

# Q4 & FY10 Results

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

# Disclaimer

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 Healthcare 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 Healthcare Limited does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date thereof.

# 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

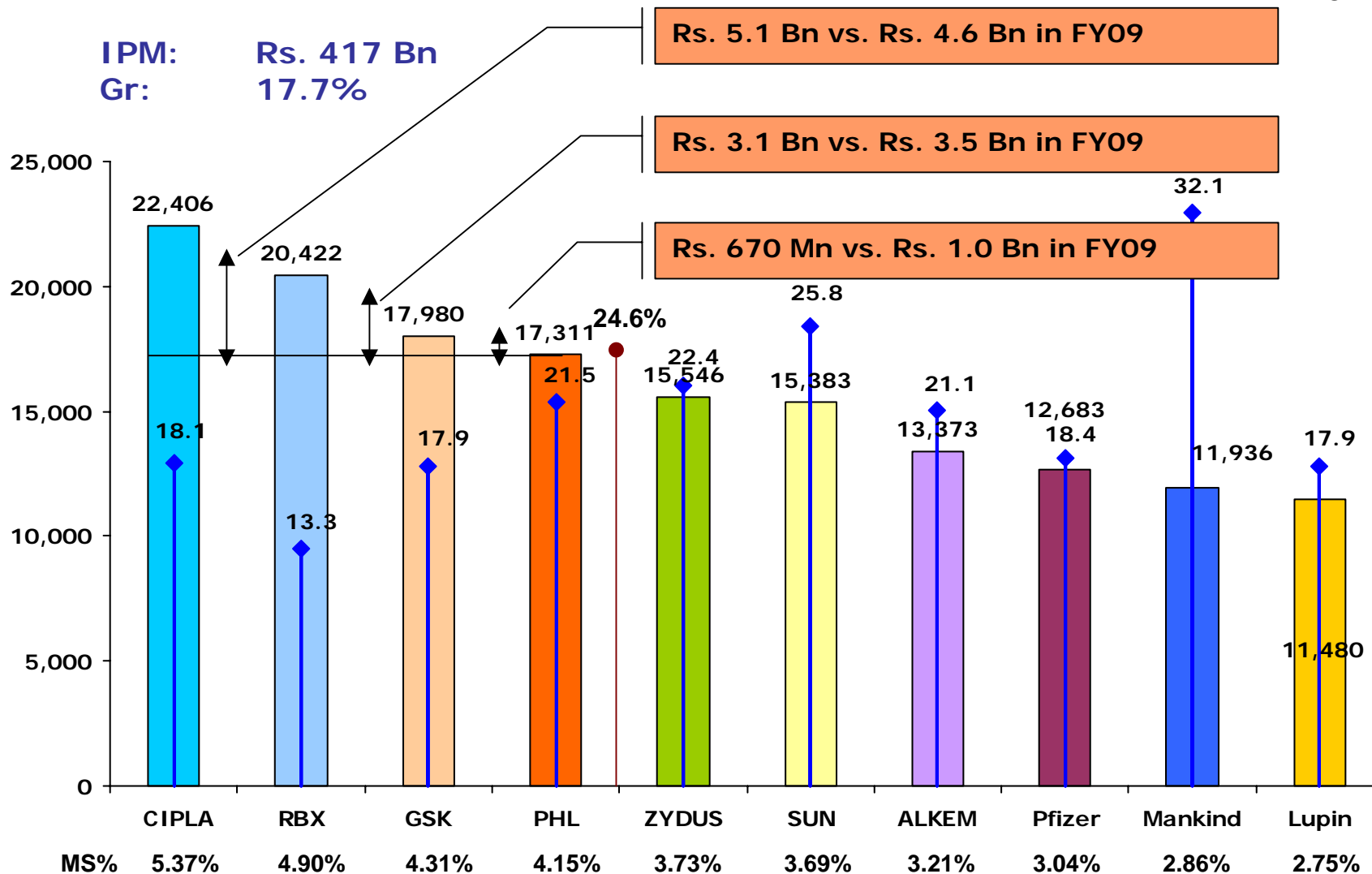
Ranked no. 1 by ORG IMS on absolute sales from New Products launched for FY10, 32 new products launched during the year

5 Consistent success in M&A

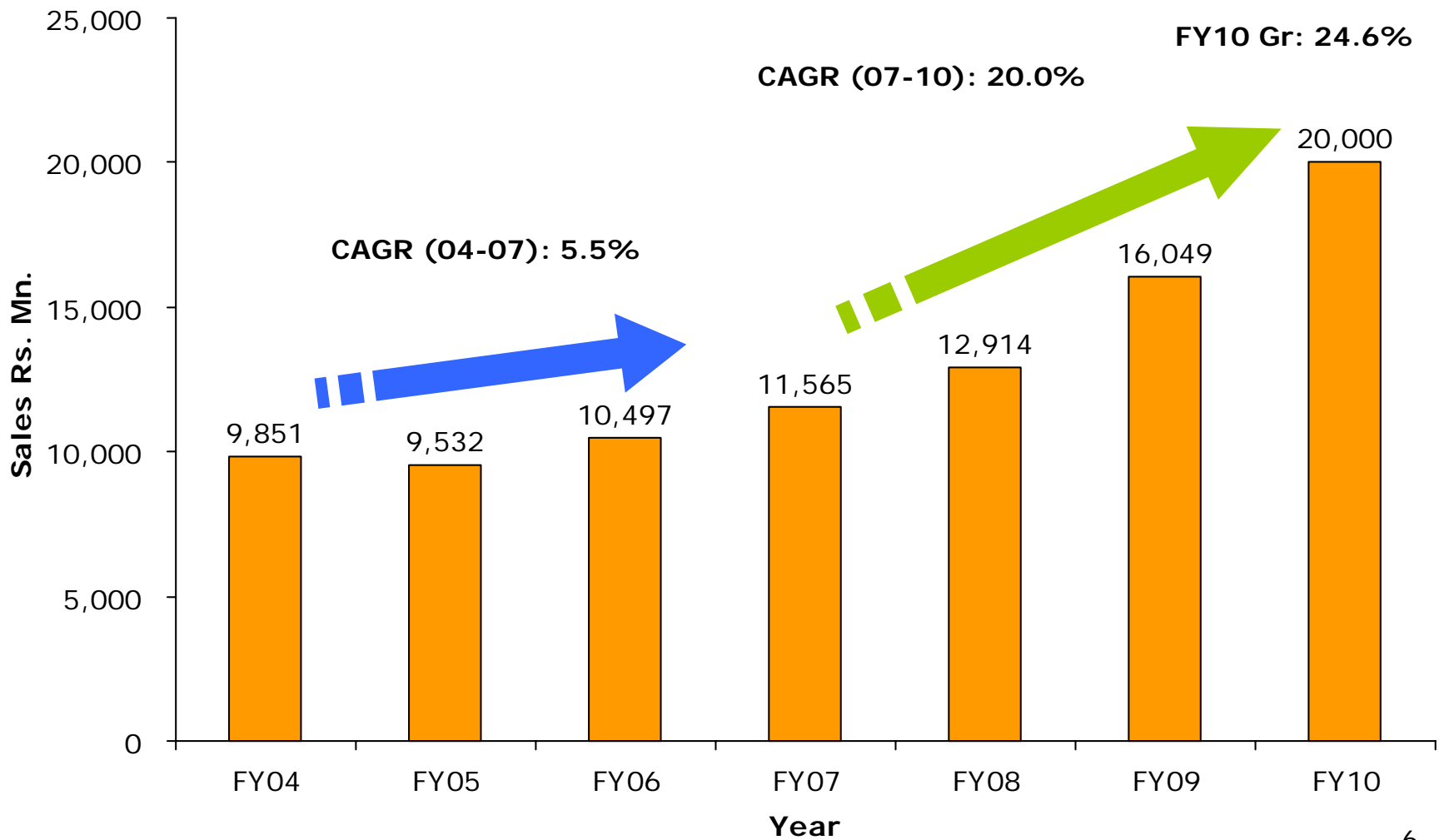
Completed acquisition of i-pill in FY10

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

Rs. million



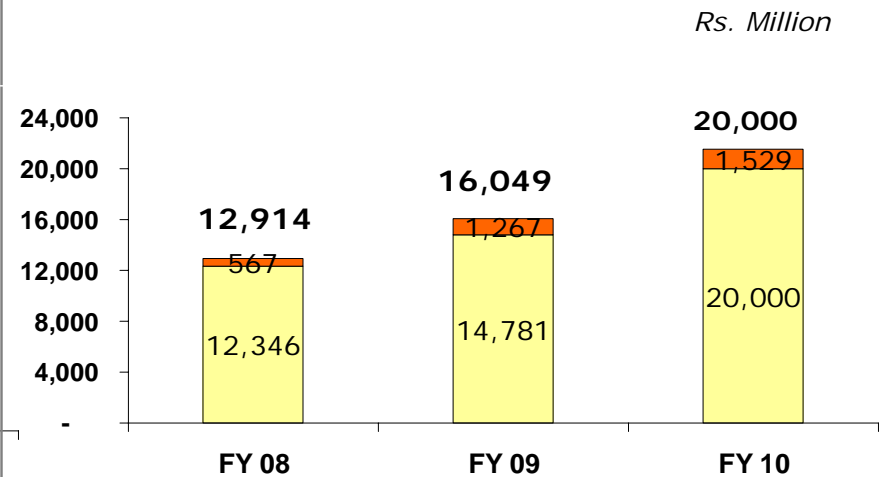
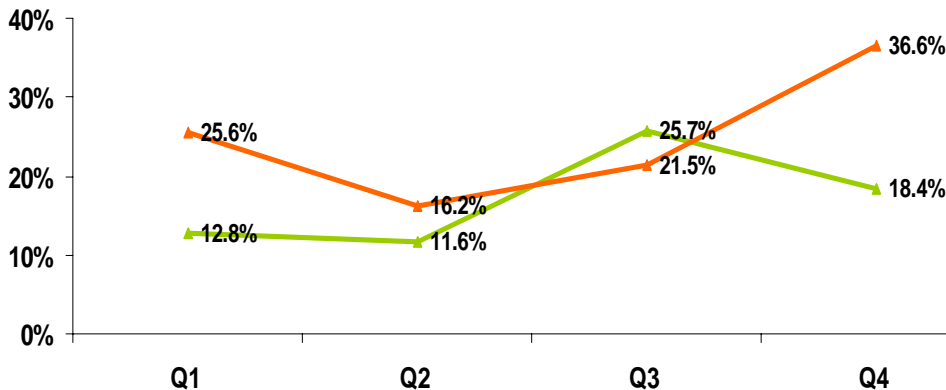
# Sales growth has accelerated in the last 3 years



# 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

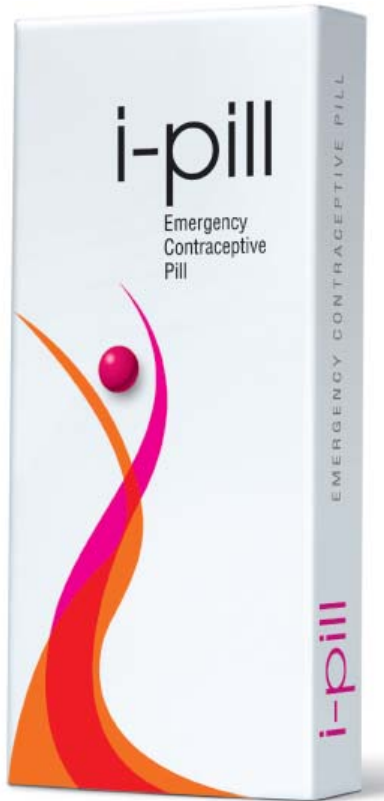
# Strengthening presence in OTC space

- 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

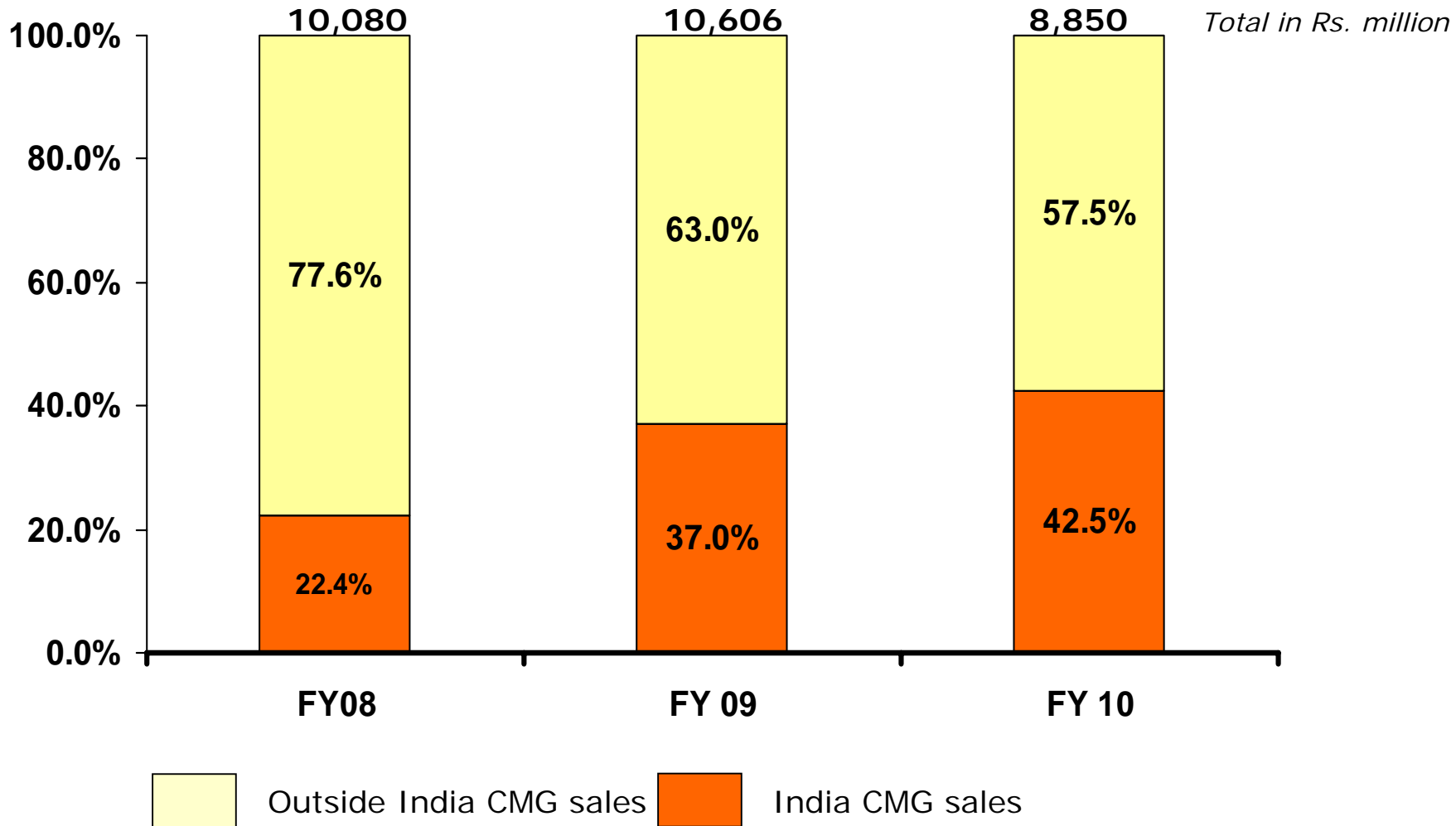
# FY10: Key Developments across facilities – Late Phase Assets

- 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

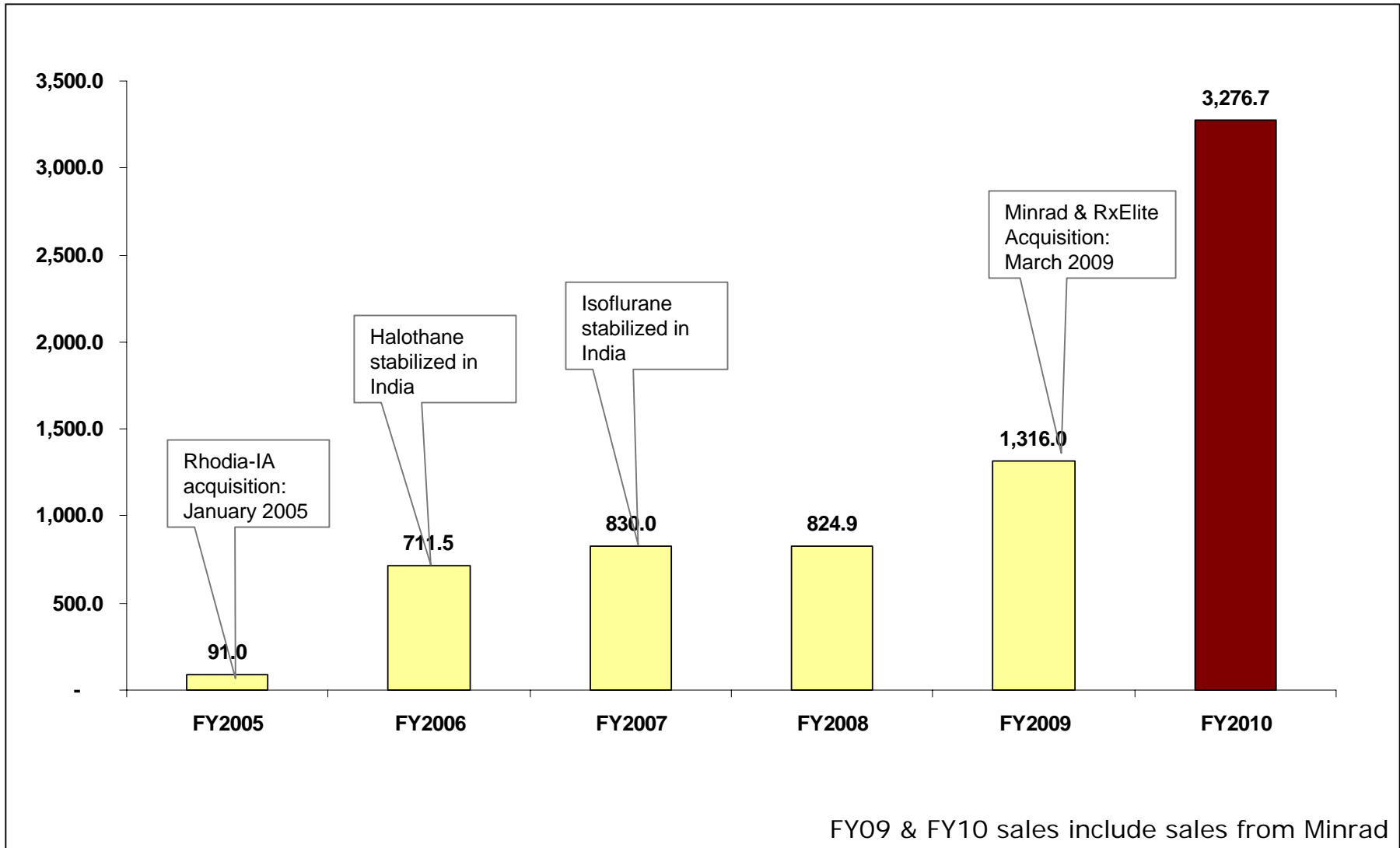
## Increased Veterinary Presence

- 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



FY09 & FY10 sales include sales from Minrad

## 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:

---

- 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:

---

- 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