



Analyst Presentation

24th April 2009

Introduction – Ajay Piramal, Chairman

Business Review:

- Healthcare Solutions – Sudarshan Jain, Director
- Pharma Solutions – Dr. R. Ananthanaryanan, Director
- Global Critical Care – N. Santhanam, ED & COO

Financial Review – Rajesh Laddha, CFO

Overall Review and Outlook – Ajay Piramal

Experienced Management Team

Piramal Healthcare
Ajay G. Piramal - Chairman

Healthcare Solutions & Others

N. Santhanam – E.D. & COO

Working with the Group for the last seven years
Earlier worked with Tata and Wadia group
Chartered accountant with 35 years of experience in Corporate Accounts, Finance, Secretarial & Legal

Pharma Solutions

Nandini Piramal – E.D.

Working with the Group for the last five years
Earlier General Manager – Strategic Marketing, she was closely associated with Pharma Solutions
MBA from Stanford Graduate School of Business

Dr. R. Ananthanarayanan – Director

Working with the Group for the last seven years
Earlier worked with Galpharm, Zydus Cadila, Wockhardt
More than 20 years of industry experience in business development, global strategic sourcing, manufacturing, regulatory affairs, quality assurance, and R&D
Ph.D in Pharmaceutical Technology from University of Mumbai

Strategic Alliances & Communications

Dr. Swati Piramal – Director

Finance

Rajesh Laddha – CFO

Working with the Group for the last seven years
Chartered Accountant, CPA and MBA

Healthcare Solutions

Sudarshan Jain – Director

Earlier worked with Abbott India, J&J, Lupin
31 years of Pharma industry experience in building numerous power brands
An alumnus of IIM Ahmedabad and member of OPPI, BMA, CII healthcare committee

Global Critical Care

N. Santhanam

Others

Diagnostic Services
Vitamin A
Diagnostic Devices

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Healthcare Solutions – characterized by size and scale

- 1** Leadership position with significant scale

Fourth-largest domestic branded business with increasing market share
- 2** Strong Portfolio of diverse brands

Established portfolio of leading brands with long lifecycles, Our largest brand is among the top 3 brands in the industry
- 3** Largest field force and broad reach

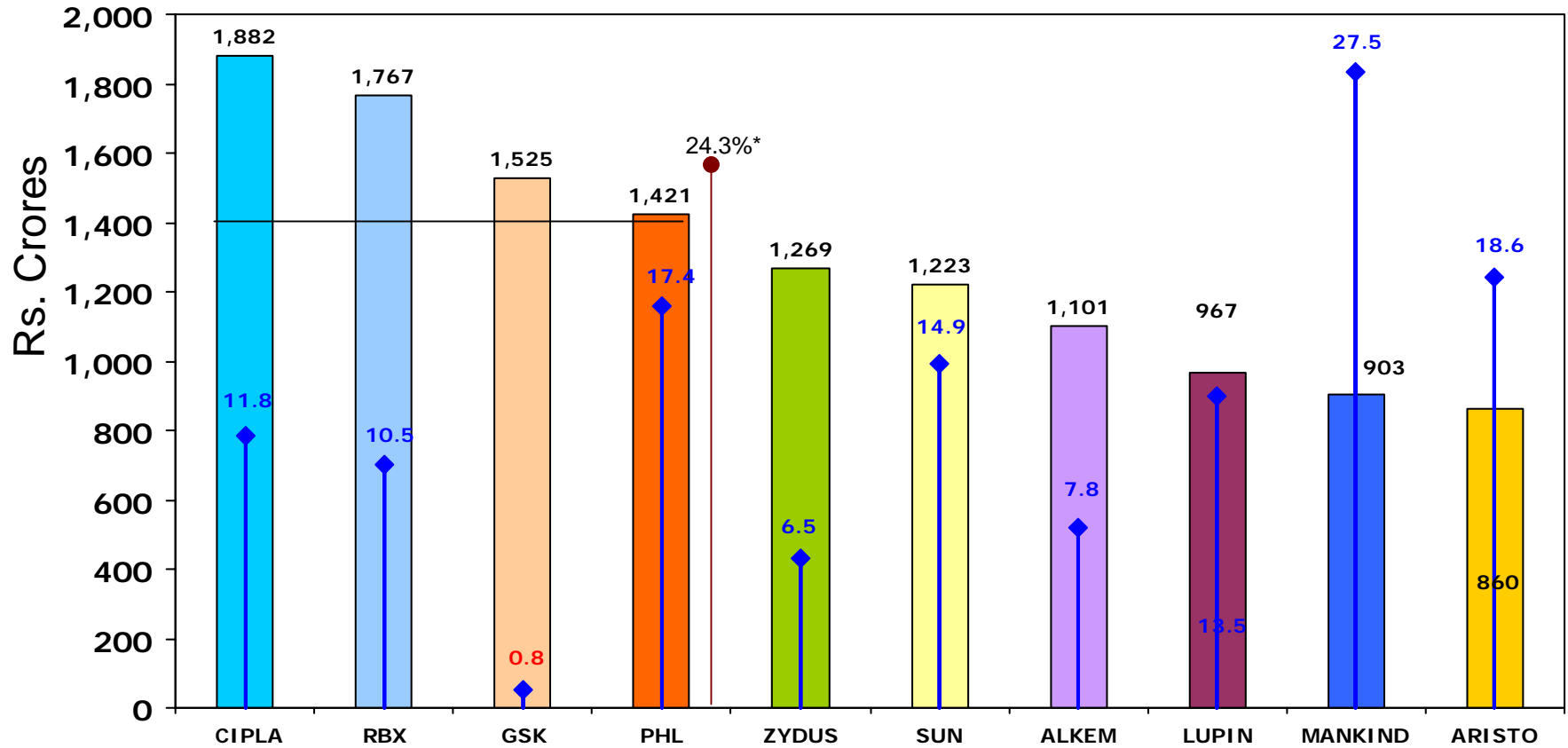
Sales force of about 4000 people and low cost nation-wide distribution
- 4** Innovative Sales and Marketing Techniques to improve marketing program

Techniques such as incentivising field-force on secondary sales, having a separate team to service the channel
- 5** Consistent success in M&A

Have done 7 value-accretive acquisitions

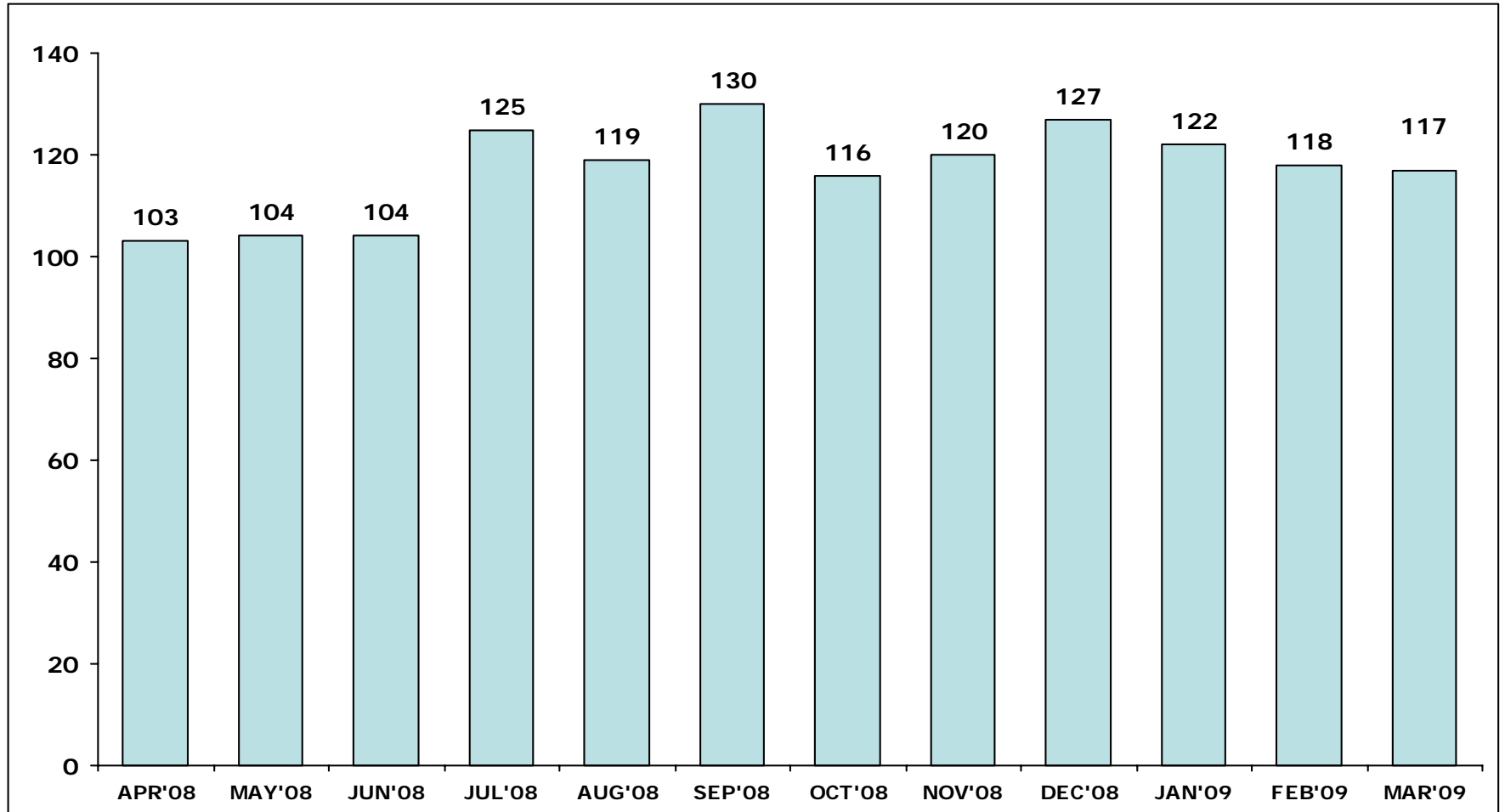
Attractively poised in terms of size and growth rates

IPM **Rs 35,367 cr** **10.1%**



(Source: ORG IMS MAR 09) *Sales growth as per Company numbers

FY09 – Our market share has improved.....

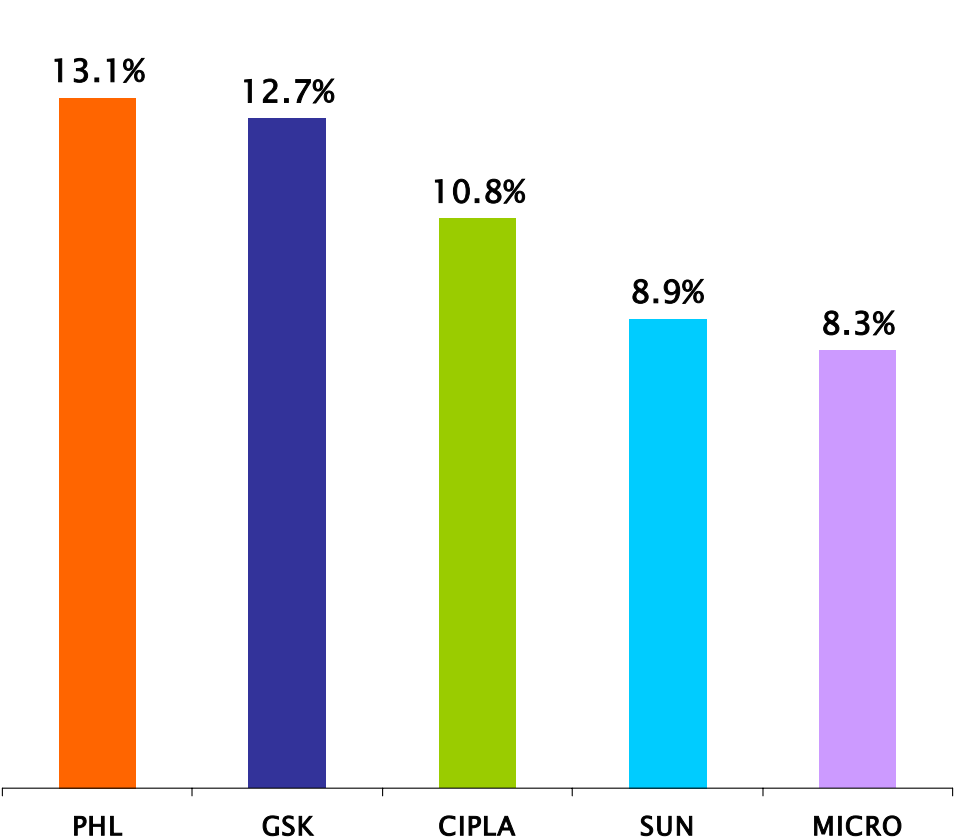


MS % 3.6% 3.7% 3.8% 4.0% 3.9% 4.0% 4.0% 4.1% 4.3% 4.2% 4.1% 4.0%

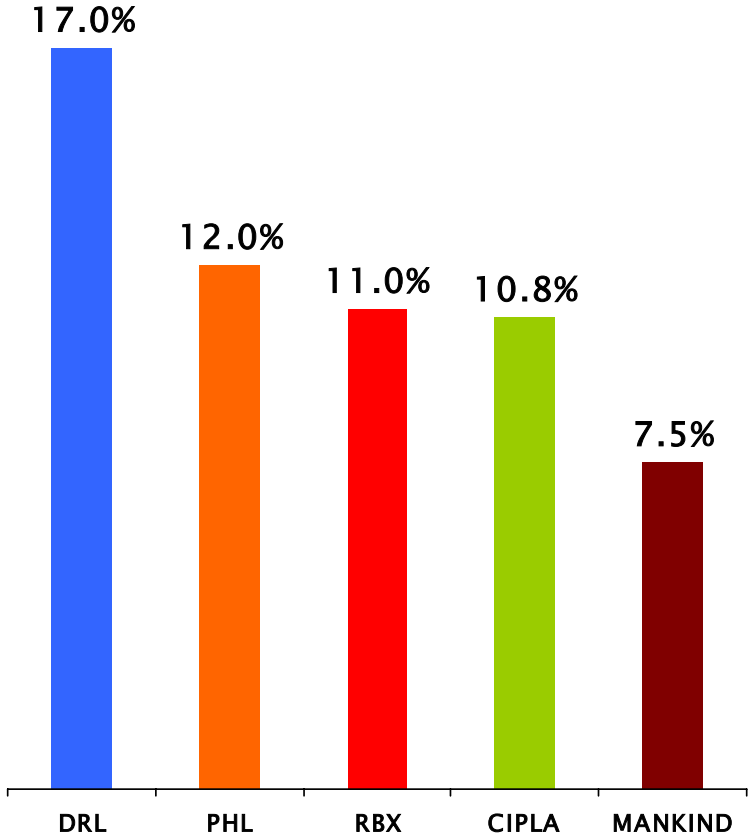
(Source: ORG IMS MAR09)

We are number one among CPs & 2nd among Dentists

Top 5 Companies among Consulting Physician



Top 5 Companies among Dentists



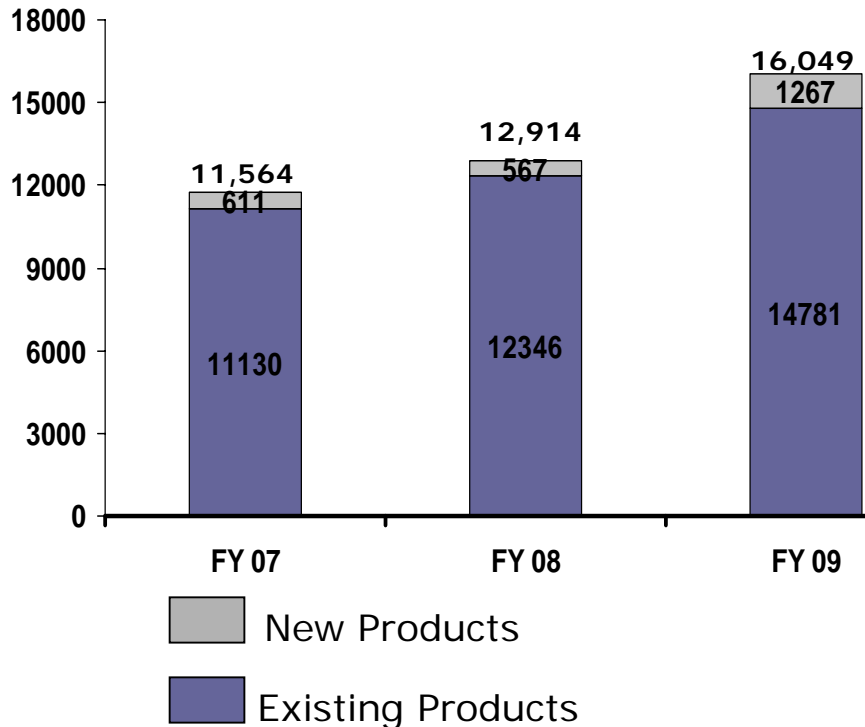
(Source: ORG IMS)

All figs are Rx Salience %

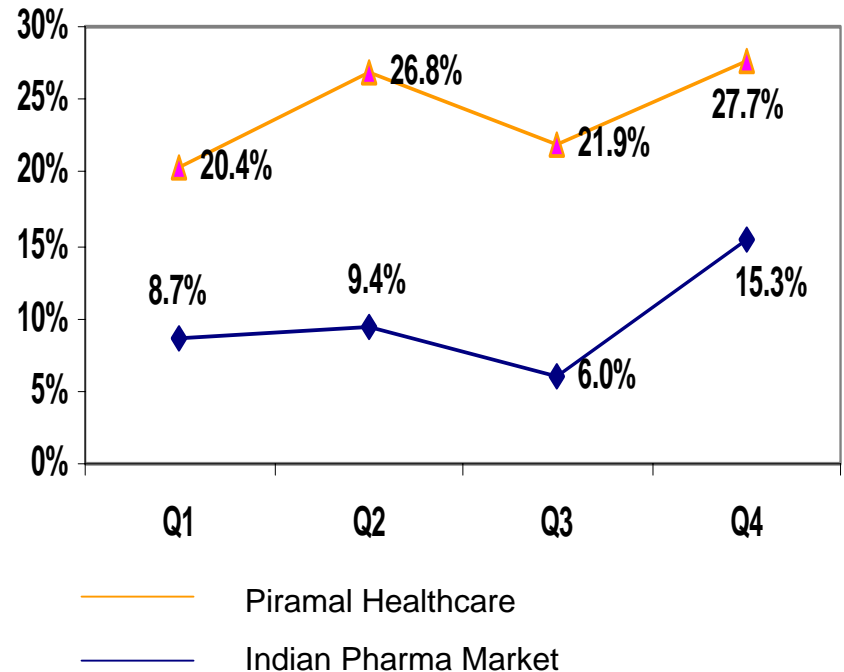
FY09: Strong sales growth and new products launches...

NI contribution has gone up to 7.9% in FY09 from 5.2% in FY07

Figs in Rs. Million



Our growth has outperformed market growth in the last 4 quarters



New Product = Product launched in Year + 1 previous year

TA-Wise Break-up

No.	Therapeutic area PHL Consolidated	PHL Consolidated Quarter IV Ended				PHL Consolidated Year ended FY 09				ORG-IMS Data Market growth MAT Feb 09 %
		Saliency	31-Mar-09	31-Mar-08	Growth	Saliency	31-Mar-09	31-Mar-08	Growth	
		%	Rs. million	Rs. million	%	%	Rs. million	Rs. million	%	
1	Respiratory	18.9%	748.3	644.5	16.1	17.7%	2833.2	2241.4	26.4	7.3%
2	Anti-Infective	19.4%	766.1	396.3	93.3	15.9%	2557.8	1844.1	38.7	10.3%
3	CVS	10.1%	399.8	383.1	4.4	12.8%	2055.9	1683.6	22.1	13.2%
4	CNS	11.8%	464.9	408.9	13.7	10.5%	1684.8	1501.0	12.2	9.7%
5	Nutritionals	8.2%	322.6	328.7	-1.9	6.7%	1081.7	1143.9	-5.4	7.5%
6	Biotek	1.7%	67.5	51.5	31.2	1.7%	275.8	224.2	23.0	
7	Anti-Diabetic	8.9%	352.7	270.7	30.3	6.4%	1021.2	842.1	21.3	16.1%
8	Gastro-intestinal	3.9%	155.3	111.7	38.9	4.8%	768.1	557.4	37.8	8.2%
9	Dermatology	1.3%	49.8	44.1	12.8	3.7%	587.9	484.1	21.4	9.2%
10	NSAIDs	3.0%	119.4	66.1	80.7	4.6%	736.3	625.4	17.7	8.7%
11	OTC	4.6%	183.1	179.8	1.8	4.7%	759.0	685.0	10.8	
12	Others	5.6%	221.1	93.2	137.2	7.5%	1206.7	632.71	90.7	
13	Ophthalmology	2.5%	98.5	113.2	-13.0	3.0%	480.3	448.5	7.1	2.6%
Healthcare Solutions		100%	3949.0	3091.9	27.7	100%	16048.9	12913.5	24.3	9.8%

- Formulations portfolio details (on a consolidated basis):

- Top-10 Brands : 24.3% of FY09 Sales
 - Lifestyle products : 31.4% of FY09 Sales
 - New products (launched during last 24 months) : 7.9% of FY09 Sales
 - New products during the year : 42

- Emphasis on Volume Growth through brand building efforts and life cycle management
- Portfolio Optimization through Therapy and product focus, identify strategic TAs and brands to focus / defocus / divest
- Strengthen new products launch process through focus on core areas and differentiated products
- High emphasis on driving efficiency – working capital, field force productivity
- Explore new avenues of business in terms of products, customer groups

Introduction – Ajay Piramal, Chairman

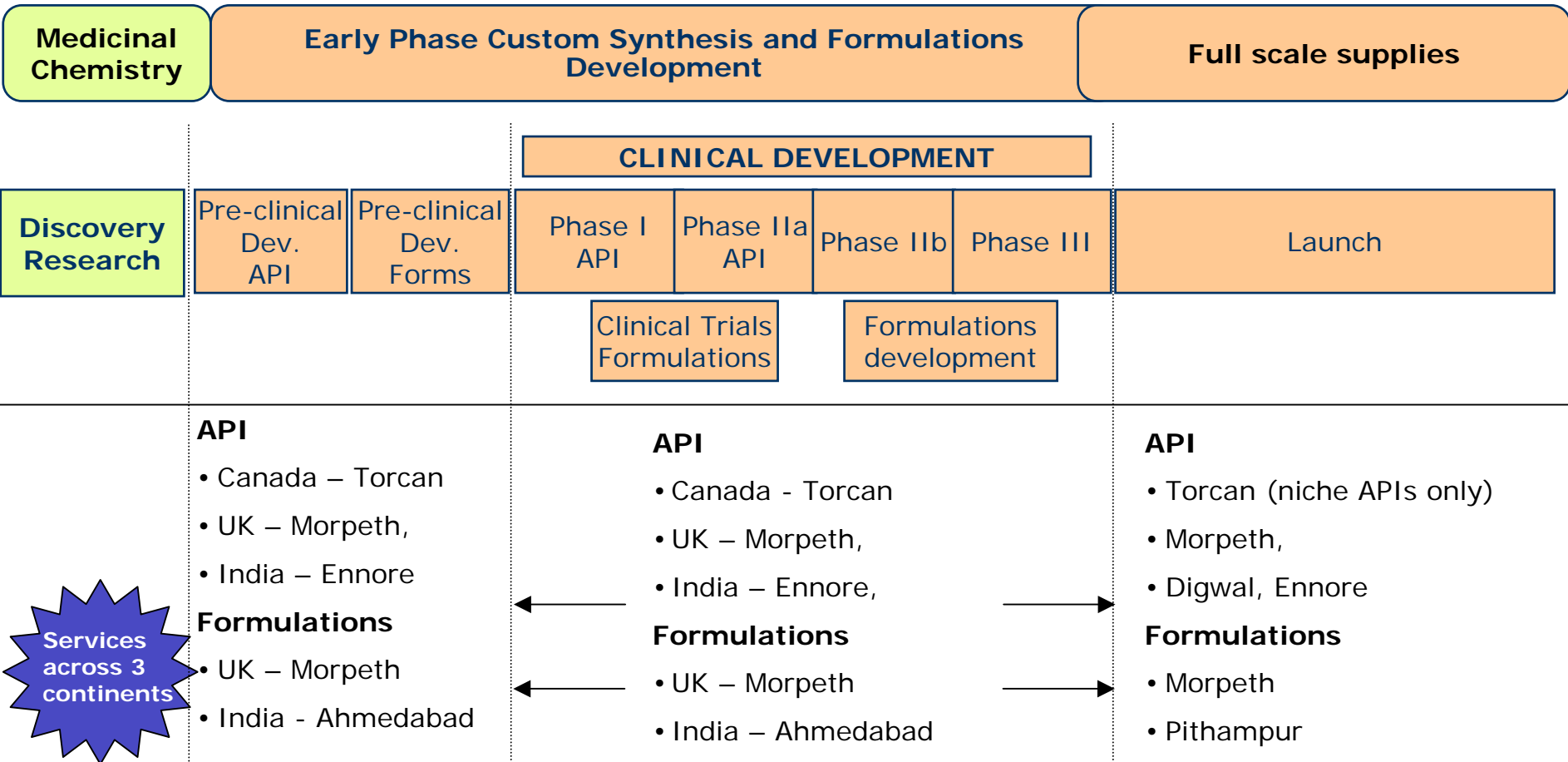
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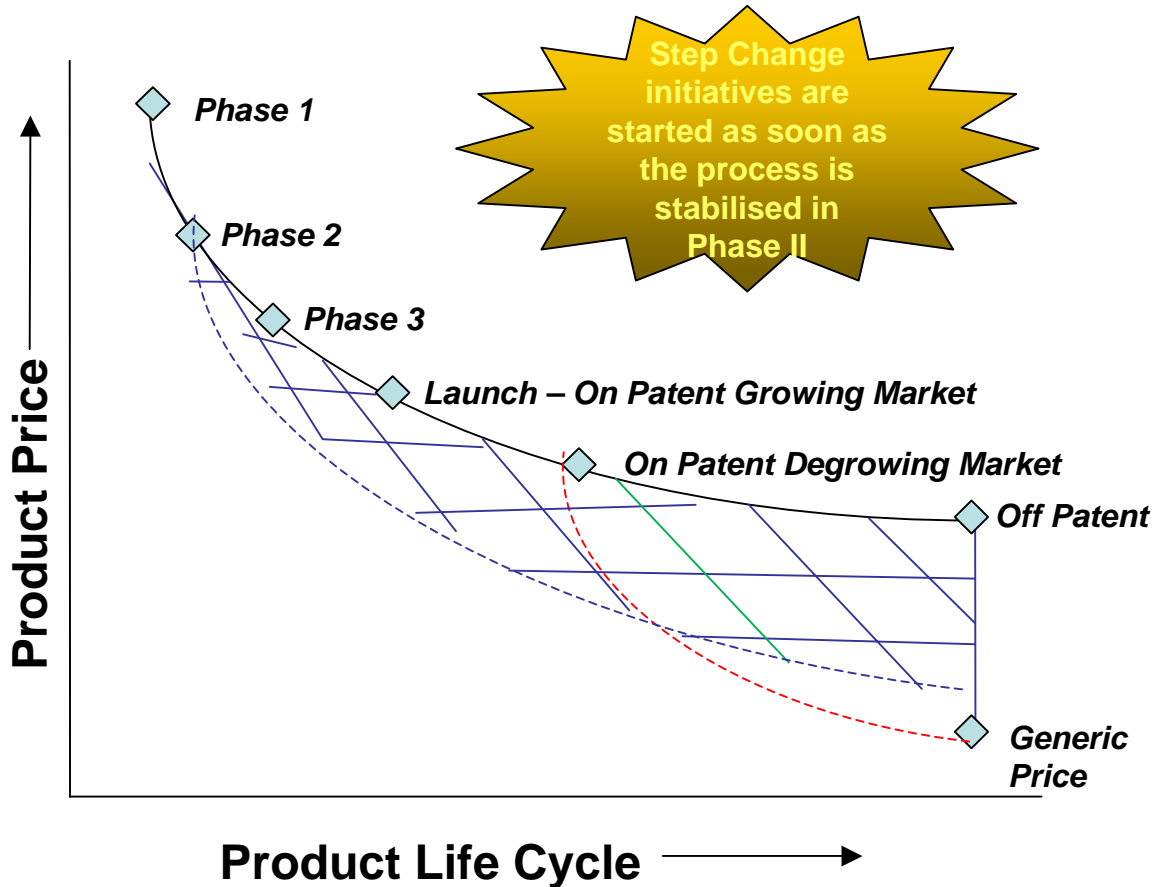
Overall Review and Outlook – Ajay Piramal

PHL Pharma Solutions is a full-service CMO across the drug life-cycle



- Expansion of Business Development team by 12 people
- UK Assets:
 - Morpeth
 - Extension of 25% contract from Pfizer at Morpeth, started negotiations with Pfizer for remaining contracts well in advance
 - Commissioning of Clinical Packaging services, secured initial 6 contracts within 6 months of starting operations
 - Avecia assets:
 - Shutdown Huddersfield site to rationalize manufacturing network and improve profitability of the business

Strategic shift: Our Emphasis on Early Phase work



Investments made in building up Early Phase Business:

Scientific team Expanded at Ennore from 35 people to 85 people

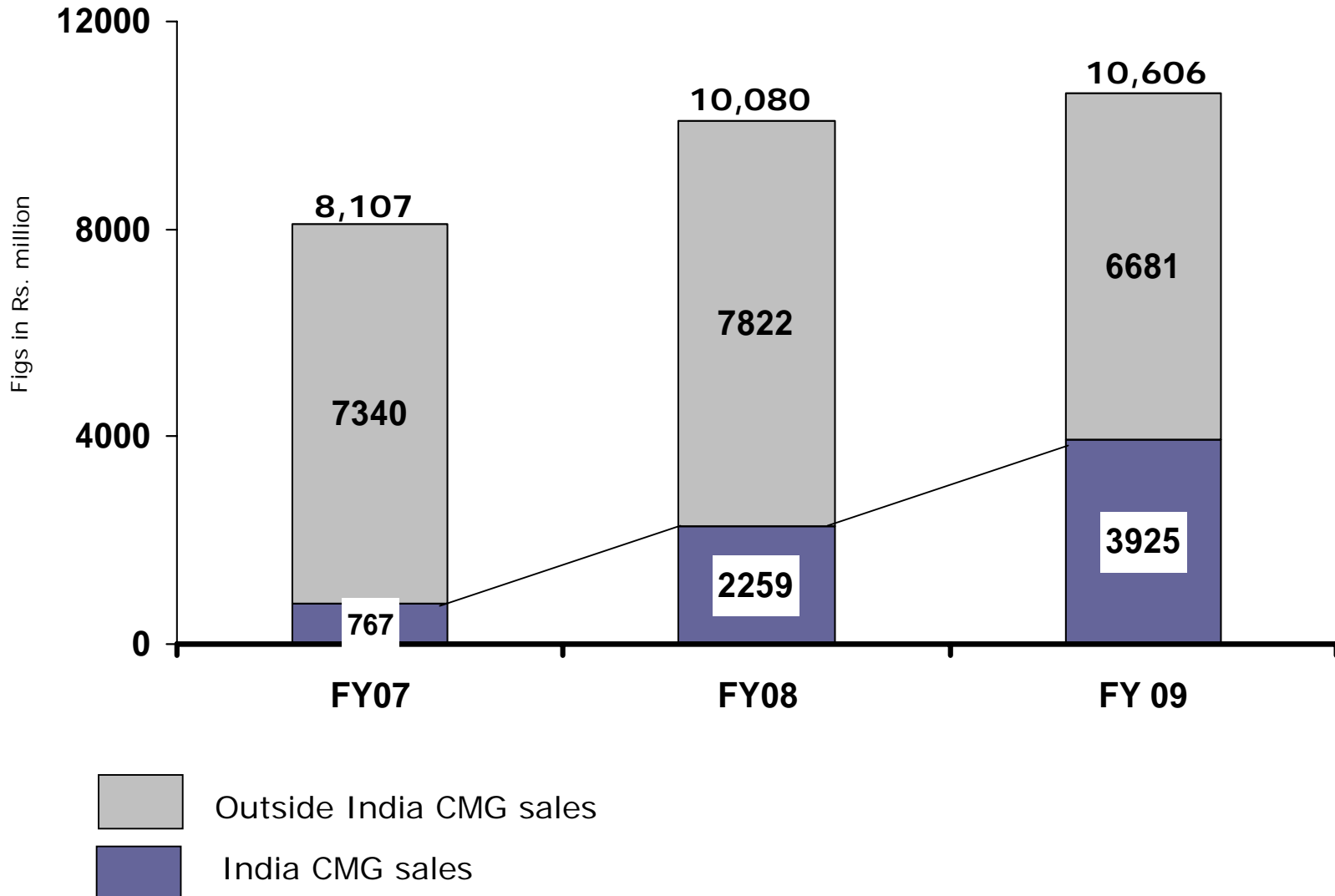
New early phase Formulations Development facility Commissioned at Ahmedabad

- Global Business Portfolio – definite traction seen across all stages

Number of molecules

Business segment	Pre-Launch				Post-Launch		Total
	Pre-clinical	Phase-I	Phase-II	Phase-III	Launched (< 5 years)	Late Lifecycle (> 5 years)	
2007	11	26	44	12	12	39	144
2008	12	29	64	18	12	45	180
2009	14	57	81	19	14	54	239

FY09: Strong sales growth from Indian assets ...



- Scale up of Early Phase Intermediates & API at Ennore
- Generation of new business from early phase formulation development at Ahmedabad, SEZ
- Ramp Up clinical trial packaging capability at Morpeth
- Significant investment in business development effort to expand the team
- Emphasis on significant improvement in profitability

EBITDA margins to increase by 6-8% in FY10

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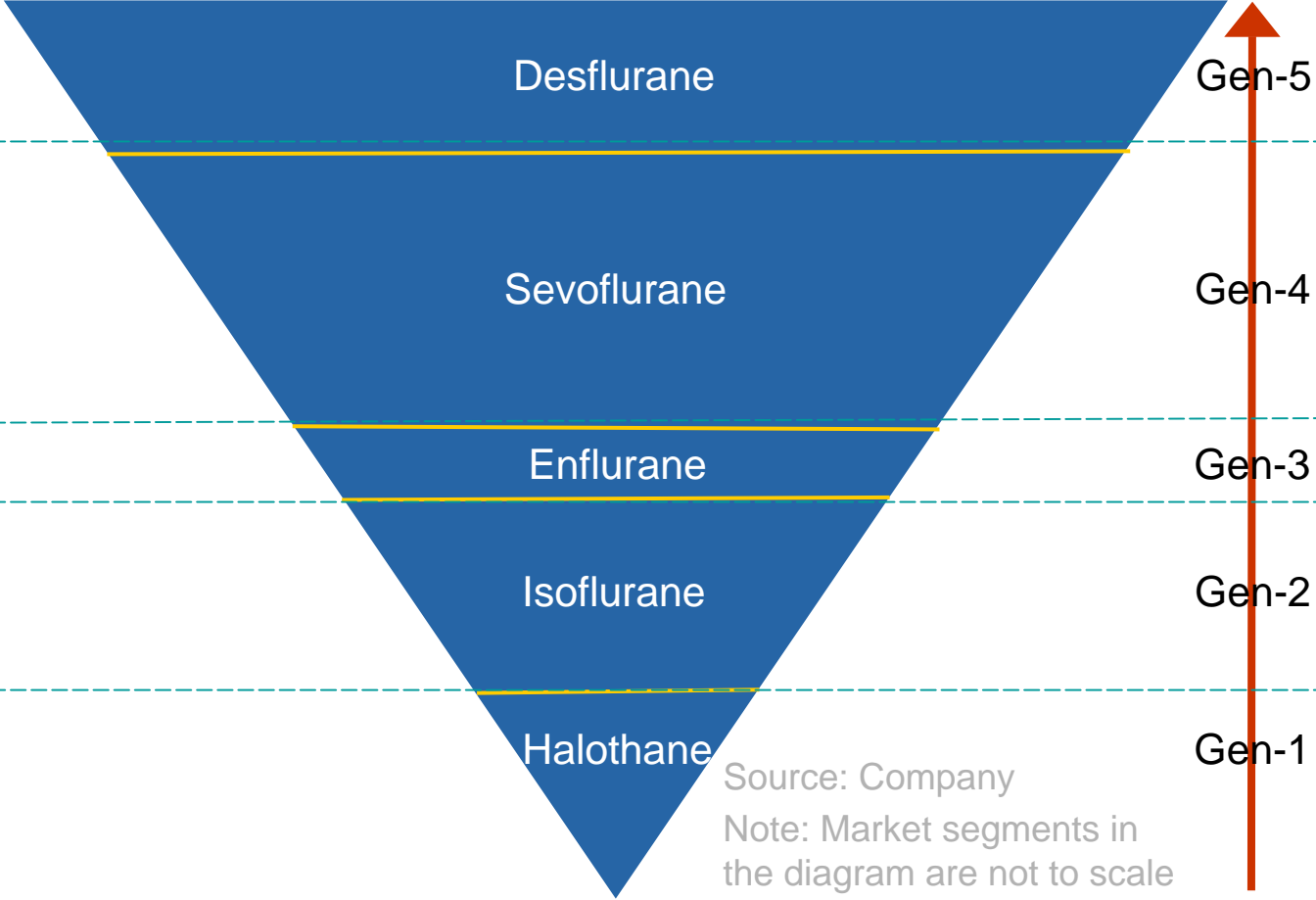
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Inhalation Anaesthetics Market – global structure

B x t r	A b t	P H L	M n r d
✓	x	x	✓
✓	✓	x	✓
x	x	x	✓
✓	✓	✓	✓
x	x	✓	x

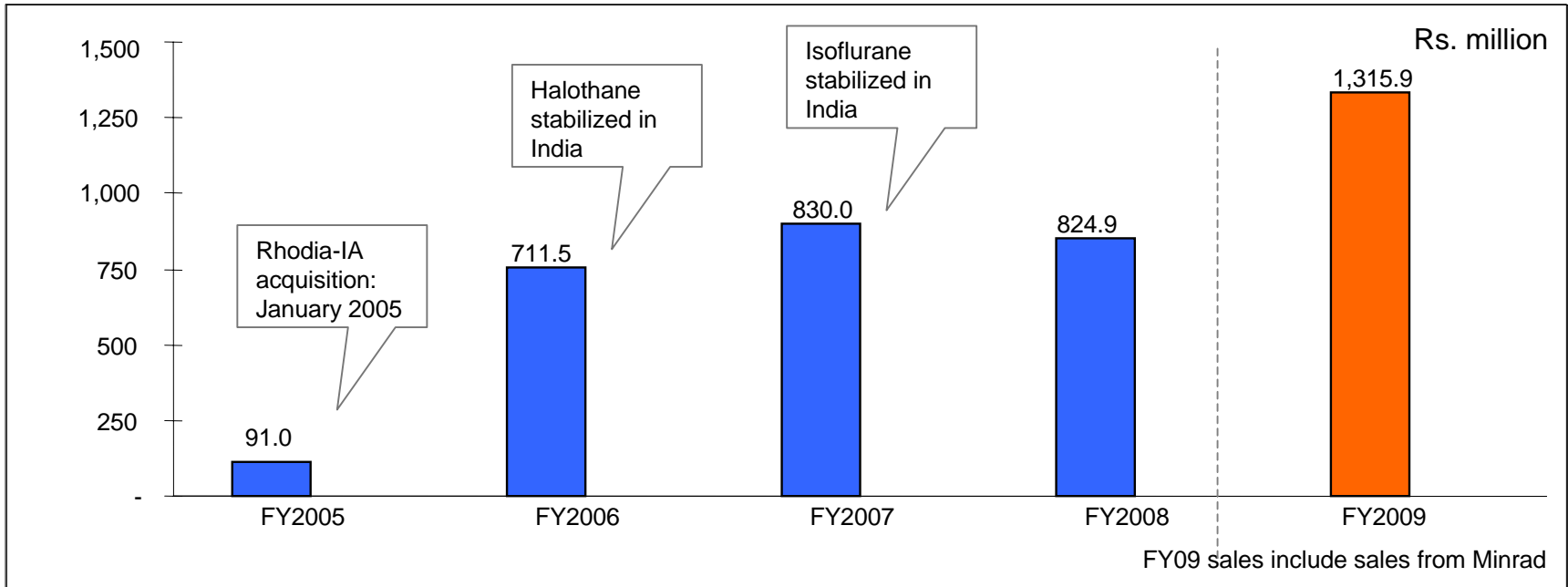
(Amount in US\$ million)



Market size US\$
1.050
210
750
5
75
10

Source: Company
 Note: Market segments in the diagram are not to scale

Piramal historical GCC business



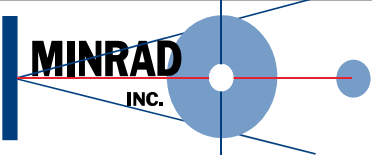
Piramal Healthcare has successfully integrated Rhodia IA business to build a global presence:

- Acquired Rhodia's IA business in Jan 2005, the business had profitability of 22%
- Production migrated to India - halothane and isoflurane technologies absorbed
- Gained leadership position in Halothane and Isoflurane
- Profitability expanded significantly in FY2008

Piramal IA Facility at Digwal, India



Business Synergy



- Unique position worldwide with patented processes for Sevoflurane
- Unique manufacturing know-how for all four Inhalation Anaesthetic products
- Experienced team
- Worldwide Sevoflurane registrations driving opportunity for efficiencies



- 8 years of near 100% service levels in US markets
- Excellence in Contracting, Service and Distribution
- Strong and experienced BD team

Strategic Intent

- Leverage the brand equity, market presence and channel relationships of the Inhalation Anesthetics business to expand profitably into the broader Critical Care business
- Exploring avenue to enhance supply chain efficiencies

- Production Ramp-up
- Yield Improvement
- Sourcing
 - o Leverage better prices of RM/PM through sourcing from India/China
- Installation of vaporizers and upgrading of Plant and Machinery to drive sales growth
- Leverage non-US Sales and Marketing network of existing business to grow sales of Sevoflurane

- Baxter sued Minrad in January 2009 on Desflurane bottle closure system
- Reed Smith , Attorneys appointed to defend the Para IV challenge
- As matter is sub-judice will not be in a position to share any information
- In view of this development, we will not launch Desflurane in FY2010
- Our strategy will be to maximize Sevoflurane and Isoflurane sales

In view of the above, the outlook on Minrad is revised:

Performance outlook: FY10

- Revenues : \$ 55 - 60 million
- EBITDA : 20 – 22 %
- To be EPS accretive in first year

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Business Mix – consolidated FY2009

Rs. million

No.	Net Sales break-up	% sales	Quarter IV ended			Year ended		
			31-Mar-09	31-Mar-08	% Growth	31-Mar-09	31-Mar-08	% Growth
1	Healthcare Solutions	46.4%	3,949.0	3,091.9	27.7	16,048.9	12,913.5	24.3
2	Pharma Solutions	35.5%	3,021.3	3,081.8	(2.0)	10,606.5	10,080.7	5.2
	From Assets in India	19.0%	1,618.5	736.4	119.8	3,925.1	2,258.6	73.8
	From Assets Outside India	16.5%	1,402.8	2,345.4	(40.2)	6,681.3	7,822.1	(14.6)
3	Pathlabs	4.8%	405.9	315.7	28.6	1,689.6	1,194.0	41.5
4	Global Critical Care	6.6%	563.4	286.4	96.7	1,315.9	984.5	33.7
5	Others	6.7%	569.4	1,006.2	(43.4)	3,150.1	3,502.2	(10.1)
	Total	100.0%	8,509.1	7,782.0	9.3	32,811.0	28,674.8	14.4

Note: 1. Pharma Solutions excludes MMBB

2. Others include MMBB (Vitamin A, and APIs), Diagnostic Devices and Other Operating Income.

Profit & Loss Account – Consolidated FY2009

Like-to-like comparison

Rs. million

Period ended - Consolidated	Q4 Ended			Year Ended		
	31-Mar-09	31-Mar-08	% Growth	31-Mar-09	31-Mar-08	% Growth
Total operating income	8,509.1	7,782.0	9.3	32,811.0	28,674.8	14.4
EBIDTA before forex losses	1,856.5	1,545.6	20.1	6,708.4	5,424.0	23.7
Forex gain/Losses	(169.0)	103.3	-	821.1	(53.6)	-
EBITDA after forex losses	2,025.5	1,442.3	40.4	5,887.3	5,477.6	7.5
Interest (Net)	286.3	119.2	140.2	838.0	463.1	81.0
Depreciation	343.1	231.3	48.3	1,195.7	947.3	26.2
Profit before tax & Exceptional Items	1,396.1	1,091.8	27.9	3,853.6	4,067.2	(5.3)
Exceptional Items	310.0	253.0	-	446.1	339.3	-
Minority interest	(9.9)	14.6	-	25.6	13.5	-
Profit after tax (after minority interest)	1,149.0	722.8	59.0	3,162.5	3,337.8	(5.3)
EPS (Rs.)	5.5	3.5	57.1	15.1	15.9	(4.8)
EPS excluding forex and exp. items	6.4	5.0	27.0	21.3	17.1	24.1

Operating Profit Margin for Q4FY09 & FY09 excluding the effect of forex gain/loss is 21.0% and 20.2%

Like-to-like comparison

No.	Particulars	Q4 Ended		Year Ended	
		31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08
1	Total Income	100	100	100	100
2	Total Expenditure	79.0	80.2	79.8	81.3
	Material cost	37.5	37.7	37.6	38.1
	Staff cost	14.1	15.2	15.3	16.4
	Marketing & selling expenses	12.5	10.7	12.8	10.8
	Process Development and Research	2.4	2.4	2.6	2.8
	Other expenditure (Net)	12.5	14.2	11.5	13.2
3	EBITDA (Without FOREX)	21.0	19.8	20.2	18.7
	Net Forex Expenditure	(2.0)	1.3	2.5	(0.2)
	EBITDA	23.0	18.5	17.7	18.9
4	Interest (Net)	3.4	1.5	2.6	1.6
5	Depreciation	4.0	3.0	3.6	3.3
6	Operating Profit before Tax & Exceptional Items	15.6	14.0	11.5	14.0
7	Profit before Tax and after Exceptional Items	12.8	10.8	10.4	13.0
8	PAT	13.5	9.3	9.6	11.6

*The ratios for Q4FY08 have been stated after removing the effect of R&D reversal

Rs. million

Particulars	As on	As on
	31-Mar-09	31-Mar-08
Equity capital	418.0	418.0
Reserves & Surplus	12,692.4	10,507.9
Networth	13,110.4	10,925.9
Minority interest	74.5	48.6
Deferred tax liability (Net)	725.5	896.7
Loan funds	13,390.8	7,163.3
Total	27,301.2	19,034.5
Net fixed assets	20,390.9	12,585.4
Investments	278.3	652.5
Net current assets	6,632.0	5,796.6
Inventories	4,833.6	4,032.0
Sundry debtors	4,936.3	4,457.2
Other current assets	5,220.6	3,205.1
Current liabilities	8,358.6	5,897.7
Total	27,301.2	19,034.5

* Dividend of Rs. 1.1 billion has been provided for in calculated above numbers

Rs. million

No.	Period ended- Consolidated	Year ended	Year ended
		31-Mar-09	31-Mar-08
1	Debt/equity ratio: *	1.0	0.7
	Networth	13,110.4	10,925.9
	Total debt	13,390.8	7,163.3
2	Book value (Rs./share)	62.7	52.3
3	Net Sales/Net fixed assets ratio	1.6	2.3
4	Current assets ratios: +		
i.	Net current assets	72	72
ii	Inventories	53	50
iii	Receivables	54	55
5	ROCE %	19.1	25.7
6	RONW %	24.1	30.4
7	ROCE % w/o forex & w/o exceptional	24.9	27.4
8	RONW % w/o forex & w/o exceptional	33.9	32.8

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FY09 – The year that was.....

What we said ?

Strong growth to continue in Domestic Formulations driven by :

- Sales from new acquired Anafortan and CEFI brands
- Introduction of a new derma-cosmetic division
- Increasing geographic reach by scaling up pilot programs
- Launch of new OTC products

CMG operations focused around profit growth:

- Commencement of revenues from new contracts and improving capacity utilization
- Increasing profitability of overseas assets

Acquisitions to aid further growth:

- Acquisition focused on niche assets and filling gaps in our portfolio in domestic formulation business

What we did ?

Domestic Formulations grew by strong 24%

India operations showed strong growth
Significant restructuring measures undertaken to improve profitability of overseas assets

Acquired Cefi and Anafortan brands from Khandelwal Labs
Acquired Minrad/RxElite

FY2009: guidance and performance

■ Guidance:

- Continuing business growth 16%
- Pharma Solutions sales from Indian assets: Rs. 3.7 billion*
- OPBDITA Margin to be 20.5%
- EPS (w/o exceptional items) to be Rs. 21.0
- Capex: Rs. 1.5 billion

* Revised after Q3FY09 results

■ Performance: FY09^

- Continuing business grew 14.4%
- Pharma Solutions sales from Indian assets: Rs. 3.9 billion
- OPBDITA Margin was 20.2%
- EPS was Rs. 21.3
- Capex was Rs. 1.9 billion, Acquisition related spent was Rs. 7.1 billion

^Numbers are without considering
Forex Losses and Exceptional items

- **Sales growth 16-17%**
 - **Healthcare Solutions to grow by 14-16%**
 - **Pharma Solutions to be around Rs. 1000 crores**
 - **Sales from Indian operations to grow by 15%**
 - **GCC to contribute Rs. 450 crores**
- **EBIDTA Margin to be 21-22 %**
 - **Profitability in Pharma Solutions to improve by 6-8%**
- **Capex to be Rs. 175 crores**
- **Working capital to be optimised**

EPS to be Rs. 23.5 - 24

Thank you

For further details contact:

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