details on housing finance click here : [Call transcript](#) [Presentation](#)



# Robust growth in Corporate Finance and Emerging Corporate loan book

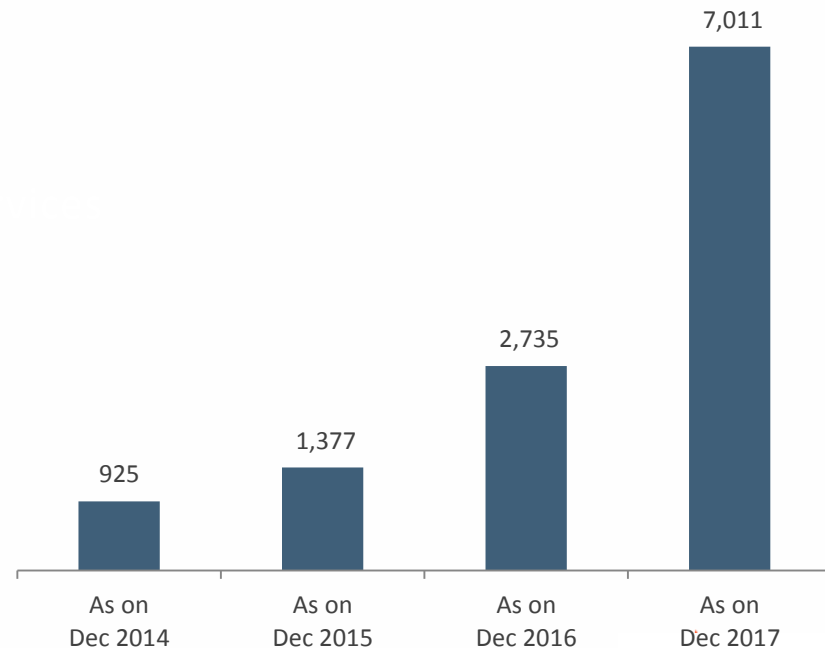
## Corporate Finance Group (CFG) :

- Loan book grew by 134% to Rs.6,392 Crores as 31 Dec 2017
  - Disbursed Rs.5,309 Crores during the last 12 months
  - Investment of over Rs.900 Crores towards renewable sector during the quarter
  - Invested in two new sectors : paper-packaging and warehousing
- Senior lending accounted for 85% of gross disbursements during the quarter

## Emerging Corporate Lending (ECL):

- Loan Book nearly doubled during the quarter to Rs.619 Crores as on 31 Dec 2017
- Sector-agnostic platform with funding provided to diverse sectors such as automotive dealerships, auto ancillaries, manufacturing, pharmaceuticals and hospitality
- Offering solutions with ticket size ranging from Rs.10-100 Crores
- Geographically diversified portfolio across Mumbai, Delhi, Chennai, Pune and Bengaluru

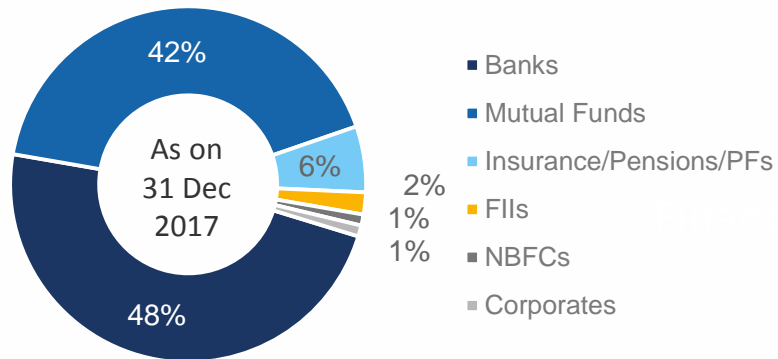
## Strong growth in Corporate Finance and ECL portfolio (in Rs. Crores)



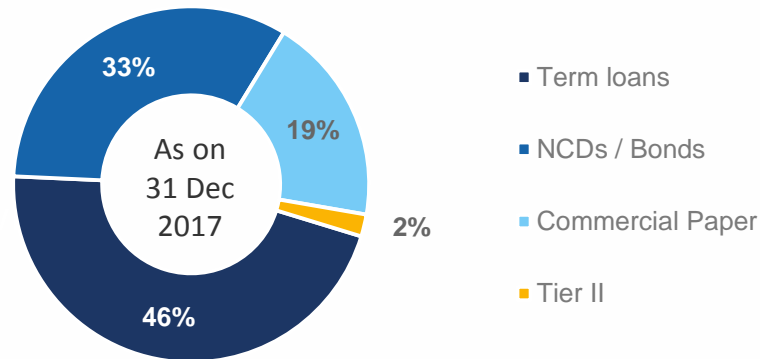
# Borrowing profile

## PEL Borrowings Mix

Funding mix by investor profile

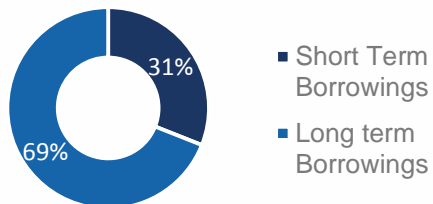


Funding mix by type of instrument

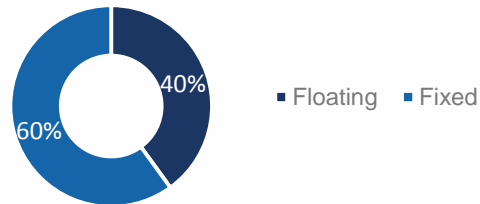


As on 31 Dec 2017

Tenure-base



Fixed vs. Floating



# Performance metrics

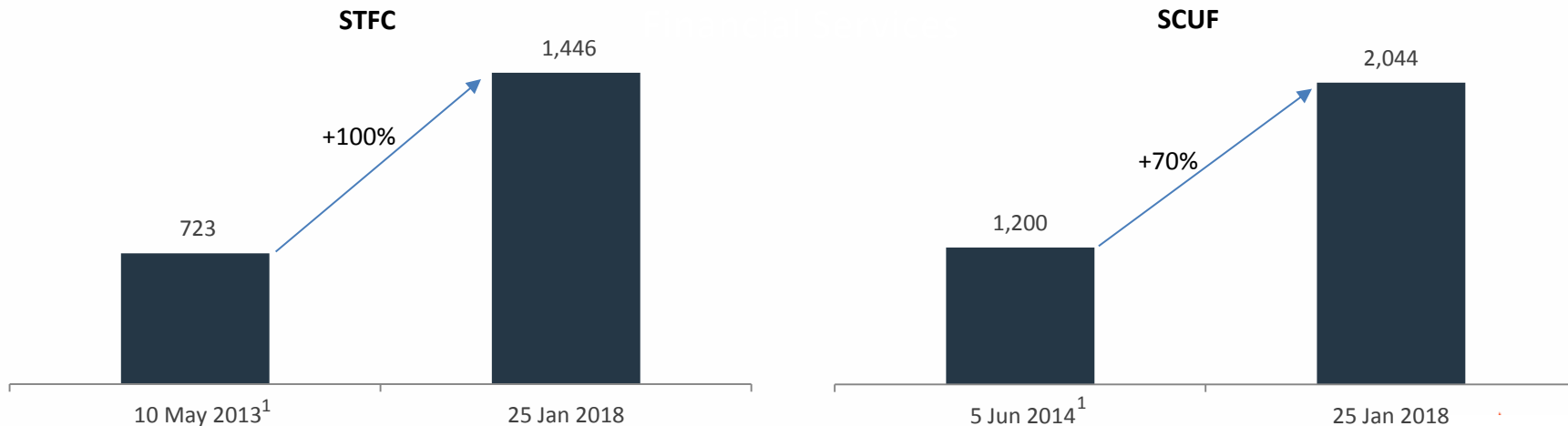
## Loan book performance against various parameters

Particulars	9M FY2018
Total Loan Book size	Rs.38,036 Crores
Average Yield on Loans	15.3%
Average Cost of Borrowings	8.6%
Net Interest Margin	8.0%
Cost to Income Ratio	14.2%
Total Provisioning	1.9%
ROA	4.1%
ROE	21.2%
Gross NPA ratio (based on 90 dpd)	0.4%

# Investments in Shriram Group



## Share Price Performance since investments (Rs. per share)



**Around 18% annualized return on STFC and SCUF**

Note : 1) PEL's purchase price on the respective date of investment - Doesn't include related costs in acquiring these stakes

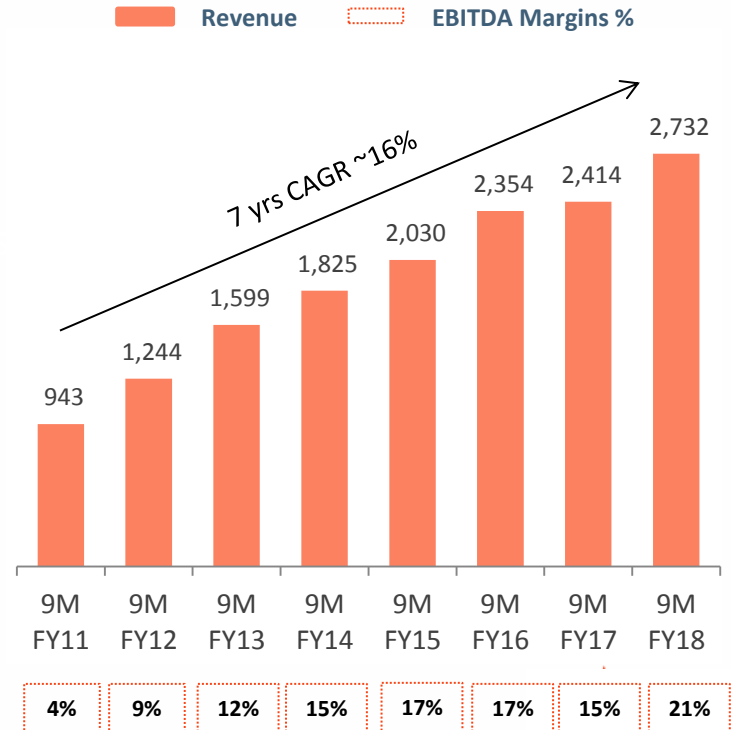


# Pharma

# Global Pharma : Consistently improving profitability margins

- **Revenue Performance:** Q3 FY2018 revenue grew 6% YoY to Rs. 923 Crores
  - Growth on account of successful integration of the acquired products and continued performance in the inhalation anaesthesia business was partly offset by foreign currency fluctuations and subdued performance in Global Pharma Services business (due to lumpy nature of the business).
- **Capacity Expansion :**
  - Global Pharma services business had announced US\$ 55 mn expansion of API manufacturing capabilities & capacities in North America and Asia.
    - Of this, US\$ 37 mn towards addition of commercial API capacities is on track and would commission during CY19
  - Capex of US\$ 4 mn sanctioned at Ahmedabad’s formulation development facility is on track and should be completed during FY19
  - Phase I of the US\$ 25 mn expansion at Lexington is expected to start in H1FY19

**Revenue Performance**  
(Rs in Crores)



# Global Pharma : Successfully integrating acquisitions; maintaining high focus on quality

- Transition and integration of acquired products from Mallinckrodt & Janssen :
  - Significant completion of transition and integration of Gablofen® acquired from Mallinckrodt in the US market
  - Transition and integration of products acquired from Janssen is in progress and will continue as per plan
- Focus on Quality & Safety:
  - During Q3 FY2018, the Company successfully underwent **4 regulatory audits and 35 customer audits.**
  - Digwal site was recognised with a 5 star rating by the **Confederation of Indian Industry (CII) South Region** in Dec'17 for 'Excellence Award in Environment Health & Safety (EHS) Practices'.
  - 'Excellence in Health & Safety' award at the prestigious **CPhI India Pharma Awards, 2017** in Mumbai in Nov'17.
  - 'Regulatory Procedures and Compliance' award at the prestigious **CPhI Pharma Awards (2017)** in Germany in Oct'17.
  - 'Industry Partner of the Year' award at Global Generics and Biosimilars Awards 2017 in Germany in Oct'17.



CPhI  
Pharma Awards

Global Generics  
& Biosimilars  
**AWARDS 2017**  
WINNER

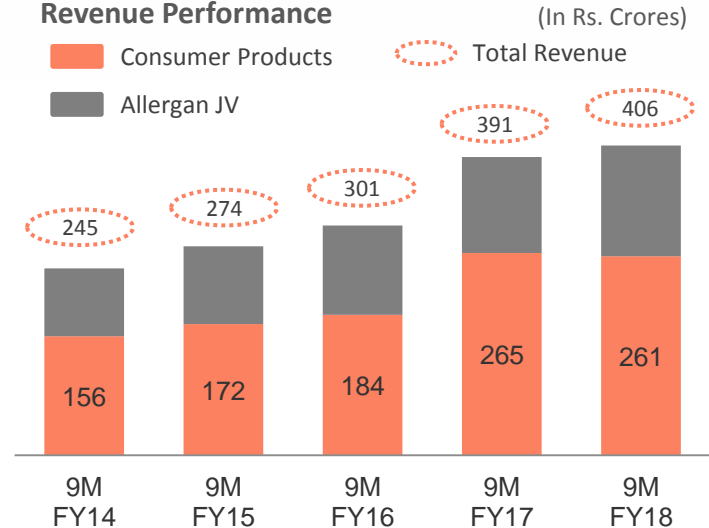
# India Consumer Products : Recovered post the GST Impact

- **Revenue performance:** Revenue grew by 17% during the quarter. Most of the brands observed robust growth performance.
- **Post GST Scenario:** Residual impact of GST on the wholesale channel can still be felt across the industry as it witnessed a subdued growth of 7.2% for the quarter. Despite the same, our business registered strong growth and continue to improve the productivity by focusing across multiple levers.
- **Inorganic Growth :** PEL acquired Digeplex and associated brands from Shreya Lifesciences to further consolidate its position in the OTC market in the gastro-intestinal (GI) segment.
  - Complements our existing GI portfolio of Polycrol (antacid) and Naturo lax (isabgol), thereby increasing our basket of offerings
  - Leverage existing strong sales and distribution capability enabling us to improve our revenues and profit margins
  - Large Indian GI market (~Rs.13,000 Crores<sup>1</sup> size growing at ~11% yoy)
  - Rx to OTC switch as PEL plans to promote it directly to consumers
- **Innovative Launches** - For the first time in India, Little’s launched TSS (Thermosensitive Silicon) Sipper to ensure feeding at an optimum temperature. The product has received a positive response from the market.

## Acquisition of Digeplex and associated brands



## Revenue Performance



Note: 1. As per AIOCD October 2017 data, the Gastro Intestinal market in India addresses the constipation, diarrhoea and appetite stimulant categories



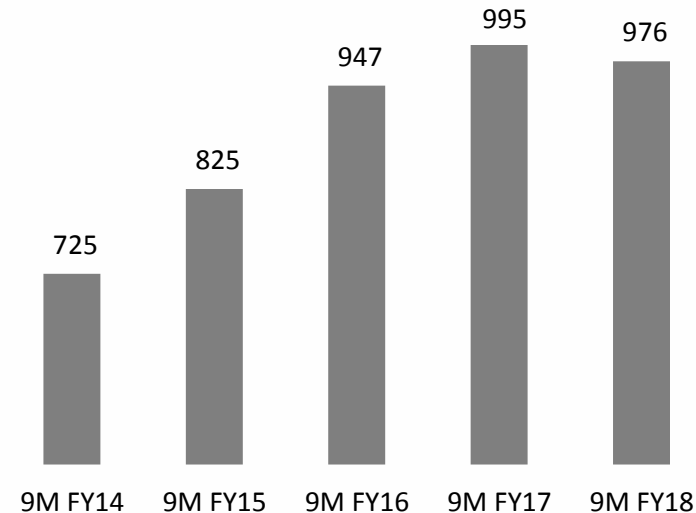


# Healthcare Insight and Analytics

## Healthcare Insight and Analytics

- **Revenue performance:** Revenue remained stable during the quarter :
  - Demand for research products continue to be impacted in the favour of dynamic, user-centric applications
  - The subdued performance in research products was offset by
    - Strong growth in Life Sciences Data & Analytics and Consulting services
- **Continued focus on innovation and new products** by introducing innovative new, technology-enabled products
- **Strengthened data and analytics business:** Entered into a strategic agreement with a top provider of prescription, hospital and medical claims data – this positions DRG among the Top 3 data player in the life sciences services industry
- **Continued expansion in India - key to accelerating product development & innovation and boosting margins :**
  - 332 positions on-boarded in Bengaluru and Gurugram offices (29% of DRG's headcount)

### Revenue performance (In Rs. Crores)





# Financials

# Diversified Revenue Mix

(In Rs. Crores or as stated)

Net Sales break-up	Quarter III ended			% Sales	Nine Months ended		
	31-Dec-17	31-Dec-16	% Change		31-Dec-17	31-Dec-16	% Change
Financial Services	1,316	902	45.8%	46.9%	3,586	2,352	52.5%
Pharma	1,022	954	7.2%	39.1%	2,992	2,679	11.7%
Global Pharma	923	869	6.2%	-	2,732	2,414	13.1%
India Consumer Products	100	85	17.4%	-	261	265	(1.5%)
Healthcare Insight and Analytics	468	464	0.9%	12.8%	976	995	(2.0%)
Others	52	22	-	1.2%	95	57	-
<b>Total</b>	<b>2,858</b>	<b>2,342</b>	<b>22.1%</b>	<b>100%</b>	<b>7,648</b>	<b>6,084</b>	<b>25.7%</b>

Note:

- Foreign Currency denominated revenue in Q3 FY2018 was Rs.1,305 Crores (46% of total revenue) and in 9M FY2018 was Rs.3,530 Crores (46% of the total revenue)

# Consolidated P&L

(In Rs. Crores or as stated)

Particulars	Quarter III Ended			Nine Months ended		
	31-Dec-17	31-Dec-16	% Change	31-Dec-17	31-Dec-16	% Change
Net Sales	2,858	2,342	22%	7,648	6,084	26%
Non-operating other income	64	52	22%	223	147	51%
Total income	2,922	2,394	22%	7,871	6,232	26%
Other Operating Expenses	1,411	1,257	12%	3,869	3,617	7%
OPBIDTA	1,511	1,137	33%	4,002	2,614	53%
Interest Expenses	750	591	27%	2,148	1,441	49%
Depreciation	110	110	0%	362	260	39%
Profit before tax & exceptional items	651	436	49%	1,492	913	63%
Exceptional items (Expenses)/Income	-	(2)	-	-	(2)	-
Income tax	212	76	180%	504	125	303%
Profit after tax (before MI & Prior Period items)	439	359	22%	988	786	26%
Minority interest	-	-	-	-	-	-
Share of Associates <sup>1</sup>	51	45	12%	188	155	21%
Net Profit after Tax	490	404	21%	1,176	941	25%
Net Profit Margin %	17%	17%	-	15%	15%	-
EPS (Rs./share) <sup>2</sup>	26.4	23.4	13%	66.5	54.6	22%

## Notes:

- Income under share of associates primarily includes our share of profits at Shriram Capital and profit under JV with Allergan, as per the new accounting standards.
- As per the accounting guidelines, EPS for Q3 & 9M FY2018 is calculated considering the conversion of CCDs

# Consolidated Balance Sheet

(In Rs. Crores)

Particulars	31 Dec 2017	31 Mar 2017
Equity Share Capital	35	35
Other Equity	20,690	14,848
Non Controlling Interests	12	13
Borrowings (Current & Non Current)	39,455	30,451
Deferred Tax Liabilities (Net)	38	31
Other Liabilities	2,659	2,675
Provisions	167	187
<b>Total</b>	<b>63,056</b>	<b>48,239</b>
PPE, Intangibles (Under Development), CWIP	5,490	5,425
Goodwill on Consolidation	5,554	5,427
Financial Assets		
Investment	22,726	21,717
Others	17,209	5,887
Other Non Current Assets	453	399
Deferred Tax Asset (Net)	656	625
Current Assets		
Inventories	883	723
Trade receivable	1,274	1,108
Cash & Cash Equivalents & Other Bank balances	1,699	1,541
Other Financial & Non Financial Assets	7,112	5,387
<b>Total</b>	<b>63,056</b>	<b>48,239</b>

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



# Appendix

## Raising over a billion dollar capital via CCDs and rights issue

### CCDs QIP

Successfully raised **Rs.4,996 Crores**  
through CCDs

- ✓ Issued 464,330 CCDs of the face value of Rs.107,600 each with a coupon of 7.80% p.a.
- ✓ It can be converted into pure equity at any time till the maturity date
- ✓ Each CCD will be compulsorily converted into 40 equity shares on maturity (at the end of the 18 months from the date of allotment)
- ✓ Conversion price fixed at Rs.2,690 per equity share



### Rights issue

Plans to raise up to **Rs.2,000 Crores**  
through Rights Issue

- ✓ Board and promoters are keen to give the existing shareholders of PEL an equal opportunity to participate in the fund raising
- ✓ Board approved a Rights Issue of equity shares at a price of Rs.2,380 for up to Rs.2,000 Crores
- ✓ Promoter Group to underwrite the Rights Issuance to an extent of 90% of the size



# Received approval from RBI for merger of Piramal Finance and Piramal Capital with Piramal Housing Finance

## Benefits of merger

Optimum capital adequacy requirement to improve returns

Diversified portfolio comprising both retail and wholesale should improve credit rating, in turn reducing borrowing cost

Open up avenues for combined entity to raise funds from diversified lenders

Mutual Fund can lend higher amount to HFCs as against NBFCs

One entity to provide end-to-end financing solutions

Capitalising on the in-house Brickex arm for sourcing and facilitating home loans

Leveraging robust asset monitoring capabilities of the wholesale platform for retail construction finance loans

Restructuring will enhance management and operational efficiency due to integration of common functions like IT, HR, Finance, Legal, etc.

Note : The combined entity's name to be changed to Piramal Capital Limited

## Dial-in details for Q3 & 9M FY2018 Earnings Conference Call

Event	Location & Time	Telephone Number
Conference call on 30 Jan 2018	India – 5:00 PM IST	+91 22 3960 0668 (Primary Number)
		+91 70456 71221 (Local Number)
		1800 120 1221 / 1800 200 1221 (Toll free number)
	USA – 6:30 AM (Eastern Time – New York)	Toll free number 18667462133
	UK – 11:30 AM (London Time)	Toll free number 08081011573
	Singapore – 7:30 PM (Singapore Time)	Toll free number 8001012045
Hong Kong – 7:30 PM (Hong Kong Time)	Toll free number 800964448	
For online registration	<a href="http://services.choruscall.in/diamondpass/registration?confirmationNumber=2431417">http://services.choruscall.in/diamondpass/registration?confirmationNumber=2431417</a>	



## 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

Devanshi Dhruva

Email : [devanshi.dhruva@piramal.com](mailto:devanshi.dhruva@piramal.com)

Phone : +91 22 3046 6376