



# Piramal Enterprises Limited

Q1 FY2016 Results Presentation  
August 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.*

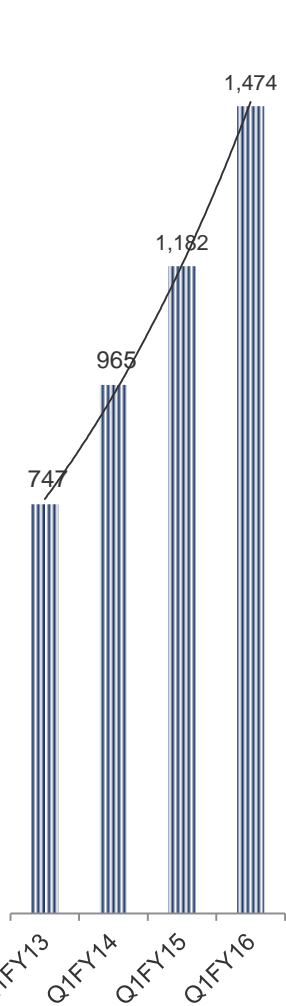
*Note: Figures in previous periods might have been regrouped or restated, wherever necessary to make them comparable to current period.*

# Highlights for the Quarter

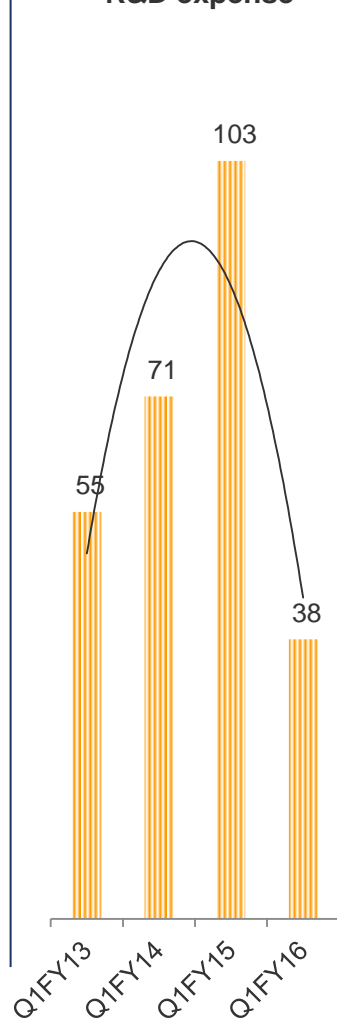
- Strong revenue growth during the quarter:
  - Up 25% at Rs.1,474 Crores during Q1 FY2016
  - Growth across all three business segments during the quarter
- Operating profits were 93% higher at Rs.300 Crores during Q1 FY2016
- Net Profit (excluding exceptional item) increased to Rs.205 Crores in Q1 FY2016 from Rs.55 Crores during Q1 FY2015
- Pharma Solutions revenues grew 27% during the quarter, primarily driven by growth in its Formulation business
- Total Loan Book of Rs.7,611 Crores as on 30 Jun 2015 as compared with Rs.3,193 Crores as on 30 Jun 2014. Total Gross Assets under Management grew to Rs.8,676 crores.
  - Real Estate lending saw highest ever disbursements during the quarter
  - Entered two Special Situation transactions worth Rs.1,175 Crores
- Information Management business continue to expand geographically – Post establishing presence in China, moving ahead towards establishing presence in India as well

# Q1 Key trends

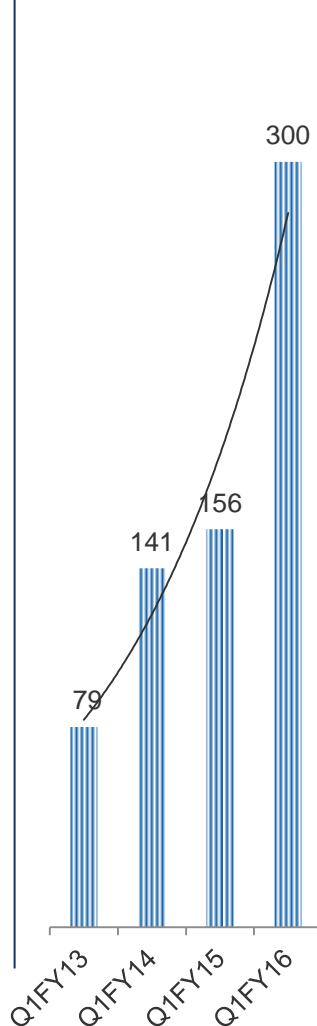
### Total Revenues



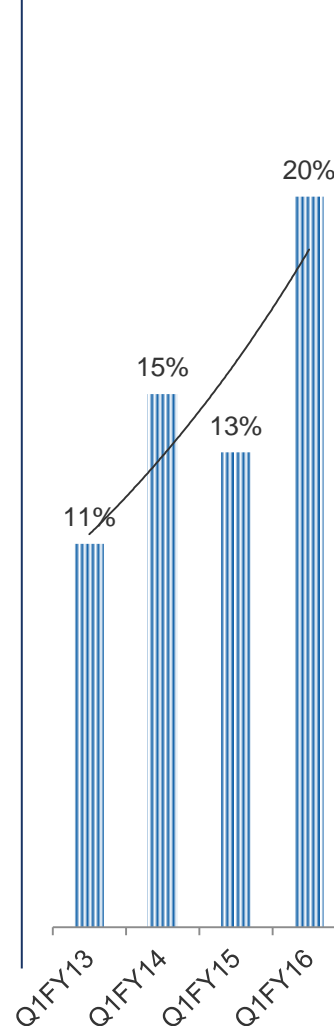
### R&D expense



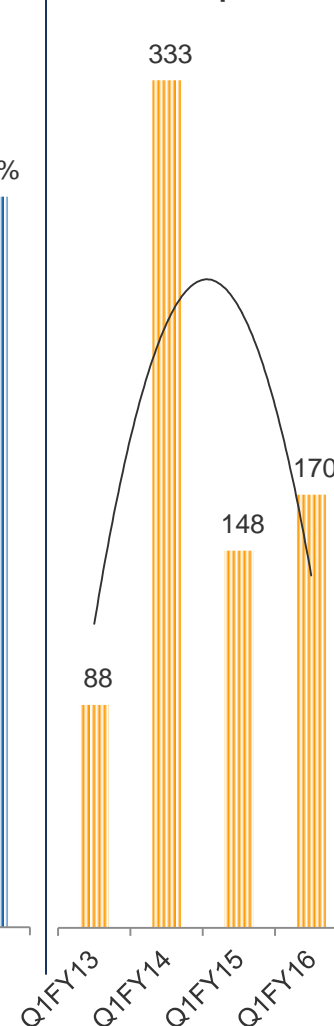
### OPBITDA



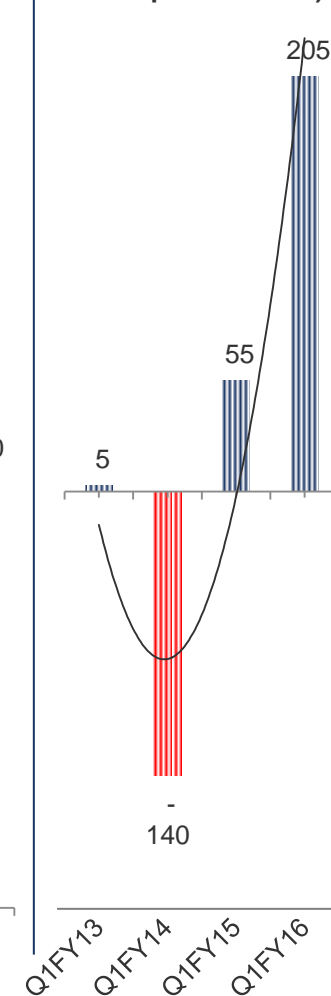
### OPBITDA Margin



### Interest expense



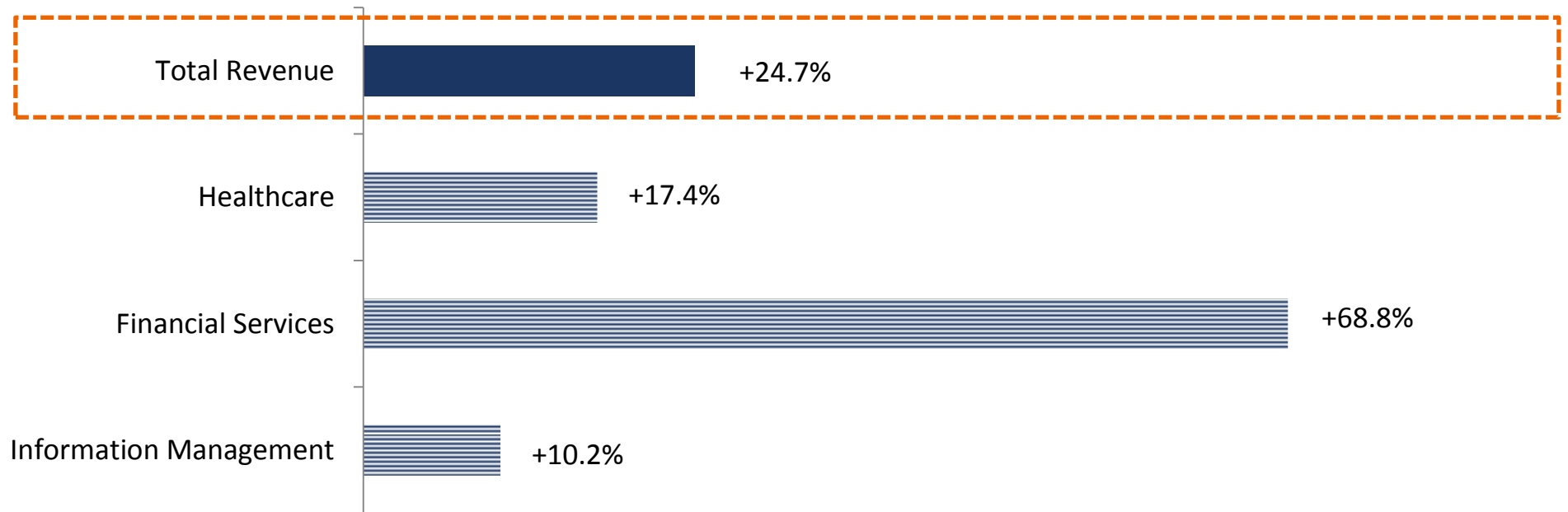
### Net profit (excluding exceptional items)\*



\*Net profit (excluding exceptional item) has been calculated by adjusting back the pre-tax exceptional item to the reported net profit number for various periods, except for Q1 FY2015, where the post-tax exceptional gain from Vodafone transaction has been adjusted back to the reported net profit for the quarter.

# Segment-wise Topline Performance

## % change - Q1 FY2016 Vs. Q1 FY2015 Revenues



**Strong growth in revenues across business segments, during the quarter**

# Consolidated Financial Performance

(In Rs.Crores or as stated)

Particulars	Q1 FY2016	Q1 FY2015	% Change
Revenues	1,474	1,182	25%
OPBITDA	300	156	93%
OPBITDA Margin (%)	20%	13%	
Net PAT <sup>1</sup> (Excluding Exceptional Items <sup>2</sup> )	205	55	273%

1. Includes our share of profits in Shriram Capital
2. Exceptional loss of Rs.2.6 Crores in Q1 FY2016 was on account of loss on sale of clinical research business in April 2015. Exceptional item for Q1 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)

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



Healthcare

## Benefiting from our 'end-to-end' play in both Formulations & APIs

- After crossing the revenue mark of Rs.2,000 crores during FY2015 for first time, business continues to show its growth momentum :
  - Grew 27% in Q1 FY2016, primarily driven by growth in its Formulation business.

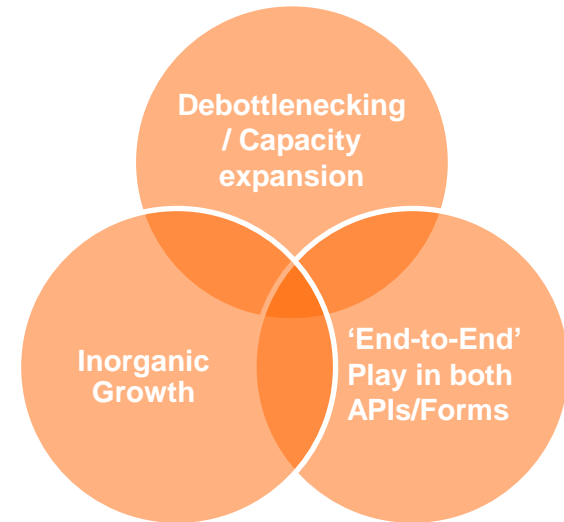
## Acquisition playing out well

- Significant traction at Coldstream site, post our acquisition.
  - Site already has its order book running full.
  - Detailed assessment for capacity expansion underway - Investment expected to commence in coming quarters.

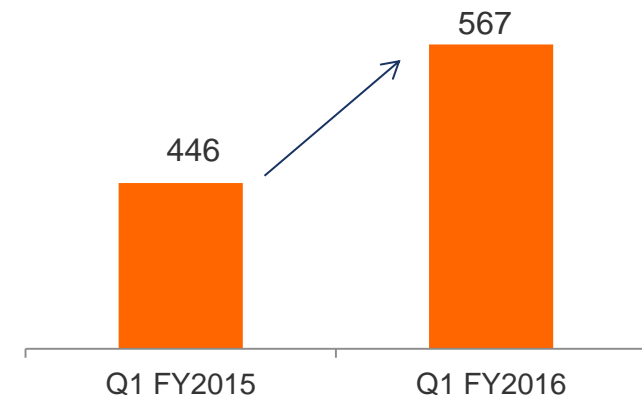
## Debottlenecking / Capacity expansion

- Commenced operations at the newly expanded capacity under Discovery Services business.
- Completed the capacity expansion at Grangemouth

## Pharma Solutions business's Growth Strategy – Key drivers



## Q1 FY2016 vs. Q1 FY2015 Revenue performance (Rs. Crores)





Revenues were broadly in line with corresponding quarter of the previous year.

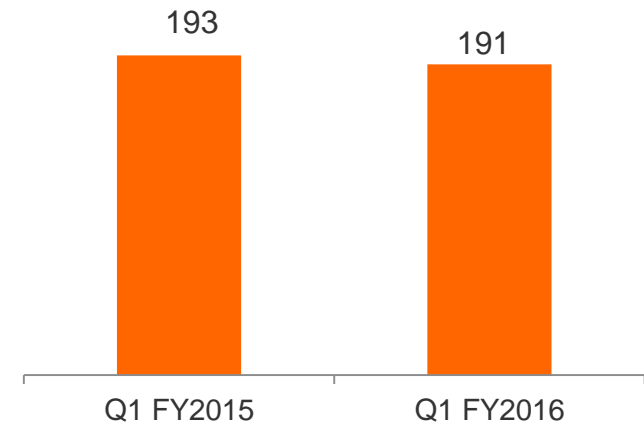
## Growth strategy

- Continue to work towards entering new markets and increasing our share in existing markets
- Maintained our cost leadership. Initiatives underway towards further optimization
- Generic Desflurane development and registration continues to proceed as per the plan
- Also, focusing on new product additions in our Critical Care portfolio, to leverage our established global presence in over 100 countries

## Critical Care business's Growth Strategy – Key drivers



## Q1 FY2016 vs. Q1 FY2015 Revenue performance (Rs. Crores)



Revenue higher by 9% during the quarter on account of growth across our balanced portfolio.

- Saridon, i-pill & Lacto maintain their leadership positioning
- QuikKool became a respected brand in mouth ulcer category in less than one 1 year
- Caladryl has doubled its distribution in less than a year

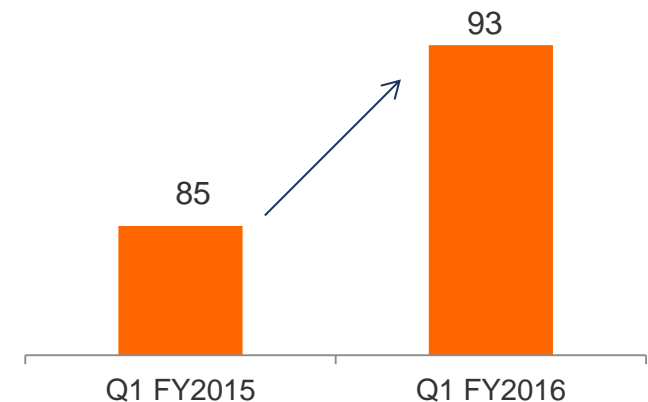
## Growth Strategy :

- Continuously improving our presence in existing market
- Geographical Expansion - Working towards gradually expanding to towns with more than 20,000 population from an existing presence in towns with over 1 lakh population.
  - Plan to expand into 1,500 towns in coming few years
- Working towards developing new products in high potential self-care category
- Continuously looking for inorganic opportunities of acquiring quality brands at attractive valuations

**Our balanced consumer product portfolio containing strong brands**



**Q1 FY2016 vs. Q1 FY2015 Revenue performance**  
(Rs. Crores)





# Financial Services

## Total Loan Book of Rs.7,611 Crores as on 30 Jun 2015 as compared with Rs.3,193 Crores as on 30 Jun 2014

- Highest-ever disbursements - Increase in Loan Book by Rs.2,845 Crore in last 3 months.
- Loan book more than doubled over last year size
- Robust asset quality with negligible NPAs

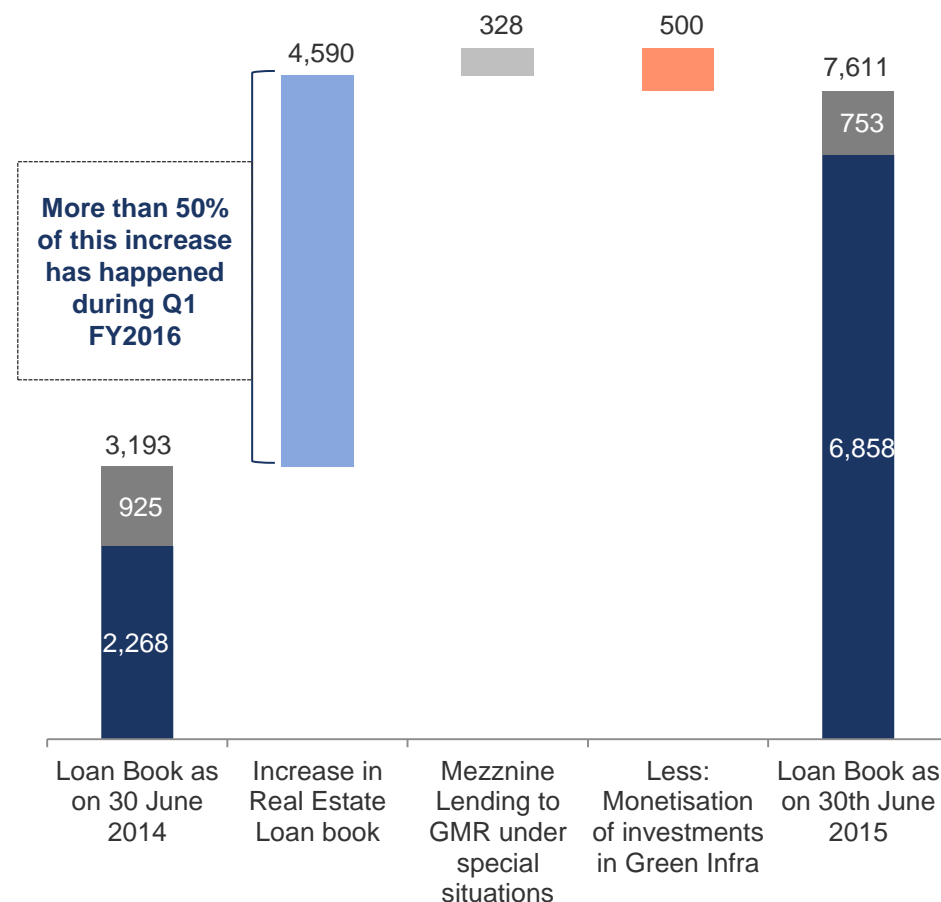
### Real Estate :

- >70% portfolio with grade 'A' developers - Significant investment of time to build these relationships
- Strong growth in Construction Financing - To further improve our asset quality
- Select entry into Tier 2 markets (like Ahmedabad) only with grade 'A' developers

### Special Situations :

- Approved mezzanine funding of Rs.900 Crores to GMR in Apr 2015
  - Rs.540 Crores disbursed till 30<sup>th</sup> June 2015. Of this, Rs.327.5 Crores get reflected on our balance sheet.
- Approved mezzanine funding of Rs.275 Crores to ReGen in July 2015
  - Initial disbursement will be of Rs.175 Crores

## Continued scaling up of whole-sale lending business (Rs. Crores)



**Total gross Assets under Management grew to Rs.8,676 Crores**

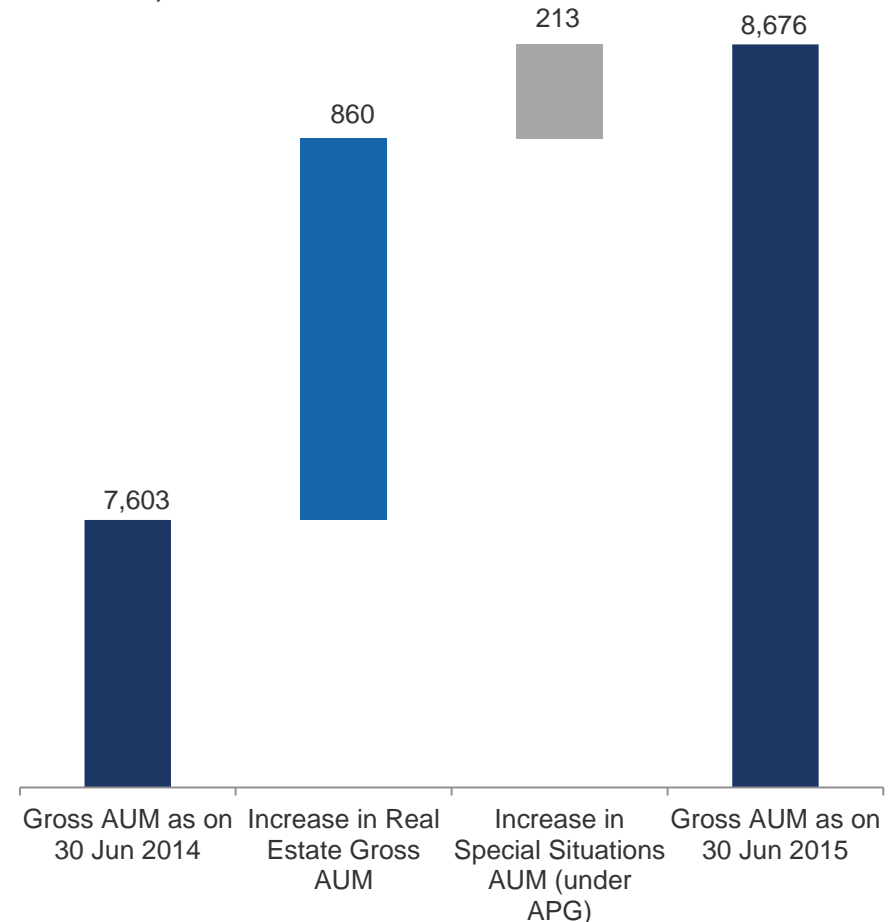
**Real Estate :**

- Real Estate gross funds under management of Rs.8,463 Crores as on Jun 30, 2015
- Exited more than 91% of corpus in vintage funds
  - Expecting to reach 100% in next few months

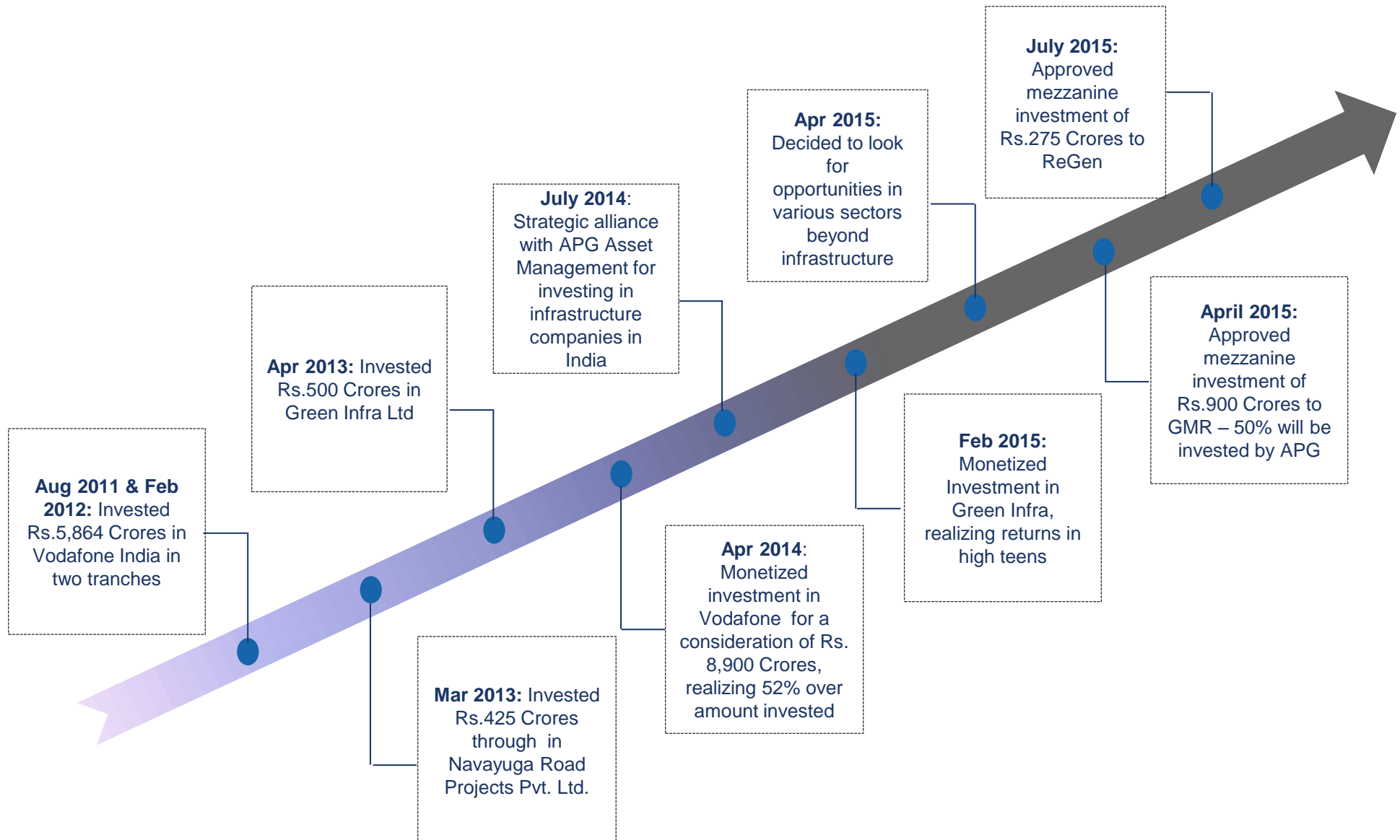
**Special Situations :**

- Of Rs.540 Crores disbursed under the transaction with GMR, Rs.212.5 Crores has been funded by APG Asset Management, under our alliance with them
  - PEL will earn Management Fees and Carry Interest on this portion

**Growing Alternative Asset Management business (Rs. Crores)**



# Special Situation Investments : Our journey till date

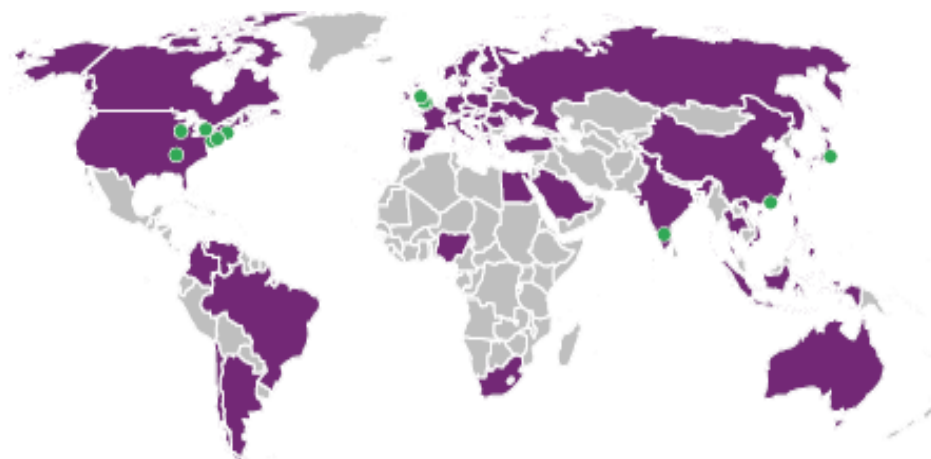




# Information Management

- Revenue grew 10% in Q1 FY2016 primarily driven by growth in data and analytics products
- **Continued high revenue visibility** – 95.3% retention rate during CY2015 till date, while continuing to add new customers.
- **Expanding from Life Sciences to Providers & Payers market for significantly expanding our target market size**
  - Acquisition of HBI marks our entry into provider market.
  - HBI is a trusted provider of best practice research, training and services to more than 1,400 hospitals across the U.S.
- **Geographical expansion –**
  - China
    - Our China presence is being monetised – Started addressing clients’ demand for China data
  - India
    - Moving ahead as planned with the Bangalore office
    - Operational infrastructure in place
    - Several positions hired in product support, analytics & technology development, as well as management roles
- **Inorganic Growth** : Continue to strive towards executing necessary acquisitions at attractive valuations and successfully integrating them

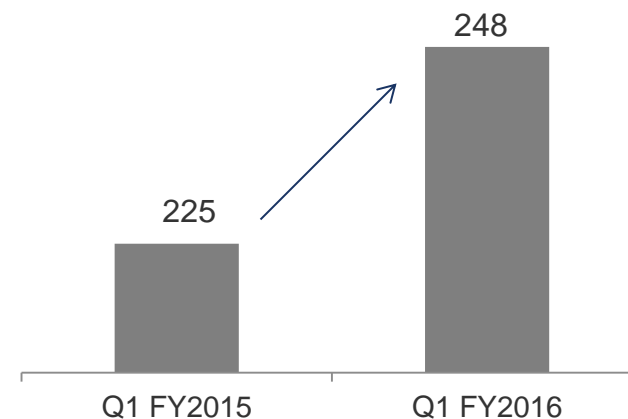
## DRG’s increasing global resources, presence and reach



14 office locations  
50+ Languages

800+ Employees  
110 Global Sales Team Members

## Q1 FY2016 vs. Q1 FY2015 Revenue performance (Rs. Crores)







# Financials

# Diversified Revenue Mix

(In Rs. Crores or as stated)

Net Sales break-up	% Sales	Quarter I ended		
		30-Jun-15	30-Jun-14	% Change
Healthcare	58%	850	724	17%
Pharma Solutions		567	446	27%
Critical Care		191	193	(1)%
Consumer Products <sup>1</sup>		93	85	9%
Financial Services	25%	369	218	69%
Information Management	17%	248	225	10%
Others	-	6	14	-
<b>Total <sup>2</sup></b>	<b>100%</b>	<b>1,474</b>	<b>1,182</b>	<b>25%</b>

Note:

1. Including Ophthalmology
2. Foreign Currency denominated revenue in Q1 FY2016 was Rs.935 Crores (63% of total revenue).

# Consolidated P&L

(In Rs. Crores or as stated)

Particulars	Quarter ended		
	30-Jun-15	30-Jun-14	% Change
Total Revenues	1,474	1,182	25%
R&D Expenses	38	103	(63%)
Other Operating Expenses	1,135	924	23%
OPBIDTA	300	156	93%
OPBIDTA Margin %	20%	13%	
Non-operating other income	121	101	20%
Interest expenses	170	148	15%
Depreciation	73	66	9%
Profit before tax & exceptional items	179	42	326%
Exceptional items (Expenses)/Income <sup>1</sup>	(3)	3,031	
Income tax <sup>2</sup>	17	211	
Profit after tax (before MI & Prior Period items)	159	2,862	
Minority interest	-	-	
Share of profit/(loss) of associates <sup>3</sup>	43	34	28%
Net Profit after Tax	203	2,896	
EPS (Rs./share)	11.7	167.8	

## Notes:

1. Exceptional loss of Rs.2.6 Crores in Q1 FY2016 was on account of loss on sale of clinical research business in April 2015. Exceptional gain for Q1 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).
2. Tax expense for Q1 FY15 include Rs.190 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	Jun 30 2015	Mar 31 2015	
<b>Shareholders' Funds</b>			
(A) Share Capital	35	35	
(B) Reserves & Surplus	11,944	11,701	
<b>Minority Interest</b>	29	29	
<b>Loan Funds</b>	10,612	7,306	
<b>Deferred Tax Liability</b>	3	3	
<b>TOTAL</b>	<b>22,622</b>	<b>19,074</b>	
<b>Fixed Assets</b>	7,706	7,342	
<b>Investments</b>	9,984	7,768	
<b>Deferred Tax Asset</b>	33	29	
<b>Current Assets, Loans and Advances</b>			
Inventories	742	675	
Sundry Debtors	798	832	
Cash and Bank Balances	462	460	
Other Current Assets	429	354	
Loans and Advances	4,406	3,475	
Less : Current Liabilities and Provisions			
Current Liabilities	1,278	1,229	
Provisions	660	633	
<b>TOTAL</b>	<b>22,622</b>	<b>19,074</b>	
<b>Break Up Loan Funds (In Rs. Crores)</b>	<b>In Rs. Terms</b>	<b>In \$ Terms</b>	<b>Total</b>
As on 30-Jun-15	7,508	3,105	10,612
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.



## For Investors :

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